

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

CONTENTS OF NO. 109:

Power and Opinion in World Affairs
The Mind of Japan
Palestine and the Arab World
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Colonial Tariffs and Quotas
Turkey, a Key State
The Defence of Australia
A New Phase in India

AND THE QUARTERLY REVIEWS OF AFFAIRS IN
CANADA; AUSTRALIA; NEW ZEALAND;
SOUTH AFRICA; GREAT BRITAIN

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

CONTENTS

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about Imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

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POWER AND OPINION IN WORLD AFFAIRS

UNIVERSAL rearmament is relentlessly transforming both the political and the economic configuration of the world. After the world war the victors persuaded themselves that democracy would become universal among civilised peoples, and that it would be possible for the nations, sitting regularly round a table, to settle their differences by agreement. They assumed that they could collectively prevent any nation from going to war until it had given the League methods a full opportunity to function. But gradually that dream has faded. It has faded, partly because the United States rejected the collective system and retired into isolation; partly because France, deprived of the British and American treaty of guarantee against unprovoked aggression by Germany, fell back upon a policy of keeping Germany disarmed and encircled by military alliances; partly because the League proved unable either to revise the treaties and grapple with economic nationalism or, later on, to resist aggression in the cases of Manchuria, Abyssinia, Spain and now China. But it is no use repining over the past. We should learn from our experience, and face the new situation that confronts us, constructively and without illusions.

I. THE RETURN TO POWER POLITICS

THE basis on which we must build our thoughts about the international situation is simple and clear—the fact that the world consists of some seventy independent sovereign States. Within its own boundaries the State is

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the supreme instrument for the maintenance of peace and the regulation of social, economic and family life. It there wields unchallenged power, by whose aid it enacts, alters, interprets and enforces the law. The political struggle inside democratic States is a struggle between political parties to capture, for a spell, the machinery of the State. The issue of power is decided by the electorate itself, and political struggle is directed to influencing the voters by speeches, resolutions, press campaigns, vehement criticism and controversy.

In the international sphere the situation is entirely different. There is no democracy, no common electorate, no general election, no common government. If States cannot agree, even to arbitrate, there is no remedy for grievances save in power politics or war. The existence of a league of sovereign nations does not alter this situation, because neither agreement to alter the *status quo* nor collective action is possible without the individual assent of every sovereign State concerned. The League machinery of consultation may conduce, powerfully at times, to agreement and may deter an appeal to force. But it does nothing to create a true reign of law such as exists inside every State. Thus whenever there are deep disagreements between nations, or discontent with the existing order is widespread, we inevitably find the phenomenon of rearmament. Disaffected nations begin to increase their military power as the one sure means, when persuasion fails, of bringing pressure on others to alter the existing settlement in their own favour, and the nations that feel this rearmament to be directed against themselves begin to rearm in self-defence.

That is the situation which confronts us to-day. As always under the anarchy that national sovereignty inexorably implies, international politics are coming to turn, not on the moral judgment of individual nations or of the League, but on the question where, when and how nations or groups of nations can exercise effective superiority of

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military strength, either to alter or to defend the existing settlement. Democratic States tend to be the last to realise this state of affairs, because their own internal politics turn on persuasion and debate rather than on force; they are inclined to think that the methods they use at home can equally be applied abroad, though in fact recrimination and argument tend only to exacerbate international relations. Totalitarian States, on the other hand, understand far better the game of power politics, because it conforms to their own internal reliance on power.

There is the explanation of the events of the last few years. In 1931 the League members and the signatories of the Nine-Power treaty were unable or unwilling to bring to bear in the Far East the degree of force, economic or military, necessary to deter Japan from overrunning Manchuria. In the Abyssinian crisis the members of the League were willing to take some economic risks in order to nullify or limit Italian aggression, but were not willing to run the risk of war. That risk would have been involved in any action—such as imposing oil sanctions or closing the Suez Canal—that would have presented Mussolini with the alternatives of climbing down or fighting the League. In both these cases, therefore, the result was to extend the area within which the will of Japan and Italy prevailed, as opposed to the will of China or Abyssinia or the controlling principles of the League Covenant. And the reason for this was that, at the moments of crisis, Japan and Italy could muster at the decisive place a superiority of military power, or at least of national resolution, even though the moral judgment of the world went against them.

There are to-day three areas in which a similar issue between power and world opinion is being put to the test—Spain and the Mediterranean, the Far East, and eastern Europe. Let us examine them in turn, and see whether they do not together reveal the new pattern of international politics.

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II. SPAIN AND THE MEDITERRANEAN

WHETHER the Spanish civil war was actually engineered from outside is hard to say. What is certain is that the victory of either side rapidly became a matter of importance to other States, partly because it might react upon the stability of their own internal régime and partly because it would affect the international balance of power.

Neither external group, however, has yet pushed its assistance to an extreme, for a number of reasons. Spilling money and lives in Spain is unpopular at home, and no State has so far been willing to see the war develop into a general European conflict. Moreover, it is uncertain where the preponderance of military strength and the resolution to use it really lie. The ultimate consideration in the international problem of Spain to-day is the question which side can bring the greater quantum of power to bear in combination with the audacity to use it, or at least to threaten to use it. In this game of international poker the democracies are at a disadvantage. They are much more solidly resolved on peace, and unlike the dictatorships they can practically never threaten war, simply as a card in the diplomatic game. There is no question that France and Great Britain could be completely predominant in Spanish waters if they chose to exert their full naval strength. They could put a cordon round Spain and prevent anything or anybody going in or out except by their leave. But such action might lead to retaliation by other Powers at points where France and Great Britain possess no such preponderance, and this might develop into world war. Therefore the will to use their power is feeble—the most so in that public opinion in both those countries is divided, a majority wanting neither "fascism" nor "the Reds" to win outright in Spain, but hoping that in the end a moderate Government will emerge.

Because their will is feeble, Mussolini, supported by

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Germany, is continually challenging it, edging near to the point which he estimates is the limit of their endurance. He finds himself to-day, however, in an increasingly dangerous position. In a mood of exaltation after his successful coup in Abyssinia, he intervened in Spain in the hope of winning for fascism a rapid triumph. But the victory did not follow: he poured in more and more troops and armaments; the more he sent in the more expensive and the more unpopular at home his intervention became; without victory he could not withdraw, save at the cost of his prestige both at home and abroad. There are those who believe that if Mussolini cannot secure an early victory for General Franco in the coming winter "push" he will be tempted to stir up trouble in north Africa and the Arab lands fronting on the eastern Mediterranean. He will do this, they claim, as a distraction for his own people and as a step towards his own Cæsarian ambition to make the eastern Mediterranean an Italian lake and to bring the Suez Canal under Italian control; and he will be tempted by the fact that the reorganisation of British defence in this area is still very inadequate. In the Mediterranean zone, therefore, the balance of power and of resolution to use it is becoming the decisive factor.

III. SANCTIONS AND COUNTER-SANCTIONS IN THE FAR EAST

THE incidents out of which the present Far Eastern conflict arose are confused. But the underlying reasons for it are clear. Driven partly by the need for an expanding economic basis for a population of 40 million people (now risen to 70 millions), partly by her determination to stop the eastward march of Russia, and partly by the imperialist tradition of her ruling military families, Japan embarked in 1895 on a policy of extending her empire on the mainland of Asia. Periods of advance and retreat have alternated, but in the last forty years as a whole there has been a relentless drive forward. In recent years, however, the

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Chinese revolution, which in its first stages plunged China into chaos, has led to a steady growth of nationalism and of administrative unity. When the rape of Manchuria took place in 1931, China was unable to offer any effective resistance. But, as Japan began to extend her influence south of the Great Wall, Chinese resistance began to stiffen, and the younger generation, including the so-called communists, demanded that Chiang Kai-shek should fight before it was too late.

Japan, therefore, being committed to a policy of expansion on the Asiatic continent, and to the doctrine that it was her task to "stabilise" the Far East and remove it from Western interference, found herself faced by an inescapable choice. Either she had to recognise the equality and independence of China, treating her as a partner who would develop on her own lines and eventually become, through superior population and resources, the dominant partner. Or she had to compel China by force to accept the position of a client State, with a government which in fundamentals would take its orders from Japan. The Japanese military party, in the ascendant since 1931, not only favoured the second policy but demanded that it be put into force immediately, before Chinese nationalism—which they called anti-Japanism—became strong enough effectively to resist.

In the long run the issue depends on the power of China to maintain her unity of leadership and to prolong the war until Japan's resources and finance are so exhausted, or so threatened by pressure from other countries, as to compel her to scale down her war objectives to something that China could accept.

There has been almost universal sympathy with China throughout the non-fascist world, and bitter condemnation of the bombing of open towns by Japan. The Brussels Conference, as this review goes to press, is still in being after Japan's second "No", but a clear-cut conclusion seems unlikely. In this case, as in others, it will be the

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power factors that will finally govern policy. Mr. Stimson, who was Secretary of State during the earlier Manchurian incident, issued in October a strong attack on Japan as a treaty breaker and aggressor. He proposed that the League Powers and the United States in concert should refuse to buy gold or silk from Japan or to sell her oil, cotton or rubber. Were this plan put into practice, it would probably be effective after Japan had exhausted her reserves of raw materials, which are substantial. But if, as a result, Japan were faced with the alternatives of accepting defeat or attempting to break through the economic ring, she would surely choose the latter. She would not attack the United States, for she is not strong enough to do so. Nor would she try to seize the Philippines, for they are of little value to her for the purposes of the present war. What she would presumably try to do would be to close the last doors into China for seaborne supplies through Canton, Kowloon (opposite Hong Kong) and Haifong. She would then try to seize the Netherlands islands in the East Indies in order to secure a supply of oil, rubber and tin, under her own control. Unless Great Britain could mobilise sufficient power at Singapore, Japan might even consider attacking this vital bastion of the Empire's defence.

The proposal for any kind of effective economic boycott of Japan, therefore, would immediately bring up the same question as arose over Abyssinia—whether the nations imposing the sanctions were willing to stand together in resisting retaliation. That, in practice, is primarily a question for the United States and Great Britain, which are the only nations that can deploy any considerable naval power on the spot, and for Russia, who alone can exert pressure on land. France may be able to do a little, but none of the other League members counts at all. For the United States to agree to this involves her undertaking to resist a Japanese counter-attack, not on her own possessions, but primarily on those of Great Britain and Holland.

Moreover, even if co-operation in defence against

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retaliation could be agreed upon, other difficulties remain. On land a machine gunner may hold up a regiment. But in naval battle, where efficiency is otherwise about equal, gun power and speed are decisive. At Coronel in 1914 a British squadron was annihilated by an opposing German squadron practically without registering a hit. A few weeks later the victorious German squadron was annihilated at the Falkland Islands, also practically without registering a hit on the British battle-cruisers. The Japanese have nine 14-in. or 16-in. gun battleships, twelve 8-in. gun cruisers, and fourteen smaller cruisers,* whose base is the Japanese mainland. The United States has fifteen 12-in., 14-in. or 16-in. gun battleships, sixteen 8-in. and ten 6-in. gun cruisers, whose Pacific base is Pearl Harbour in Hawaii, 3,300 miles from Japan. Great Britain at present has one 8-in. and four 6-in. gun cruisers in Far Eastern waters, their real war base being Singapore, which is like-wise nearly 3,000 miles from Japan.

In the event of retaliation, therefore, Japan would be able instantly to assert an irresistible superiority in Far Eastern waters. Even if the United States, the British Empire, France and Holland stood together, their ability to withstand the supposed Japanese counter-attack would depend on where they could mass effective superiority in gun power. Hong Kong, like Shanghai, would certainly be untenable. The question whether Russia—which has no fleet in the Far East—could bring effective military pressure to bear upon Japan hardly affects the naval issue at all. Thus in the Far Eastern dispute, because we are living in an anarchy of sovereign States, policy must be related to the strength that can be brought to bear by the protagonists in Asiatic waters. And, as we shall see later, the power that Great Britain can supply is necessarily affected by her risks and commitments in other parts of the world, notably the Mediterranean and the North Sea.

* These figures of naval strengths exclude over-age ships.

THE PROBLEM OF GERMANY

IV. THE PROBLEM OF GERMANY

THE problem of Germany and central Europe differs from those of Spain and the Far East in that Germany has had a much stronger case than Italy or Japan for demanding an alteration of the existing settlement. The treaty of Versailles was a "stiff" treaty. Germany was deprived of one-seventh of her European territory, and of all her colonies and foreign investments. She was disarmed and the Rhineland was demilitarised. She had a quite impossible burden of reparations imposed upon her.

But what followed was worse than the treaty itself, the architects of which had laid much hope upon the machinery for revision and moderation. This broke down when the United States rejected the League, and with it the Anglo-American treaty of guarantee to France against unprovoked aggression by Germany. Great Britain allowed her guarantee to lapse with that of the United States; where-upon France, with a population of 40 millions, against a German population of 60 millions, inevitably fell back upon her original policy of keeping Germany weak and disarmed and ringing her round with military alliances. The Ruhr invasion, which ruined the German middle class and laid the foundations of the National Socialist party, was followed by the Locarno treaties, guaranteeing Germany against a repetition of the Ruhr occupation, and France against invasion. Apart, however, from a belated writing-down of reparations, and an early withdrawal of the armies of occupation from the Rhineland, no successful effort was made to help the German Republic by mitigating the essential discriminations against Germany, such as her unilateral disarmament and the demilitarisation of the Rhineland. In 1933 Hitler swept into power on a policy of national regeneration and of repudiating the *Diktat* of Versailles. National discipline under totalitarian control and immense rearmament were the means by which he sought to overcome communism and to recover for

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Germany what he claimed as her rightful place in the world.

Thus for fifteen years military power, rather than moral discussion, has really governed the European situation. So long as France and her allies were supreme the League accepted the Versailles thesis. Directly Germany recovered her military strength the European picture began to change.

Europe is now faced by an extremely nationalist and powerful Germany determined to alter in her own favour the settlement that she still thinks is unjust. In substance, so far as can be understood, her claims fall into three groups. The first is the union with Germany of all German populations alongside but beyond her frontiers—that is, she claims self-determination for the German *Volk*. This would mean acknowledging the right of the Austrians, the Sudeten Germans, the people of Danzig, Memel and parts of the Polish Corridor, and in the end the Germans in the Italian Tyrol, to decide for themselves whether to join the Reich, possibly with some measure of local autonomy. Germany's second claim is the return of her colonies, or their equivalent elsewhere. The third is the ending of the "encircling" French alliances with the Little Entente and Russia, in order that German influence may be paramount in eastern and central Europe.

There is nothing immoral in the claim for the union of the German people on the principle of self-determination even though the process might involve adjustments of a unpleasant kind for Germany's neighbours. The things that matter are the way in which such adjustments would be effected, the treatment of any newly created minorities, and the purposes for which the consequential addition of German strength would be used. Similar general considerations apply to the colonial question. Though many people in Great Britain fear that to set Germany's feet again on the imperial path would be to court another eventual Anglo-German clash on the world scale, there are others who now feel that it was a mistake to have

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deprived Germany of all her colonies in 1918, and that Great Britain should contribute her share towards finding a colonial area—say, in central west Africa—which could be transferred to Germany under mandate. But they, too, make it a condition that colonial revision should be part of a final all-round settlement with Germany, and that the colonies should not be used as leverage for fresh demands or as strategic bases.

Similarly with "encirclement". To organise a new Schlieffen plan is Germany's inevitable answer to encirclement—a situation that makes it possible, as in 1914, for an accident, a fool or a knave in a minor State to plunge the whole of Europe into war. If what Germany wants is simply to be free from that necessity, and to make mutually advantageous economic arrangements with the smaller nations of Danubia and the Balkans—not to deprive them of their independence—then a majority would regard the abandonment of France's eastern alliances as a price well worth paying for lasting peace and the return of Germany to the League. But if such rearrangements are to be treated merely as a stepping-stone to the creation of a Germanic central European bloc, with the ultimate object of establishing an hegemony over the whole of Europe, then Germany cannot expect France or her other neighbours to give way.

In the German problem, however, as in the other two, the issue is coming to turn more and more, as rearmament proceeds, on relative military power, and less and less on what world public opinion thinks about the merits of the case. The military factors would seem to be roughly as follows. Russia, though possessed of great numbers on land and in the air, is still fundamentally inefficient, is desperately anxious to avoid having to fight simultaneously on two fronts 4,000 miles apart, and as in the past is much more formidable in defence on her own territory than in offence abroad. Germany will not reach her full military strength until 1940, by which date she will have not only

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35 front-line divisions and four mechanised divisions, but also two reserve divisions behind each of these, and the necessary reservists for a short war. France will have an army two-thirds the size of Germany's but more numerous reservists. She has also the Maginot line. Mussolini has made up his mind that he can no longer offer military resistance to the incorporation of Austria in Germany. Great Britain is not equipped to send any troops to the continent at all—certainly not more than two or three divisions. According to General Weygand, the air situation, as between the three western Powers, is that in a year or two's time Germany will have 3,000 front-line aeroplanes,* Great Britain 1,500 and France 1,000. In eastern Europe, naval power does not count directly at all. It is effective only in the later stages of a world war if it can maintain a successful blockade.

These figures are not put forward as conclusive,* and the relative situation may change. But they indicate the sort of facts that will confront the nations of Europe if eastern European questions are not settled by agreement, and the question of power comes to the front. It is undoubtedly Germany's belief that she will gradually transform the eastern European situation—and in the long run the colonial situation—not by actual war but by the weight of her sheer military power. The smaller nations, she believes, will come to terms or enter her orbit, or else declare their neutrality, after Belgium's example. The larger nations will not dare to resist by war the gradual transformation of eastern Europe to suit Germany—so she calculates—any more than they dared to fight when she rearmed or remilitarised the Rhineland in defiance of the treaty of Versailles.

* *I.e.*, the number of aeroplanes that can be maintained in the air subject to the wastage of war.

THE WORLD BALANCE

V. THE WORLD BALANCE

IN point of fact, it is impossible to consider any of those three main contemporary problems separately. They deeply interact, and the solution of any of them is coming more and more to depend upon the balance of power in the world as a whole. The relative strength of those who are for maintaining and those who are for altering the existing settlement in any one of these three theatres will turn upon the question how far they are obliged to bring power to bear in the others as well. Great Britain, for instance, cannot to-day exert decisive force simultaneously in the Far East, the Mediterranean and the North Sea—much less in eastern Europe.

From the whole picture, certain conclusions stand out clearly. The first is that, while the ideal underlying the Covenant of the League of Nations is as true as ever, and while the League requires unflinching support as the focus for world unity, for international co-operation, and for the pacific settlement of international disputes, its strength as a system for the revision of treaties or for security has disappeared, at least for the time being. The superiority in power necessary to establish its authority in these matters no longer exists. It has vanished, partly because, as American experience from 1781 to 1787 and the experience of other leagues have shown, the retention of full national sovereignty inexorably undermines the power of any league of sovereign States to act together, and partly because certain nations, convinced that the League cannot solve their problems, have left it and gone into opposition. Even where the League nations are agreed, they can achieve the purposes of the Covenant only if they have military and economic superiority as well as moral conviction on their side. There are great areas of the world in which the League can bring no effective power to bear at all—for instance in the Far East. And elsewhere the number of League members who could be relied upon to take common

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action, and the amount of strength they could exert, are unknown quantities.

A second conclusion is that if the socialist and democratic States were to join forces against the fascist States, as certain elements on the Left recommend, it is by no means beyond question on which side the preponderance of power would lie. The United States must certainly be counted out of such a system—though if a world war went on long enough she might be drawn in before the end. Most of the small nations would side with their strongest neighbours or stay neutral, like the Netherlands in the late war, rather than invite conquest, as did Rumania, by taking action against a first-class Power without hope of immediate and adequate reinforcement. The main combination would consist of Germany, Italy and Japan on the one side, and Great Britain, France, and Russia on the other, with a certain number of smaller States adhering to each. If there was war between them—and it would necessarily be world war—which side would win? Who can say? As always, the dictatorships would probably start with the advantage of the initiative and a concentrated attack; the democracies would probably last longer in resources and morale if that initial attack could be withstood.

But no sensible person wants to bring about such an alignment—a new alliance system as rigid as that which existed before the war, as certain to be dominated by the military time-table, and therefore as liable to be precipitated by a fool, a knave or an accident into a general war which nobody wants. Armaments are a sign of discontent with the existing settlement or of some kind of inner political conflict, such as the ideological clash between communism and fascism which is now disturbing the world. They are not necessarily a sign of a desire for war. It is almost certainly true that every general staff to-day is opposed to general war, if only because of the uncertainty of the result and because of the domestic disasters entailed by a prolonged war. It is far better to try to find a peaceful

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solution of the problems that produce armaments than to drift towards a general explosion. This will involve some sacrifice on the part of the beneficiaries of the existing settlement, and some abandonment by everybody of the extravagant economic nationalism that has probably done more than any other single thing to reduce the world to its present condition. But if this sacrifice brings increased security for everybody, and improved prospects of peace, it will be well worth while.

Moreover, there is probably more time for this than at first sight appears. While the logic of diplomacy tends to drive the world into a new alliance system, the various nations principally concerned are not at all anxious to enter into military alliances, with the liability of having to go to war for other people's causes. There is no political affinity, for instance, between Russia and the British Commonwealth to-day, and it is only a common fear of Germany that keeps alive the treaty of mutual assistance—not yet a military alliance—between France and Russia. Similarly it is notorious that Germany has no great confidence in or liking for Italy or Japan, and would prefer an understanding with Great Britain, if satisfactory conditions could be reached. The tripartite anti-Comintern pact, though symptomatic of the dangerous tendencies of present-day diplomacy, is not yet a military alliance.

Again, the pressure of rearmament and the events of the last few years have at least had this effect, that the refusal of those who have benefited most by the peace settlement to consider any kind of change is rapidly disappearing; for forcible changes which they have been unable to prevent have already taken place, and further changes will certainly follow, especially in eastern Europe, unless they are prepared to fight a very formidable war to prevent them. The opinion of mankind is far more ready for peaceful change than it was in the heyday of a League largely dominated by France and Great Britain and the little nations who benefited by the war.

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Thus prudence and common-sense alike point to a serious attempt to settle by diplomacy or conference the main differences that are producing the present armaments crisis. We need not discuss whether they should be tackled separately or together or in which order. That is for diplomatists to decide.

VI. THE DUTY OF THE DEMOCRACIES

BUT there is another aspect of this vast question that is of equal importance. If the drive towards change by force or power politics has become a formidable factor in the present-day world—partly, at any rate, because of the difficulty of bringing about more than minor changes in any other way—there is serious danger that, unless the democracies wake up in time, the nations that have begun to use those means may get out of hand. They may threaten freedom itself, and with it all possibility of a stable and equitable international order. After failing to deal effectively with the problems of revision and economic nationalism, the democracies relied on moral protests unbacked by power when the process of effecting change by force began in 1931, and over Abyssinia and Spain made it clear that they would avoid the risk of war at almost any price.

That is, perhaps, the most dangerous aspect of the situation to-day. From the extreme of demanding sanctions and strong measures everywhere, regardless of their own ability to bring military superiority to bear at the critical point, the pacific Powers are now inclined to go to the opposite extreme and retire into neutrality and isolation. But it is quite clear that in dealing with great military Powers who seek to change the existing order, whether their ambitions are legitimate or not, the democracies can find security only in united action and by bringing superior strength to bear at the critical point. Not only must they be adequately armed for defence; they

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must be willing to make clear the point at which they are prepared to risk war rather than retreat. The miserable story of international affairs in the last six years has been the inevitable outcome of threatening too much without adequate armaments, and of an obvious unwillingness to make a collective stand anywhere, even with the certainty of armed preponderance, if it involved the risk of war.

This pusillanimous attitude, indeed, creates a real risk of war, for it may induce some of the dictators to trespass too far, in the conviction that there is no point at which the democracies will fight. During the last year or two THE ROUND TABLE has criticised the popular dogma of "collective security" on two grounds: that it meant fighting to maintain an out-of-date settlement, and that security depended, not merely on public opinion, but on ability to bring effective military superiority to bear at the critical point. On the other hand, THE ROUND TABLE is resolutely in favour of adequate defensive armaments and of a vigorous and if necessary defiant foreign policy at those points where we are sure that, with our fellow members of the League and other friends, we can bring superior power effectively to bear. And for this purpose we consider that the nations of the Commonwealth should not only act together themselves but should also work in the closest co-operation with all other democracies, especially the United States. Good resolutions are effective in proportion as we are prepared to make sacrifices for them—not by rushing unprepared to certain defeat, but by building up sufficient strength in times of peace to ensure that where it is used in a just cause no one will readily challenge it.

For the time being, a united, peaceful and ordered world is out of sight. Changes in the existing settlement will have to be made before that vision returns and democracy comes once more into its own. But if such changes are to be kept within the bounds of justice, if the democracies

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are to preserve their institutions and their freedom, still more if the prestige of democracy as a way of life is to revive, they must learn to act together in defence, and to play with the dictators the poker game of power politics according to the rules that will govern it so long as nations insist on retaining their full national sovereignty.

Perhaps the most urgent question is whether it is not possible to restore that command of the seas in the interests of liberal democracy which Great Britain was able to exercise in the nineteenth century but can maintain by herself no longer. For a century such command of the seas prevented world war. It can certainly be re-established if the English-speaking nations are willing to act together for the purposes of peace. The speech of the President of the United States at Chicago on October 5 shows that leaders of American opinion have come to realise that a merely negative policy of isolation and neutrality may eventually be fatal both to the vital interests and to the ideals of the United States itself. As the President said, lawless power unchecked will eventually involve the whole world in anarchy and war. The possibility of limited co-operation with the United States on the high seas for the defence of free institutions is greater to-day than it has been since 1920. And in the long run it is the success of the democracies in giving freedom and employment and a decent standard of living to all their people, and in repelling onslaughts on their institutions and possessions by rival systems, either from within or from without, that will eventually convince the rest of mankind that democracy is the right road. Only thus can we re-create the conditions in which the search for lasting peace under a reign of law governing all nations, symbolised but not achieved by the Geneva League, will once more become a practical possibility.

THE MIND OF JAPAN

By a Correspondent in Japan

I. CANT AND CONFORMITY

THE present Far Eastern conflict is so complex in its nature and so confused in its origins that the most intelligent Western student of international affairs may be pardoned if he gives up the attempt to understand it, and takes refuge in condemning unconditionally the participant who appears, on circumstantial evidence, to be the aggressor. Japan has in recent years so definitely cast herself for this unhappy rôle that, even with the best case in the world, she would now find it difficult to justify herself before public opinion in America and in those parts of Europe where public opinion survives. It must be admitted, too, that the Japanese have proved themselves singularly incapable of explaining their own position in such a way as to obtain a hearing, much less a sympathetic hearing, in English-speaking countries. They have a habit, which saddens their friends and infuriates their adversaries, of defending themselves and reproving others in terms so devoid of meaning as to give the impression that, having really nothing to say, they are merely emitting a smoke-screen.

It is true that the Japanese have not a monopoly of silly political phrases, for the world to-day reverberates with them. But, when a responsible statesman asserts that Japan wishes to be friends with China at a moment when Chinese towns are being bombed and battered to destruction, one stops to wonder whether his ideas of the use of language have anything in common with our own. The wonder increases

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when one comes upon such a passage as this, from the *Miyako* newspaper of October 2 :

Premier Konoye says that the object of the war is Sino-Japanese friendship and Foreign Minister Hirota declares that Japan has no territorial designs. We fear that Japan may lose the effect of its victory through these declarations. We have no idea of forcing China to cede territory to Japan, but we insist that the present war has testified that it will be repeated in the future unless a certain area of China is surrendered. As a victor, Japan must properly insist upon this.

It ill becomes European critics to take a high moral tone with Eastern peoples on the point of territorial acquisition. The treaty of Versailles is too near in time to permit us to argue that we are now repentant and reformed. But, even as hardened sinners, our advice to Japan would be that, if you want to convince foreign countries of the purity of your intentions in making a war, you should at least wait until you have won it before announcing that you will not keep your promises.

A similar ineptitude is to be seen in almost all Japanese statements and rejoinders in the hot exchange of accusations that is now taking place between the two countries, to a chorus of denunciation from abroad. The Chinese occasionally admit that they have been wrong, the Japanese consistently assert that they are always right, forgetting the law of probability and human disposition to err. The result is what might have been foreseen—that sympathy veers towards China and away from Japan, Chinese shortcomings being condoned and Japanese misbehaviour magnified. Many Japanese will tell you that they are "bad at propaganda" because they do not understand "foreign psychology". They feel, you might cynically suppose, that they have only to find the right way of putting it to get anything believed. But this is an unjust reading of the case; for the Japanese really are unskilful at presenting their own side of a question, and if there is one thing clear in the present muddle it is that they entertain no serious doubts as to the fundamental justice of their cause.

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This is not to say that they are waging war with enjoyment and enthusiasm. On the contrary, there are many signs that the people in general do not like the way in which things have developed, while the simpler ones among them are plainly puzzled and surprised by the dimensions that the conflict has now assumed. They had not been stirred up by a sense of immediate danger, as they were in the Russo-Japanese war, and they feel dimly that the cause may not be worth the sacrifice. But there is no sign of more than a mute dissatisfaction, and no reason to believe that national unity is in any way weakened or likely to weaken. Indeed, the prolongation of hostilities will diminish rather than strengthen any such latent opposition as may exist. The most one can say is that it is not a popular war, and all but very bellicose groups would like it to come to a very early end.

These may be taken as the main features of public sentiment. It is important to understand that in Japan public sentiment is not a dynamic element in national life. The history of opinion in Japan is a long record of conformity, so that, even without active repression by authority, open opposition to declared national policies is almost an unknown thing. It may therefore be said that for international purposes Japan is unanimous; and it is a corollary to this proposition that any hint of outside criticism, not to speak of pressure or intervention, tends to make the Japanese sink their differences and close their ranks. This is an important point to bear in mind when considering what steps may be usefully taken by any country that wishes to see the Sino-Japanese dispute brought to a speedy end. Sympathetic criticisms may in the long run have some effect, but moral condemnation and half-hearted threats of pressure or intervention are not merely useless, but positively harmful. The Japanese, like all of us, hate preaching; and sermons from Great Britain in particular sound to them like warnings from a reformed burglar living in comfort on his swag.

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Perhaps these considerations are enough to answer the doubts of those puzzled readers of the news from Japan, who ask whether the Japanese people really believe the pronouncements of their leaders, and who want to know what value to attach to such statements as that of the Prime Minister on September 9:

Japan has always desired permanent peace and order in the Far East. It has for that purpose sought co-operation with China in the firm belief that in such co-operation lies the sole means of safeguarding the peace of the whole world. . . . This has always been the fundamental aim of the Japanese Government, whatever may have been the policy it has adopted in accordance with prevailing circumstances. . . . China has failed, however, to meet the expectations of Japan. . . . It has wantonly infringed on the interests and rights enjoyed by Japan in its territory and thus brought on the present unhappy incident:

or the speech of the Foreign Minister in the Diet on September 5:

It is hardly necessary to say that the basic policy of the Japanese Government aims at the stabilisation of Eastern Asia through conciliation and co-operation between Japan, Manchukuo and China for their common prosperity and well-being. Since China, ignoring our true motive, has mobilised her vast armies against us, we cannot but counter by force of arms. . . . Let us hope that the statesmen of China will be brought to take a broad view of Eastern Asia, that they will speedily realise their mistakes and act in unison with the high aims and aspirations of Japan.

To the ordinary English reader these solemnities are so much humbug; but that is because he does not realise that every nation has its favourite brand of political narcotic, and what is distasteful to one may be swallowed readily by another. To anyone familiar with Oriental history there is an almost classical flavour in the pronouncements of Japanese statesmen to-day. When a Cabinet Minister talks of punishing the Chinese for their audacity or of spreading the blessings of Japanese rule over benighted areas of China, or when a leader-writer reproves the Chinese Government for lack of sincerity and comprehension, we seem to hear echoes of recorded utterances of

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the worthies of Far Eastern antiquity. It is in ancient Chinese chronicles that we find wars of conquest politely described as excursions to spread righteousness among ignorant peoples, or to bring barbarians under the influence of a benigner culture. Such hyperbole is, of course, rather irritating if one is not familiar with the vocabulary; but it must be looked upon, not as exactly representing, but as in some way corresponding to, what the speaker believes. A resort to euphemism does not by itself prove that a speaker has a bad case. It might even be said of Japanese statements of policy that they spring from a praiseworthy desire to explain Japanese actions in terminology which has become fashionable under the influence of the League of Nations. Such phrases as "stabilisation" are tokens from the same mint as "collective security".

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IT is therefore best not to pay much attention to the more ornamental utterances of statesmen. Fortunately they do not always use what we may style the formulæ of apologetics. When pressed they put their case more crudely. The official rejoinder to President Roosevelt's Chicago speech of October 5 is worth examining from this point of view. It is, in part, as follows:

The population of Japan has doubled in the past fifty years, being crammed in such a limited area. If Japan wants to send out her people, all the outlets are denied by other countries everywhere.

The American Japanese exclusion law of 1924 is one that is against the natural law of mankind which is greatly deplored by the Japanese people.

We hear of late the heated argument on the unequal distribution of resources as between the "haves" and "have-not" countries. If the "haves" refuse to concede to the rightful demand of the "have-nots", peace will be very difficult to maintain, but Japan does not make any demands on this point as her right.

The idea of right as conceived by the Western people is incompatible to that of the Oriental.

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Japan's only demand is that her people be entitled to enjoy the freedom of movement and the happiness which is rightfully theirs.

If the President of the United States had the present Sino-Japanese affair in mind in making the reported speech, the remarks I have just made will be equally applicable to the present issue.

Japan's intention to carry on her peaceful development in the Continent is not for the sake of the happiness of Japan alone but also for that of the Chinese. What Japan wants is peaceful co-operation between Japan and China. That co-operation China refused by force of arms, resulting in the present affair.

We are confident that the thinking people of China will realise the true intentions of Japan and the Japanese people and take the course of mutual aid and co-operation for the peace of East Asia and for the world.

This is a Have-not argument, directed against a Have, and though it is not entirely convincing, it is vastly superior to high-flown rhetoric about Chinese misdeeds.

There can be no doubt about the warmth of feeling behind this statement. When President Wilson ruled out the Japanese proposal to insert a racial equality clause in the League Covenant, he laid the foundation of a resentment, intensified by the Exclusion Act of 1924, which has been one of the main factors in consolidating Japanese policy. It cannot, of course, be proved that but for these events Japan's foreign policy would have followed a different line. Its general direction would no doubt have remained unchanged, though its methods and temper would probably have been modified. But we may be sure that the blow to Japan's pride and the check to her aspirations caused by the restrictions of the Nine-Power treaty, following upon the failure in the racial equality issue, were important factors in producing the intensive phase in both domestic and foreign affairs which opened with the Manchurian incident of 1931. And it seems to be the sad truth that, on a short view at least, the League's condemnation of Japan in 1932 did nothing but strengthen the forces of nationalism; for certainly since that date such liberalism or internationalism as existed in Japan has gone to ground.

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To a foreign observer resident in Japan during those years, the contrast between the political and economic stagnation of 1930 and the feverish developments of 1931 and after was positively alarming. To the Japanese people as a whole it was stimulating, even heartening; and it is probably sound to regard the present critical position as an unavoidable stage on the road then taken, rather than as the result of more recent initiative. Indeed, the weight of evidence shows that technically the Japanese Government can plead self-defence with some justification in the present crisis; for they seem to have miscalculated the temper of the Chinese Government after the night-manceuvre incident in North China in July, and it is fairly clear that they hoped not to be involved in hostilities of a serious character at Shanghai. But of course the events of July 1937 were fore-ordained at least as far back as 1931, if not earlier. It is sometimes suggested that Japan has been emboldened by the example of Germany and Italy to throw overboard obligations which seemed to hamper her development; but the sequence of events is not consistent with this hypothesis. Japan's struggle to free herself from restraints imposed upon her by Western Powers dates back at least to the days of the unequal treaties—say to 1894—and no reading of present policy is correct that does not take this fact into account.

It may be objected that in the last decade or so no other Power has attempted or even desired to check Japan's legitimate aspirations, and this is true if it means simply that the great Powers no longer dare take such repressive measures as they took, for instance, after the Sino-Japanese war in 1895. But their policies have nevertheless acted in restraint of Japanese expansion, and we must not blind ourselves to the fact that what Japan desires to-day is no longer parity but superiority, at least in Eastern Asia. The argument of the Japanese is, as has been shown above, that they must expand, that they are debarred from expansion in all directions by restraints upon their immigrants

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and their exports. In China alone is there room for their development, if only they can persuade the Chinese to make common cause with them. To the Japanese this is so obvious and so reasonable that the refusal of the Chinese to collaborate angers them. They see as their neighbour an immense country, now backward and disunited but capable of great development. Its potential strength is to them at the same time a temptation and a menace. If they could somehow play a leading part in the development of China, they would be able to shape events so as to secure an economic outlet while averting a political danger.

The plan presents such obvious advantages that from thinking it expedient they have come to think it necessary; and from thinking it necessary for Japan they have come to think it desirable for China. Nations, like individuals, are given thus to rationalising their wishes, and it would be a mistake to think that the Japanese do not honestly feel that they would, given the opportunity, contribute (in their own phrase) to "the peace of the world and the stabilisation of Eastern Asia". It is true that, if only Japan and China could agree, Eastern Asia would be among the happy regions of the globe; for Japanese drive and discipline combined with Chinese strength and skill could accomplish miracles. But, alas, they cannot agree, and each rebuff that Japan receives from China, each rejection of a peaceful overture, each failure to submit to pressure, instead of convincing the Japanese that their judgment has been at fault, merely angers them and urges them on to still more drastic courses.

It is this alternation of methods, this swing from persuasion to coercion, that, combined with the almost transcendental language in which Japan habitually declares her attitude, makes her policy so hard to understand. Its general direction is clear enough, but its hesitations and deviations need to be explained. Its apparent incoherence is probably due in a large measure to strains in domestic politics. In these matters it is hard to distinguish between

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cause and effect, but it is most likely that the direct cause of the Manchurian "incident" of 1931 was the political and economic stagnation mentioned above. The "forward" elements in Japan wished to break out of this position of deadlock, and the easiest exit was in continental adventure.

The success of the Manchurian *coup* was not alone sufficient to put power into the hands of those "forward" elements, and the most extreme among them felt it necessary to remove opposition by physically eliminating their opponents. Since the assassination of Inukai in May 1932 a process of "purging" has continued, sometimes by simple pressure, sometimes by violence, as in February 1936, when disaffected army officers struck down Saito, Takahashi and other leading statesmen. These last excesses did not, in fact, succeed in wresting power from the hands that already held it; but they had the effect of consolidating the strength of the military elements in the Government, since the army leaders, having dealt drastically with the mutineers, were able to claim that only they could handle the situation. Thenceforward those military elements became more and more dominant in the Cabinet, leaving little but a semblance of party rule. There was no effective opposition to their programme, which, allowing for minor fluctuations, was to concentrate national effort upon the increase of armaments and to consolidate national feeling in favour of a "strong" foreign policy in relation particularly to China and Soviet Russia.

III. A CLASH OF NATIONALISMS

THIS brief analysis of political trends is misleading if it gives the impression that Japan has recently passed through a phase of struggle between two strongly opposed camps of extremists on the one hand and moderates on the other. There is no such line of cleavage in Japan. There is only a gradation from what in England would be called

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old-fashioned liberalism, so scarce as to be negligible, to an ultra-nationalism of fascist type. But political groupings in Japan cannot be accurately described by Western labels, and it is best to assume that effective opinion in Japan is united over the main objectives of Japanese policy but divided over the methods that it should adopt. There are differences of judgment as to the appropriate speed and route, but nobody seriously questions the destination, which is the hegemony of Eastern Asia. If China can be persuaded to accept Japan's ascendancy, so much the better. If she cannot be persuaded, then she must be coerced.

The natural desire of a vigorous and self-confident nation for expansion combines with fear of a new and reorganised China to put Japan in a position very similar to that of Germany in 1914. There is the same energy, the same industrial growth, the same search for trade outlets, the same fears of *Einkreisung*. It does not matter whether those fears are real or imagined, so long as they are operative; and their result is to override all scruples that might otherwise be felt as to the legitimacy of an aggressive policy.

Suggest to an average intelligent Japanese that his country has more to gain by peaceful development at home than by imperialist action abroad, and he will reply that methods of conciliation have been tried and failed, that it is impossible to cope with Chinese arrogance and trickery, and that Japan now must reluctantly use force. These arguments cannot be dismissed as merely disingenuous. They do represent a genuine feeling, however misguided it may be. Indeed, it is one of the ironies of the situation that it is precisely the good qualities of the Japanese that produce the incompatibility of temperament with the Chinese. The Japanese as a people have strict notions of duty and obligation, they like things arranged and organised, they are justly proud of their achievements and confident of their ability. The Chinese are cynical and slap-dash, they do things on a grand, untidy scale and they match

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Japanese pride with an ineffable consciousness of their own fundamental greatness.

Thus, even were Japanese terms to become surprisingly moderate, there would be little hope of lasting agreement. Spasmodic attempts to conciliate China have been made by Japan ever since the régime of Baron Shidehara, but they have never succeeded, or indeed had any chance of success so long as ultra-nationalists in each country retained the power, if not to control, at least to obstruct, foreign policy. In each country the forces of nationalism are so easily mobilised, and so nervous of surrender, that they come into play long before any conciliatory policy can even begin to show prospects of success. In this sense it may be said that the internal politics of China have contributed, almost as much as the internal politics of Japan, to making impossible a peaceful solution of Sino-Japanese problems.

IV. PROBLEMS OF THE FUTURE

AS to the future, nobody can safely predict. It is doubtful whether the Japanese Government sees its way clear. The military situation is developing favourably to Japan, though perhaps not so fast as had been hoped; but when Japan has reached her military objectives in North China and round Shanghai her difficulties will be by no means ended. She will doubtless desire to establish some kind of buffer state in North China, and this may be feasible if the Chinese armies are sufficiently broken. Unless, however, she deprives China of all power of retaliation for a great number of years, she will be assuming responsibilities on the Asiatic continent so costly and troublesome that such economic advantages as she can gain from conquest will scarcely compensate her for the effort; and, if she weakens those parts of China which she cannot dominate, she runs a risk of losing a great market and of creating conditions favourable to the communist influence that she professes most to fear in neighbouring territories.

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No doubt these problems are causing great anxiety to Japanese statesmen to-day. Many of them are alive to the dangers of a programme of constant coercion. This is clear enough from past events, since most of Japan's internal dissensions in recent years have arisen from disagreement between the party that desired prompt and drastic action in China and the more cautious and experienced politicians, soldiers and sailors who at different times since 1931 have put the brake on movements south of the Great Wall, because they saw more clearly than the others to what a succession of difficulties such movements might lead. Once past the Great Wall, there is no logical terminus to an invasion, unless it is to overrun the whole of China.

All depends finally upon the power and will of China to resist, and these are unknown factors because they have not so far been fully tested. Japan, on the other hand, has adequate resources for a long campaign. Her naval and military strength is overwhelming in point of training, equipment and munitions. There can be no question of her determination; and even her economic resources, slender as they are, have been so skilfully husbanded that she need have no serious anxiety on the score of materials or money for a year or more.

Japan,

October 12, 1937.

PALESTINE AND THE ARAB WORLD

I. AFTER THE REPORT

DURING the summer and autumn, the outlook in Palestine has in one sense improved and in another sense deteriorated. It has improved in so far as progress has been made towards putting into operation the constructive proposals of the Royal Commission. It has deteriorated inasmuch as the period of comparative quiet, during which the Commission was able to carry out its investigations on the spot, has now been brought to an end by a fresh outbreak of disorder—though happily not on the same scale as the virtual insurrection of last year.

At Geneva, the partition plan proposed by the Royal Commission and sponsored by the Government at Westminster has now been put through the mills of the Permanent Mandates Commission, the Council and the Assembly, and it has survived this rather formidable ordeal. The mandatory Power has now formally been given authority to negotiate with the Arabs and Jews—provisionally, and subject to the League's approval—for a settlement on the lines that the Royal Commission sketched out. Another milestone has thus been passed on a road which cannot, in the nature of the case, be either short or easy going.

Unfortunately, the achievement of this progress at Geneva in the course of September was forestalled, early in the same month, by the beginning of the new bout of violence in Palestine itself. On September 4, which was the date of publication of the minutes of the Permanent Mandates Commission, a fresh series of murders began with the shooting at Haifa of an Arab landowner who had sold

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—or negotiated for the sale of—land to Jews. In this place, it would be out of proportion to attempt anything like a catalogue of the succeeding crimes; but we may mention a pair of murders—one of an Arab land-broker near Acre and the other of a Christian Arab landlord near Nazareth—which were perpetuated on September 25; for these were the immediate prelude to the murder at Nazareth, on September 26, of the District Commissioner for Galilee, Mr. Andrews, and a British police-constable who was with him. It is perhaps significant that the scenes of these crimes all lay in areas with a large Arab population which had been marked down, in the Royal Commission's scheme, for inclusion within the frontiers of the proposed Jewish State.

The murder of Mr. Andrews was followed by drastic action on the Palestine Government's part. On October 1 warrants were issued for the arrest of six of the most prominent of the Palestinian Arab nationalist leaders, and five of these six were deported overseas. The Arab Higher Committee, and its local branches throughout Palestine, were proclaimed as illegal associations. And the Mufti of Jerusalem was deprived of his offices as president of the Supreme Muslim Council and chairman of the committee for the administration of Muslim Pious Foundations (*Awqaf*). Thereupon the Mufti took sanctuary in the Haram ash-Sharif, and in the middle of October he slipped out of Palestine in disguise and made his way by sea to the Lebanon, where he was detected and put under detention by the French authorities. Meanwhile, the series of crimes continued, and on October 21 it was announced that an experienced and determined official of the Indian Police, Sir Charles Tegart, had been appointed adviser to the Palestine Government on matters relating to police organisation. On October 28 it was announced that the British High Commissioner in Palestine, Sir Charles Wauchope, had resigned for reasons of health—and indeed it was not to be wondered at that he should be suffering from the strain of grappling for six years

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with troubles, not of his making, which happened to come to a head during his term of office.

While these events have been taking place in Palestine and at Geneva, it has been possible to some extent to gauge the reaction of the Jews on the one hand and the Arabs on the other to the partition plan. On the Jewish side, it is fairly evident that the plan will be acceptable without insistence on modifications that would substantially change its character. The prevailing considerations in Jewry are, first, the urgent need of finding a Palestinian asylum for German, Polish, and other central European Jews for whom life is being made impossible in their own countries; and in the second place the probability that this problem will be taken up by the Government of a Jewish State—however small its territory—more energetically and effectively than it could ever be dealt with in an unpartitioned Palestine by a mandatory Government that would necessarily continue to be bound by the juridical terms of the mandate and by the diplomatic necessity of holding an even balance between Jewish and Arab interests. In combination, these two considerations are so cogent that they are likely to overcome the resistance of both the sentimentalists and the totalitarians in the Jewish camp.

On the Arab side, it is not such plain sailing; for here there is still a lively hope that a posture of intransigence may enable the Arabs to get rid of Zionism altogether, even from the narrow territorial limits within which it is now proposed to confine the Jewish State. The Arabs are still demanding an all-Palestinian Arab State which would confront the Jews in Palestine with a choice of either emigrating or else acquiescing in the unenviable position of a hated subject minority.

Moreover, it is not only the Palestinian Arabs who are adopting this intransigent attitude. In the second week in September a Pan-Arab congress, which was widely representative, met at Bludan in Syria under the presidency of a former Prime Minister of Iraq and passed a resolution

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declaring that Palestine was an integral part of the Arab fatherland; that the Arab nation rejected the idea of partition; and that the congress demanded the annulment of the Balfour Declaration, the abrogation of the mandate, and the conclusion of an Anglo-Palestinian treaty recognising the sovereign independence of Palestine and establishing a constitutional State which would guarantee such minority rights as were usually recognised in current international practice. At Geneva, a few days later, the partition plan was opposed, on the same grounds, by the delegations of Egypt, Iraq and Iran to the Assembly of the League. Saudi Arabia has so far maintained a studiously non-committal attitude, and the distant Yemen is ruled by a sovereign who cares for none of these things.

On the other hand, the wave of Arab nationalism has, only this autumn, washed westward along the Syrtes and broken upon the French protectorates and departments in north-west Africa; and its most violent impact has been at the furthest point—in Morocco. Hitherto the "Maghrib al-Aqsa" or "Far West" of the Islamic world has been little affected by the current of modern Arab nationalism that has welled out of the soil of Egypt and Syria. This latest extension of the movement is likely to affect Palestine in two ways. Owing to the introduction of our modern Western means of communication, the whole Arab world has now become so highly conductive that a shock, or even a tremor, in one Arab country is apt to produce repercussions in others, even though they may be separated from the immediate source of the disturbance by the combined lengths of the Mediterranean and the Syrian Desert. The second point is that each extension of the range of Arab unrest adds to the embarrassments of the two western European Powers—Great Britain and France—who hold, between them, all but one of the Arab countries that have neither retained nor regained their independence. The exception, of course, is Libya; but his tenure of this Arab territory has not so far deterred Signor Mussolini from

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playing with the idea of turning an Arab screw on his western European rivals.

II. ECONOMICS AND STRATEGY

THIS is the setting in which we have to examine the Palestinian situation as it stands to-day. In the last number of *THE ROUND TABLE* attention was necessarily concentrated upon the political issues that were the main subject of the Royal Commission's report. At the present stage it may be useful to enlarge our survey to take in the economic and the military aspects of the Palestinian problem.

In the economic sphere, the most obvious reflection is that both the proposed Jewish and the proposed Arab States in Palestine will have poor prospects if they cannot bring themselves to co-operate with one another. The Jewish community in Palestine has been building up, with a marvellous rapidity, a number of secondary industries with only a precarious foreign market. In particular, the market for Palestinian citrus-fruit can hardly fail to be glutted at a date that now cannot be very far ahead. On the other hand the Arab peasantry in Palestine—and to a large extent also in the adjoining Arab countries, so far as these are capable of being cultivated at all—have so far been content with a primitive kind of agriculture which hardly yields them a subsistence and which provides them with no surplus at all for purchasing the products of industry. For Eretz Isroel and for the surrounding Arab States alike, the key to prosperity will lie in raising the productivity of Arab agriculture to a level at which the fellah can begin to provide urban industries with a market, and then adapting the present Jewish industries in Palestine to the modest task of catering for the at first very simple needs of a gradually improving Arab customer. Economically what is needed is that the Jewish agricultural expert should go forth as a pioneer—with the Jewish commercial traveller in his wake—not only into the hill country of Ephraim

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but as far afield as the alluvial lands of Iraq and the terraced mountain sides of the Yemen. But at the moment this economic common-sense is politically as utopian as, shall we say, a project for the economic rehabilitation of the central European successor-States by the technicians of Germany. In Palestine the road towards prosperity is at present blocked, for Arabs and Jews alike, by political obstacles that will not be either easily or quickly surmounted.

While the economic aspect of the Palestinian problem is, from first to last, a joint Arab-Jewish affair, the military aspect is primarily a British concern and is likely to remain so for an indefinite time to come. This is serious for us, because our military commitment in Palestine—it is best to admit this frankly—is an extremely awkward addition to the burden of imperial defence on land. On first thoughts this statement may seem paradoxical. Here is an empire that already occupies and defends about a quarter of the land surface of the earth; and it has now added to these vast responsibilities a liability for the military protection of a Palestine that is no larger than Wales and of a prospective Jewish State in Palestine that will probably be no larger than a fair-sized English county. How can the British Empire be seriously affected by this apparently infinitesimal addition to the military demands upon it? The answer is to be found in a comparison of our present with our pre-war liabilities for imperial defence.

Before the war, our defence position was extraordinarily favourable. To begin with, there were then still only two arms—the navy and the army—to compete in; and our liabilities on land, apart from problems of internal order, were confined to the maintenance in Great Britain of a small expeditionary force and to the defence of a single land frontier in Asia. Moreover, the maintenance of the North-West Frontier of India was a matter rather of police than of defence in the European sense of the word. It was not the sort of frontier that France had to defend against

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Germany or Austria-Hungary against Russia. It was much more like the old Indian frontier of the United States. The enemy who had permanently to be held at bay were primitive tribesmen whose aims and powers were limited to making raids in quest of plunder, and who were incapable of attempting anything like a regular invasion or conquest. And this chronic brigandage was really all that we had to cope with; for Afghanistan, which lay in the rear of the independent tribesmen, was still a backward and ineffectively governed Oriental empire, and though Afghanistan, in its turn, backed on to Russia, "the Russian threat to India" was a chimæra that had not even been a live bogey since 1885.

Thus our two pre-war military commitments were both of them modest, and when we had made provision for them the rest of our resources for defence were at our disposal for throwing into an unlimited competition at sea. On this basis, we were rich enough to keep up an unchallengeable naval supremacy on a two-Power standard, and we had no other defence commitment that the navy could not look after for us. Egypt, for instance, was at that time virtually as much of an island as Great Britain or Australia. Before the days of Mussolini, neither Egypt itself nor the Anglo-Egyptian Sudan had, for practical purposes, a military land frontier either with Libya on the west or with Ethiopia on the south-east.

We have only to remind ourselves of this pre-war picture in order to realise how vastly it differs from the present one. To-day, for instance, we have three arms to consider instead of two; we are involved in unlimited competition with other great Powers in the air as well as on the sea; and the reduced proportion of our total resources for defence that we are now able to allocate to defence on land has to be distributed between a number of liabilities which, though happily still not unlimited, are nevertheless more numerous than our corresponding liabilities for land defence before the war. In Europe, our pre-war commitments have now

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crystallised into an undertaking to come to the assistance of France and Belgium with all our strength should either or both of them be victimised by an aggressor. In Asia, our commitments to India and Egypt remain; we have added to them two fresh commitments—one to Iraq and the other to Palestine; and Egypt has been transformed, in the strategic sense, from an island into an integral part of an increasingly militarised African continent. This is the light in which our liabilities for defence on land in Palestine ought to be examined.

One fact that seems clear is that, from a strictly technical point of view, in abstraction from the political factor, the partition plan would lighten our Palestinian military problem. Under present conditions, the British army's task in Palestine is to deal with a general insurrection which never far below the surface and which, even at its quietest moments, is effervescing in sporadic outrages all over the country. This means guarding every railway culvert and conveying every bus, not to speak of protecting every scattered Jewish settlement; and, when the hidden enemy is in one's rear and all about and underground, the strength of the force required to hold him down is out of all proportion to his numbers or to the area of the territory that has to be defended. It would make a less heavy demand on the army if they could be assigned a frontier in Palestine and told that they were to hold this line against all comers from the other side of it. This would be easier for them even if the line were tortuous and strategically awkward, and even if the people on the other side were definitely hostile—as might be the case if we failed to secure an Arab-Jewish agreement for the partition plan and therefore were compelled to carry it out ourselves without the consent, at any rate, of the Arabs. The frontiers of the proposed Jewish state and of the residual mandated territory could no doubt be held by the British army with less expenditure of energy than we are having to make now in order to hold the whole country.

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There is, however, one flaw; and that is that the partition plan does not completely eliminate the potential enemy in the rear. The Royal Commission's tentative frontier-line would leave about a quarter-of-a-million Arabs on the Jewish side, so that the conversion of the military problem of holding down a population into the simpler problem of guarding a frontier would at the best be imperfect. The removal of the Arab minority from the Jewish State by voluntary or, in the last resort, compulsory emigration would be a long business which might never be finished. It is therefore impossible to predict the date at which the military problem in Palestine could be reduced entirely to a frontier problem, and *a fortiori* impossible to foresee when the British army would be able to hand over the duty of guarding this frontier to the national forces of a consolidated Jewish commonwealth. However tight a Jewish Government might succeed in packing a Jewish State in Palestine with Jewish settlers, it is unlikely that an Eretz Israel of the dimensions of a single English county would ever be able, unaided, to hold its own against a hostile Arab world extending from the Arabian shore of the Persian Gulf to the Moroccan shore of the Atlantic. In a hostile environment of that wide sweep, the diminutive Jewish State would be faced all the time with the prospects of economic strangulation and military annihilation.

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THESE military considerations point to the same conclusion as all the other lines of thought that we have been exploring: that the key to the problem of Palestine lies in the relations between the British Empire and the Arab countries round about. Without the co-operation of those countries, neither the economic nor the strategic problems of the new Palestine can be solved. Without at least the passive assent of the Arab people, the construction of a Jewish State—though necessarily remaining a firm

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element in British policy until it can be replaced by some other agreed device for reconciling the claims of Jews and Arabs—can be little more than a political *pis aller*. The British Government is indeed bound by its promises and by the facts of the case to negotiate with all parties concerned before presenting to Parliament and the League a final scheme; and having rejected the nominal spokesmen of Arab opinion in Palestine itself, it may well be at a loss to find negotiators of authority on the Arabs' behalf unless it turns to their leaders beyond the Jordan and the Sinai desert.

In the war of 1914-18, the Allies presented themselves as the champions of the cause of Arab nationalism, and they profited both militarily and politically from this alliance with the Arabs as well as from their alliance with Zionism. But unfortunately our championship of the Arabs was not single-minded. While we were quite glad to promote the independence of the Arabs in a general way, we were at the same time drawing cheques on the fund of Arab independence which the Arabs could not be expected to endorse since they were drawn for purposes with which the Arabs could not sympathise. We drew one cheque in favour of Zionism in Palestine, another in favour of traditional French aspirations in Syria, and a third in favour of traditional British-Indian strategic desiderata in 'Iraq. In the course of twenty years, some of these drafts have been at least partially refunded. 'Iraq, for instance, is to-day a genuinely sovereign and independent Arab State, and not either a British protectorate or an Indian province. Syria is at last on the road towards gaining the status of genuine independence that has already been attained by 'Iraq; and in the African half of the Arab world a signal first step—which can hardly fail to have sequels further west—has been taken in the conclusion of an Anglo-Egyptian treaty, which at last puts back upon the political map of the world a genuinely independent Egypt. Great Britain and France have thus already

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war-time engagements to the Arabs in the spirit as well as in the letter.

But even if we have now to a large extent fulfilled our bond, we have not done so with a consistently good grace. In 'Iraq, in Syria and in Egypt alike, an Arab people has only wrested its independence from unwilling British and French hands at the cost of a long and at times violent struggle. And the happy endings that have now been given to these three stories have not availed to erase all bitter memories from Arab minds. This lingering bitterness shows itself in the present attitude of the Egyptians and 'Iraqis towards the continuing struggles of their brother Arabs, in Palestine and in north-west Africa, who are still under British or French rule. And, for an enemy who wanted to sow tares in French and British fields, it would be easy to hold up the two western European Powers to odium and contempt in Arab eyes as hypocrites who boast of themselves that they are democrats and at the same time cling to an imperialism which—as Arab experience has proved—will yield to nothing but superior force.

Does this thrust go home? Are France and Great Britain really irreconcilably opposed to legitimate Arab aspirations? Must Anglo-French imperialism and Arab nationalism inevitably fall foul of one another? If the answers to these questions are in the affirmative, then it is a bad look-out for both the western Powers and the Arabs in peace-time and a worse look-out in the event of another general war; for in that event, under these unhappy conditions, the Arab world might become an arena for a conflict between European, and perhaps also Asiatic, great Powers from outside. The answer to these questions will evidently partly turn upon the course of events in Palestine; and we have to face the possibility that the irreducible minimum upon which we must there insist in order to discharge our obligations to Zionism may be taken by an intransigent Arab nationalism as a symbol of our mortal enmity to the Arab cause. Nationalism is always apt to be passionately

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unreasonable. Yet surely we need not resign ourselves to letting our relations with the Arabs take this tragic turn. If one looks at the situation from the Arab point of view, there are strong arguments for choosing the path of collaboration with Great Britain and France, instead of the path of conflict with them, as the most promising way of securing the future of the Arab peoples in a dangerous and turbulent world.

Great Britain and France have opponents in the world to-day who are fond of describing them as sated Powers whose destiny is not to increase but to decrease. If, for the sake of the argument, we were to accept this picture of ourselves, we might suggest to the Arabs that Powers in this mood and in this stage are likely to be less awkward associates for adolescent nations than the Powers which to-day are on the war-path with an eye to satisfying a lusty appetite for expansion. The recent French and British concessions to the Arabs may not have been made with the best grace; but in substance they have gone a remarkably long way in a remarkably short time; and they are likely to go further. If there are certain points—for instance the question of establishing a Jewish national home in Palestine—on which we cannot yield, the Arabs have still to consider whether the proposed Jewish State, within the modest territorial limits that have been suggested by the Royal Commission, is so large a bite out of the Arabs' total territorial claims as to compel them to part company with their old friends in Europe in order to keep what might prove to be more dangerous company. Would so momentous a change of Arab policy be warranted by the extent of the Arab interests now at stake in Palestine—within the narrow limits to which the territory at issue has now been reduced?

We raise these considerations in the hope that they may be pondered in the minds of some of the Arab statesmen who are responsible for the policies of the Arab countries by which Palestine is surrounded. The diminutive Jewish

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State which is now all that the Arabs are being asked to concede in Palestine would not, after all, be cut bodily out of the Arab world. As we have suggested above, this Jewish State could only prosper materially by co-operating with its Arab neighbours to the common economic advantage of both parties. Is this too high a price for the Arabs to pay for the friendship of Jewry? No one can do without friends; and a truth which holds good for even the strongest and most self-sufficient Powers must be true *a fortiori* for a group of peoples whose strength is well below the mark of their great memories and their perhaps equally great aspirations. The Arab world—stretching as it does from Syria to the Yemen and from Morocco to Iraq—is imposing in its sheer physical extent; but by the same token it lies in a peculiarly exposed position. It occupies the land-bridge between the three continents of the Old World, and it is flung across the sea routes that link Europe with India and the Far East. In a lawless and predatory world, this commanding position has a strategic value that is bound to attract the covetousness of ambitious Powers on the war-path. On this showing it might be disastrous for the Arab peoples, as well as for the two western European Powers, if the existing association between them were to break down over the burning, but at the same time local and limited, question of a Jewish national home in one fifth part of the tiny country of Palestine, which is itself so small a fraction of the great patrimony of the Arab race.

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ONE of the great puzzles of the world of 1937 is the political destiny of France. To no country is this more important than to Great Britain, and through her to the other nations of the British Commonwealth. "At the moment it so happens," said Mr. Eden in his big speech of November 1 in the debate on the Address, "that our most intimate relations by far in foreign affairs are with the French Government". He was retorting to the charge that the Government's foreign policy was inspired by class-consciousness, and the moral that he drew could be as well applied to the Left Government of France as to the Right-and-Centre Government of Great Britain. Yet to many publicists in the fascist States the Front Populaire ranks second only to Moscow as the exponent of bolshevism in Europe. Which of these judgments is right, and which of the finger-posts at her cross-roads will France follow—towards liberal republicanism or towards the proletarian dictatorship?

I. THE ORIGINS OF THE FRONT POPULAIRE

IN spite of the proximity of France to England and the constant coming and going between the two countries, the average Englishman usually regards the internal politics of the Republic as an insoluble riddle. The very wealth of daily detail which the more serious newspapers provide tends to obscure for him the broader lines of political developments. But the real difficulty lies in the fact that the French parliamentary system, being based upon a

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multiplicity of groups, functions with a flexibility and a lack of finality that are the antithesis of the clear-cut party system of the House of Commons.

The history of the last eighteen months affords a particularly interesting example of this. In May of last year the Front Populaire was swept into power. Possessing an overwhelming majority in the Chamber, it was able under M. Blum to rush through a programme of social and other legislation of so fundamental a kind as to constitute a revolution in French economic life and seriously to perturb the life of the country generally. To this programme, accepted by the three parties—Radical-Socialists, Socialists and Communists—which are the principal elements in the Front Populaire, M. Blum and his Minister of Finance, M. Auriol, gave a particular flavour by the financial and economic principles on which they founded its execution. They abandoned the orthodox theory of a balanced budget, believing that they could straighten out the country's finances by increasing the purchasing power of the masses. A year passed; and at the end of it M. Blum, with France's finances more entangled than ever, resigned in face of the Senate's hostility. The "Blum experiment", for the time being at any rate, was over.

The Front Populaire, however, was still intact, and was all-powerful in the Chamber. M. Blum's successor had therefore to be chosen from among its members. With M. Chautemps, a Radical-Socialist and a member of M. Blum's Cabinet, as Premier, France's Government changed from that of the Front Populaire "under Socialist direction" to that of the Front Populaire "under Radical-Socialist direction". The Government majority remained the same. Most of the Ministers in M. Blum's Cabinet, including M. Blum and M. Auriol, continued to serve under M. Chautemps. But there was at least one important change. To the Ministry of Finance M. Chautemps appointed M. Bonnet, a brother Radical-Socialist who had the reputation of being a champion of "sound finance". He set about

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balancing the budget and, throwing overboard M. Blum's discredited panacea of increased purchasing power, simply cut public expenditure and imposed additional taxation. Yet the same majority as had supported M. Blum accepted a condemnation of his financial methods and gave to M. Chautemps and M. Bonnet the full powers the latter needed to put his orthodox plans into practice.

All this sounds very paradoxical. But there is much in French political life to-day that is paradoxical. The Cabinet itself is a combination of socialists and traditional republicans. Radical-Socialists and Socialists sit side by side in it, though the latter have made it a plank in their platform to abolish the Senate, which is a Radical-Socialist stronghold, or at any rate drastically to curtail its powers. There is the disturbing factor of the strong extra-parliamentary influence exercised by the General Confederation of Labour (C.G.T.), whose leaders refuse to accept responsibility by sitting in the Chamber or joining the Cabinet. There is the surprising behaviour of the Communists, who combine the Tricolour with the Red Flag and the Marseillaise with the Internationale. There is the unusual circumstance that the Popular Front is a political conception strongly approved by Moscow.

It is such things as these, that have made it so difficult during the last eighteen months to discern whither France was going. Was the Blum experiment merely a temporary exaggeration of the gradual and to some extent superficial move to the Left which has been a characteristic of French politics during the Third Republic? Or was it a first tentative overstepping of the limits of republican democracy, and perhaps the first stage on the road to a future socialist state? Present symptoms seem to point to evolution on orthodox lines; yet it is well to remember that the *mot* of the Restoration politician, that in France "*il faut toujours s'attendre à l'inattendu*", has lost nothing of its truth in the last hundred years.

The Front Populaire is not a political entity, but simply

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the outcome of an understanding to pool votes entered into by the Radical-Socialists, Socialists and Communists for their mutual benefit at the 1936 elections. The Governments it has supported have exercised their power along different lines according as the Radical-Socialists or the Socialists, its two chief elements, have been in the ascendant. An arrangement that can bring under one roof the Radical-Socialists, who are a "national" party upholding private enterprise and ownership of property, and the apostles of state control and internationalism, is characteristic of the elasticity of the French parliamentary system. It is true that a common programme was agreed and that the Communists tactfully assumed the guise of a "national" party that aimed at nothing but a France "happy, free and prosperous". But the real reason why there is in France to-day a Front Populaire Government is to be found in the conditions of strain in which the nation had lived between "*le 6 février*" and the 1936 elections.

On February 6, 1934, the revolutionary tradition of Paris, so long dormant as to pass for dead, revived in an outburst of extraordinary violence. In the Place de la Concorde a score of people were killed and about 150 injured. The purpose of the various demonstrations that had been the origin of the rioting had been in a sense anti-parliamentary, since they were intended to prove to the Government and the Chamber the disgust of the public with the way in which the parliamentary system was working. But notwithstanding the attempts of the mob to reach the Chamber, there is no proof that there had been any plan to seize power or change the régime. On the contrary, apart from the followers of the royalist *Action Française* and the Communists, who as the evening wore on increased the disorder, the crowd that filled the Place de la Concorde was in fact composed of good bourgeois, stout supporters of the Republic, who in their economic difficulties had come to make their "personal protest" against the Stavisky scandal and the weakness of the Chamber.

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The Socialists, who rather strangely were constituting themselves defenders of republican liberties, were quick, however, to turn this revolt of the middle class into a "fascist conspiracy". "To combat reaction" had for long been a stock phrase which simply meant to oppose anybody who sat in the Chamber to the Right of the Radicals. Now "reaction" was to be superseded in the political vocabulary of the Left by "fascism"—whether fascism in its true sense existed or not. The French bourgeoisie, with its intensely individualistic outlook, is probably as strongly opposed to a highly disciplined fascist system as any people could be. But the "anti-fascist" cry, which took the place of the obsolete "*à bas les prêtres*", was to prove an effective one. In less than a week after February 6 it had rallied in an enormous demonstration tens of thousands of the working men of Paris, and—of more permanent importance—it brought together in this demonstration Socialists and Communists who had both hitherto refused common action. Thus February 6 sowed the seed that was to develop into the Socialist-Communist Front Commun and subsequently into the Front Populaire of the 1936 elections.

The "Patriotic" Leagues—principal among them Colonel de la Rocque's *Croix de Feu*—furnished the Left with the daily food for the "anti-fascist" campaign. Once the Front Commun between Socialist and Communists had been constituted, the next important step for the organisers of the Front Populaire was to bring in the other great party of the Left, the Radical-Socialists, notwithstanding their firm opposition to socialist principles. It was not an easy task. While M. Daladier and the extreme section of the party strongly championed common action, the moderates, especially M. Herriot, were suspicious of the movement, in which the C.G.T. was taking a very active hand. As May 1936 approached, however, electoral necessities grew more urgent. Finally, in the optimistic but, as events proved, wholly unsound belief that co-operation with

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Socialists and Communists would greatly benefit them at the polls, the Radical-Socialists joined the combination and the Front Populaire was completed. The French Communist party was congratulated by the executive committee of the Moscow Comintern on the skilful use it had made of the United Front policy in trebling its membership and obtaining a large measure of control of the French trade unions.

II. THE BLUM EXPERIMENT

THE triumph of the Front Populaire at the elections gave the combination a majority of over 150 in the Chamber and seemed (though falsely) to make it complete master of the parliamentary situation. But if economic difficulties and genuine fear of fascism among the masses had given to the Front Populaire as a whole a success whose scale was unexpected, equally unexpected were the results for the individual parties. The Communists (together with dissident Communists), thanks to their skilful adoption of a "national" guise and still more to economic distress, increased the number of their seats from a mere 20 to 82. The Socialists, making big gains, found themselves the strongest party in the Chamber, while the Radical-Socialists, who had thought to profit by the electoral combination, lost many seats and had ruefully to take second place. As leader of the most important party, the premiership fell naturally to M. Blum, and in a Cabinet composed of Socialists and Radical-Socialists the former preponderated.

M. Blum's term of office was to prove the most "revolutionary" period that France had seen for many a year—though not in foreign policy, which M. Blum based on the closest and most loyal co-operation with Great Britain. To meet internal needs the Front Populaire had drawn up before the elections a programme common to all three parties but inspired in its principal features by a plan elaborated by the C.G.T. It is arguable that M. Blum, in

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pushing through Parliament legislation to fulfil the Front Populaire demands, averted a revolution. Although the great wave of stay-in strikes that began before M. Blum's Cabinet had been formed had various causes, there is no doubt that among them was the determination to prove that the workers would permit no delay in the execution of the Front Populaire programme.

The result was a flood of Bills which the size of the Government's majority allowed to be rushed through the Chamber. The *Croix de Feu* and other leagues of the Right were dissolved. War industries were nationalised. The Bank of France was made more democratic in its internal structure and at the same time placed more closely under government control. A wheat board, representative of producers, consumers, millers and the State, was established in order to substitute for the freedom of the wheat market a fixed price for wheat to be settled by the board every year. Legislation was passed to institute collective labour contracts in industry, and to uphold the unassailable right of the workers to join trade unions and to be represented in factories by workmen's delegates. Paid holidays of a fortnight every year were assured to everybody, and the working week was reduced to forty hours without any diminution of wages.

To some outsiders it seemed strange that this social legislation should have caused the commotion that it did, more especially as in many respects it was admitted by employers to be justified. These reforms, however, which in other countries had developed gradually over a series of years, were now being sprung upon France without preparation and in one block. Moreover, the strikes that had preceded them had strained to the utmost the relations between men and masters. Finally, the introduction of obligatory holidays with pay and the forty-hour week went far beyond general practice outside France; added to the enforced increase of wages by an average of 12 per cent., they threatened to raise costs of production intolerably.

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M. Blum, what is more, lost no time in making it clear that although the Front Populaire would not follow a socialist policy his aim was the establishment of a socialist State, and that he hoped to utilise the Front Populaire régime as a transitional stage towards it. Although he declared that the mission of the Front Populaire was not to change the basis of society but merely to carry out a limited programme, the realisation that France had taken a step that in the eyes of her Prime Minister was intended to lead to socialism aroused the greatest disquiet. Add to this that the programme was largely of trade union inspiration; that the campaign against the "two hundred families" (supposed to represent a financial oligarchy in the country) and the Bank of France exacerbated the class suspicion that had grown up since 1934; and that the stay-in strikes seemed—for all their pacific character—to bring the possibility of real revolution within measurable distance; and it is easy to understand the atmosphere of high tension, the bitter feeling between Right and Left, the anxiety about the future, and the constant fear of forcible action from one side or the other, that characterised the year of the Blum experiment. To the masses it seemed at first as though almost everything had come within their reach and that they only had to press vigorously in order to grasp it. The "possessing" classes, and with them many of the small bourgeoisie, felt that their interests were in acute danger and that ruin was awaiting them and the country round the next corner.

III. THE C.G.T. AND THE COMMUNISTS

THE fact that the Government was flanked by two more or less "free-lance" but very important forces—the C.G.T. and the Communists—accentuated the uncertainty. The former, with nearly five million adherents, has come to be regarded almost as a State within the State. The latter are an integral part of the Government majority.

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Yet neither has been represented in the Cabinet, and leaders of the C.G.T. are not even in Parliament. Still, as M. Jouhaux, the secretary general of the C.G.T., once said, the Front Populaire could no more separate itself from the Confédération than the latter could afford to split with the Government. Before the war, the C.G.T., with its ultimate threat of a general strike to enforce acceptance of labour demands, had always been regarded as a revolutionary body. In 1922 the Communists broke away and formed a confederation of their own, but they fused again in 1936. As a result of the stay-in strikes that followed the Front Populaire triumph, the leaders found themselves faced with a membership nearly quintupled. Apart from this phenomenal accretion of numerical strength the organisation has acquired an extremely important place in the Front Populaire system through the facts that its own plan had supplied the greater part of the legislative programme, and that its representatives had been responsible for the settlement with the employers that ended the stay-in strikes with such great advantages to the workers.

Offered a seat in the Cabinet, M. Jouhaux refused it, thereby maintaining the tradition of keeping aloof from Parliament, and of holding direct action in reserve as an ultimate means of pressure in defence of labour's claims. M. Jouhaux cast himself for the combined rôle of a counsellor without ministerial responsibility and of a dictator with five million men to back up his threats. Of these he has not been sparing whenever he thought that the Government's acts were falling behind their promises. If a strike is not settled the menace of bringing one hundred thousand men "into the street" is uttered. When M. Blum was "going slow", confidence would be shaken by the announcement that the time had come "to snatch the controls" from labour's adversaries by the nationalisation of banks and big industry. Swayed above all by class motives, the C.G.T., with its demands for vast expenditure on public works, has seemed to leave out of account the

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general interest of the country. At times the extremists in its ranks have doubtless threatened to get out of hand, and in order to pacify them words more violent than the leaders themselves would have preferred have had to be spoken.

Particularly disturbing to the heads of the C.G.T. is its successful invasion by the Communists. And in the word "Communists" lies one of the principal riddles of present-day France. Is the "national" garb that they have adopted genuine or is it simply sheep's clothing intended to blind the anti-marxists to the revolutionary hide beneath? When the Communists surcharge the Red Flag with the Tricolour, sing the Marseillaise as well as the Internationale, and call for a France that is "free, strong and happy", are these honest gestures or are they merely clever tactics? Some Frenchmen are prepared to take the Communists at their face value. Others argue that, realising that France is not ready for a communist régime, they are concerned to do nothing that would arouse immediate and violent reaction; but while seeking to inspire confidence, are nevertheless working steadily towards their goal of a communist system modified to suit French characteristics.

Although forced from time to time to make violent speeches in order to maintain their position with the masses and to keep alive a constant agitation—they are generally held responsible for the persistent strikes that disturbed French life all through the summer—the Communists have been a good deal more moderate in their avowed demands than the Left-wing Socialists, who to-day consequently appear to be the real extremists. It is the Socialist position that the Communists are trying to undermine. With the Radical-Socialists they are more ready to co-operate, if only because the latter, being a "patriotic" party, will, they know, maintain a strong French army that one day might be useful to Russia. When offered seats in the Cabinet by M. Blum, the Communists refused; but, as their subsequent proposal to sit in the Chautemps Cabinet showed, this refusal was probably based less on grounds of

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principle than on those of tactics. As an electoral device the Front Populaire has served them well, and in helping to constitute it they were working for their own ends as much as were the Socialists and the Radical-Socialists. On previous occasions Socialists had refused to accept Radical-Socialist offers of office when together they formed the majority in the Chamber. They had thus been able to call the tune without being responsible for failure. The 1936 elections had shown how these tactics had profited the Socialists at the expense of the Radical-Socialists, and doubtless the Communists thought that they might at some future date similarly benefit at the Socialists' expense.

In the meantime they have played a leading part in the formation of the Front Populaire, and have achieved, much to their advantage, the fusion of the labour confederations. They are now pursuing these tactics further by trying to persuade the Socialist party to merge with them. But the Socialists have no wish to play the fly to their spider and are moving very cautiously. M. Blum had the Communist party well in hand as part of the Government majority, though once they threatened to split the Front Populaire over the policy of non-intervention in Spain and again when M. Blum asked for his full powers in June. But in neither case did the menace materialise. As to their position in the country, the recent cantonal elections seem to indicate that many petty bourgeois who in 1936 made an excursion into Communism have now returned to the Radical-Socialist fold. It must be remembered, however, that these elections did not include Paris, which is a Communist stronghold. In any case, whether or not the Communists are actually declining in numbers and influence, as they appear to be, the party, unlike its colleagues in the Front Populaire, derives strength from being firmly united within itself.

A NEW HELMSMAN

IV. A NEW HELMSMAN

IN driving his very mixed team, M. Blum showed himself an adept. When at the end of a year the failure of his experiment became patent, it was not because his troops refused to follow him but because the financial premises on which the experiment was based had proved false. Experience showed that increased purchasing power of the masses—at any rate when accompanied by social legislation that raised prices and checked production—was not the sovereign remedy for France's financial difficulties that Socialists had believed it to be; and that continual borrowing and the abandonment of orthodox budgetary principles were bringing the country into highly perilous waters. In the spring of this year the Government, conscious of the dangers ahead, had asked for a pause in the execution of the Front Populaire programme. By mid-summer confidence in the franc had disappeared, and in order to restore it M. Blum, the Socialist, found himself obliged to imitate the example of preceding bourgeois Prime Ministers and ask of Parliament those full powers to legislate by decree which he had hitherto always opposed. Granted by the Chamber, they were refused by the Senate. For the Upper Chamber, although predominantly of the Left, had all along followed M. Blum with some reluctance, and had no faith in the unspecified financial measures that he might have seen fit to impose on the country, under the pressure by the more extreme elements of his majority and also of the extra-parliamentary power of the C.G.T. Rather than bring about a dangerous and nationally enfeebling conflict between Senate and Chamber, in which civil strife might well have played a part, M. Blum, putting the interests of France before those of party, resigned. The international situation, he felt, was too threatening for France's position in Europe to be weakened by internal dissension.

This was at the end of June. Since then the principal event has been the substitution for a Government "under

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Socialist direction" of one "under Radical-Socialist direction", which has led to a reversal of the former's financial methods and a general change of outlook. The Government majority, however, remains unchanged, and M. Chautemps has been as eloquent in his devotion to the Front Populaire as M. Blum ever was. It is true that Left-wing Socialists at first kicked against participation in the new Chautemps Government, asserting that rather than join in it Socialists should rely on the support of the "masses" and the C.G.T., and fulminating against the Senate as an obstacle to the fulfilment of the people's will. But the advantages to them of keeping the Front Populaire alive were evident, and M. Blum—who, in his determination to avoid the dangerous dissensions that a split might occasion, was the principal advocate of co-operation—won the day. The Communists went so far as to say that they would accept seats in the new Government. But M. Chautemps, not wanting to hang round his neck a millstone that might sink him in the opinion of the country and particularly of the Senate, prudently refused the offer.

The country was not long left in ignorance of the straits to which the Blum experiment had brought it. M. Bonnet, the new Minister of Finance, announced that when the Government took office he had found the Treasury so empty that he had had to borrow £3,640,000 to meet everyday expenses, and that there was no gold left in the exchange equalisation fund. He expected the deficit on the current year's budget to be £63,700,000, and that up to the end of the year he would have to borrow £154,700,000. In order to remedy this situation full powers were demanded by M. Chautemps as they had been by M. Blum. But now the circumstances were different and the powers were granted at once. M. Chautemps and his orthodox Finance Minister, being Radical-Socialists, belonged to the party that predominated in the Senate. Further, not only did they specifically eliminate from possible measures of reconstruction exchange control, which the Radical-Socialists

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regard as the first step towards an authoritarian régime; their political principles gave assurance that they would not indulge in any of the adventures of that kind for which the extreme Left were pressing. Although M. Blum was given a place of honour in the Cabinet as Vice-President of the Council, and although eleven of the Ministers are Socialists, it remains the fact that the Chautemps Government, though still Front Populaire, was and is "under Radical-Socialist direction". The orthodoxy of the measures introduced by decree for dealing with the financial situation was immediate proof of this. Public expenditure was drastically cut and heavy additional taxation was imposed, so that for next year a budget surplus of about £11,000,000 was forecast.

The country is still strongly "Front Populaire" in sentiment, but seems to be swinging back slowly towards its moderate wing. In spite, however, of all the money brought into Paris by the Exhibition, a certain *malaise* has persisted through the autumn. It has a double cause. There are the material consequences of the Blum legislation, including soaring prices, diminished purchasing power, hugely increased costs and reduced production, which are leading to an agitation for higher wages and threatening France's economic situation. Side by side with these are the avowed aims of the extreme Left which, if put into practice, would jeopardise the Government's measures for remedying the material evils. Fears of a return to socialisation are mixed with anxiety about possible future labour conflicts and the Government's firmness in dealing with them. In order to calm these apprehensions, which brought grave risk to the franc, the Government have categorically reaffirmed their opposition to exchange control, and have announced their determination to permit neither violation of collective contracts by men or masters nor anything in the nature of stay-in strikes. Everything is to be done to accelerate production, which is regarded as the crux of the economic problem. The Government are prepared to

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modify even the forty-hour week, which is regarded by the working classes as of great importance—even though its value may be to some extent symbolic rather than material.

V. THE FATAL FORTY-HOUR WEEK

THE legacy of the Blum experiment is a heavy one. Higher wages and shorter hours of work formed a contradiction which defeated the original purpose. On paper, it is true, the French working man is about 30 per cent. better off than he was when the Front Populaire came into power. But this rise in wages, combined with the forty-hour week and paid holidays, has so greatly augmented costs that the cost of living has gone up by at least as much. For the black-coated salary-earner it has well outstripped any rise in pay he may have had. So the joy over the labour victory of 1936 has, in the words of an official of one of the big unions, been turned into disquiet and discontent. Agitation for a still further increase in pay has been the inevitable consequence. Heavy industry's "no" to this demand was based on the fact that the extra charges imposed by the forty-hour week and paid holidays on the top of higher wages had already increased the hourly wage for them by 75 per cent. To the state officials' justifiable demand for better pay the Government have acceded, and the existence of even an estimated budget surplus for next year thereby becomes problematical.

The anomaly is that, while the industrial worker has had his pay increased by nearly one-third, the output of industry has decreased by 10 per cent. since last year. The principal cause is the forty-hour week, which since its introduction a year ago has been a source of constant disturbance and confusion in the economic life of France and of the individual Frenchman. Reduction of working hours was a general aspiration of the Front Populaire. The purpose was at once to absorb unemployment (the gravity of which

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seems to have been much exaggerated) and to provide the worker with more leisure. Incidentally it was thought that additional relaxation would be a spur to extra energy during working hours. But results have proved this to have been too optimistic a view of human nature. Transformed under trade union pressure—contrary to the Government's intentions—into a five-day week of eight hours a day, the forty-hour week reduced the number of days on which a Frenchman works by 62 in the year (including the paid holidays). The harm to the economic life of the country is obvious. The favoured lot of the town and industrial worker is stimulating the flight of the peasants from the hard life of the farm, to the detriment of French agriculture. Thus, of the 70,000 extra hands required by the railways to equalise the shorter hours worked, the majority came, not from among the unemployed, but from the vigorous youth of the countryside. Happily, however, the Frenchman is nothing if not industrious, and the possibility of an extra day's holiday weekly, on which he is merely tempted to spend money, exerts by no means an universal attraction. So, in the smaller concerns, which represent about half of France's industrial and commercial activity, a good deal of more or less clandestine work is still done on the sixth day. But of rescinding the forty-hour week law there is no question. Like the rest of the social legislation of the Blum experiment it is on the statute book and must stand. The task before the Government, unions and employers is to find the means of making it more flexible in order to modify its harmful effects while retaining its principle.

The direction of affairs being now in Radical-Socialist hands, the evolution of the situation, political as well as economic, depends upon how far M. Blum and his followers are prepared to fall in with the conceptions of M. Chautemps. For from the Right the latter has little to fear. Although the Right wing of the Radical-Socialists recently repeated the attack they had launched last autumn against

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the maintenance of the Front Populaire, the party as a whole does not wish for a split. Hence, provided the Socialists keep in the background their projects for exchange control—which the Radical-Socialist congress stigmatised as “fraught with risks at home and abroad”—forget their demands for the abolition of the Senate, control of banks and the nationalisation of key industries, and accept the economic and financial policy of “prudence and wisdom” which the Radical-Socialists consider can alone preserve France from dangerous risks, there seems no reason why the Front Populaire should not persist.

At first sight it seems a big “if”. For M. Blum’s resignation in June was followed by a vociferous Socialist congress whose extremist attitude might be taken to indicate that in spite of the country’s financial difficulties the party was in no way prepared to renounce its “experiments”. Only a few weeks ago, demands such as those already indicated were repeated. But, chafe as Socialists may under Radical-Socialist tutelage, they are not blind to the risks implied in a rupture of the Front Populaire brought about by their own action. For with the Chamber composed as it is, the break-up of the existing majority would confront the President of the Republic with—to say the least of it—an extremely difficult task in the finding of a new Prime Minister. Efforts would probably be made to bring about some kind of “national” Government, to include the Radical-Socialists and the Centre. Granted that such a combination were feasible, however, even Right-wing Radical-Socialists are averse to it for fear of its possible effects on the “masses” and the cries of “fascism” it would raise. From the Socialists’ point of view, it is difficult to see how they could benefit by going out into the wilderness again of their own volition. The confusion in the country would be great and perhaps tempting to mischief-makers. Of this the Socialist leaders are well aware. French Socialists, as 1914 proved, are Frenchmen before they are Socialists, and in the last analysis put the

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country’s interests before party aims. International developments have in the past influenced internal events in France, and a powerful factor in favour of the maintenance of the Front Populaire may well be found in the complicated and uncertain situation in present-day Europe.

EXIT THE IRISH FREE STATE

I. MR. DE VALERA AT GENEVA

FOR two months we have enjoyed almost complete political peace while our politicians recuperated after their labours at the general election. Mr. de Valera, however, with characteristic industry, only left his office in Dublin for Geneva, where he enjoyed a busman's holiday at the Assembly of the body which *Dublin Opinion* has rather cruelly christened the League of Procrastinations. His contributions to its debates were, on the whole, both clear and pertinent, and reveal his attitude towards foreign affairs. His first intervention was in the debate on the Palestine problem, in which he was the only speaker to oppose the principle of partition in any form, quite obviously having Irish experience in mind. Although he favoured the attempt to find a new solution, he objected to agreement in advance that it was to be found along the lines of partition. The parties affected, he said, as far as they had expressed themselves, were opposed to partition, which was the cruellest wrong that could be done to any people. It was not going to mean appeasement; it was going to give rise in the future to a position that would raise problems more difficult than those being dealt with at the moment. He did not believe that there could be any satisfactory solution, because irreconcilables could not be reconciled. To all of which an outside critic might perhaps reply that what is being sought in Palestine is rather a *modus vivendi* than a permanent solution, and that Mr. de Valera, in his anxiety to ventilate an Irish grievance, apparently overlooked the fact that his own conclusion, that irreconcilables could not be reconciled, justified, at

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least temporarily, the policy of partition both in Palestine and in Ireland.

His contribution to the debate on the Spanish situation was more valuable. In the long discussion in the Political Committee on September 30, he led the opposition to the paragraph of the draft resolution on Spain which stated that if the immediate withdrawal of non-Spanish combatants could not be obtained, members of the League who were parties to the non-intervention agreement would consider ending the policy of non-intervention. This, he said, would appear to the man in the street as a threat; in his opinion, it would compromise the success of the negotiations that were envisaged. The policy of his Government, he added, had been consistently one of non-intervention, and would so remain. They therefore would be no party to any threat that if foreign troops were not withdrawn from Spain their attitude towards non-intervention would be changed. They believed it was the best policy from the point of view of the Spanish nation and from the point of view of general European peace.

Later in the debate, when M. Delbos suggested that Mr. de Valera had misinterpreted the draft resolution, the latter created some amusement by stating that, whilst he was not sufficiently acquainted with the French language to know the exact *nuance* there might be in certain phrases, he was relying upon the English text, which he could interpret reasonably well. He finally proposed that the paragraph in question be amended to state that if non-Spanish combatants in Spain were not withdrawn the non-intervention agreement should be revised. As, however, M. Litvinoff would not agree to this proposal, Mr. de Valera, with the Hungarian, Austrian, Bulgarian, and Portuguese delegations, abstained from voting.

When the draft resolution came before the Assembly, on October 3, he renewed his objection. He said that when, some twelve months ago, the non-intervention policy was agreed on, and the London committee set up, his

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Government rejoiced. They believed in the policy of non-intervention because it respected the right of the Spanish people to decide for themselves how they should be governed and who should be their rulers—a right held particularly precious by his people because of their long struggle to have it acknowledged in their own regard. They believed in the policy of non-intervention also because they were satisfied that if left to themselves the Spanish people would quickly secure a decision on the matters in dispute, and such conflict as there might be would be freed at least from the exasperation and bitterness, the callousness and cruelty, which outside interference brought. Moreover, they were convinced that foreign Powers were unlikely to participate in the conflict through any love of the Spanish people, desire for their improvement, or regard for their traditions. Their participation was much more likely to be prompted by selfish motives, which might ultimately lead to the destruction of the great Spanish nation, or at least the loss of valuable portions of its territory. Finally, they knew that intervention on one side of the dispute would inevitably provoke counter-intervention on the other, leading to a fatal competition which could only end in a general European disaster. He wanted to make it clear, therefore, beyond any possibility of misunderstanding, that his Government were not being committed to any policy of action that might result in the termination of the non-intervention agreement. There was a danger, he said, that in the present condition of Europe the League of Nations, as it now was, might degenerate into a mere alliance of one group of States against another group. That would be the end of hopes for a real League. He considered that the smaller States of the League, in particular, should resist from the beginning any tendency in that direction.

In the result, fourteen other member States followed Mr. de Valera's lead and abstained from voting, but as Portugal and Albania voted against it the resolution was

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defeated. Mr. de Valera certainly gave a decisive lead to the smaller States, which, on such occasions in the past, have often been satisfied to play the part of mere satellites. He also correctly interpreted Irish opinion, which is definitely suspicious of any policy favoured by Russia. At the same time he avoided a pro-Franco policy which might have upset his Labour allies.

Irish apathy about international affairs is nevertheless well illustrated by the fact that none of the leading Irish newspapers had any comment to make on his action. The *Wolfe Tone Weekly*, which is the latest mushroom growth of extreme republican journalism, described Mr. de Valera as "playing second fiddle at Geneva to the Aga Khan, the Anglicised Indian who is known solely because of his enormous wealth and his activities on the turf". It also reminded him rather unkindly that fifteen years ago, as President of the Irish Republic, he had lodged a protest with the same League of Nations against the admission of the Irish Free State to its membership, on the grounds that Ireland was partitioned against her will and had not freely accepted the Anglo-Irish Treaty, adding that these disabilities still remain. Such are the malicious criticisms that must be endured by a poacher who has turned gamekeeper.

II. THE NEW CONSTITUTION

THE Dail re-assembled on October 6 after a holiday of nine weeks, its opening day being enlivened by a demonstration of the unemployed. It proceeded at once to discuss the five Bills that are necessary to implement the new constitution. These comprise an Interpretation Bill to govern the form, operation, and interpretation of Acts of Parliament, a Bill to regulate elections to the new office of President of Ireland, two Bills regulating procedure for the election of the new Senate, and a Bill to provide for the return of a retiring Chairman of the Dail without actual election. The new President, as provided by the

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constitution, will be elected by the parliamentary electors of the country voting as at a parliamentary election under a system of proportional representation. The President must take office within six months from December 29, 1937, the date on which the constitution comes into operation. The Bill provides that candidates for the office may be nominated by twenty members of the Oireachtas or Parliament (namely, the Dail and Senate) or by four county councils. No member of Parliament or county council may nominate more than one candidate. A former or retiring President may also nominate himself. The Bill contains no provision for challenging or trying the validity of a presidential election on account of alleged corrupt practices, but incorporates the usual provisions for the prevention of electoral abuses by individuals other than a candidate or his agents. It is apparently assumed that candidates for the position will be above trying to secure election by dishonest means.

Speculation is naturally rife as to the possible candidates, but so far no hat is definitely in the ring. Mr. de Valera is apparently not anxious to leave the position of power he now enjoys, and it is clear that his party would not long survive his promotion to the presidency. It was at first strongly rumoured that Mr. Sean T. O'Kelly, Vice-President of the Executive Council and Minister for Local Government, would be the Government candidate, but he has recently stated, in a public speech, that he hopes to remain in his present office for a long time to come. The only other candidate who has been definitely mentioned is Alderman Alfred Byrne, the redoubtable Lord Mayor of Dublin, who would certainly not be acceptable to the Government. A Labour party candidate is also probable in the event of a party fight for the position, but so far no name has been mentioned. It was freely stated that private negotiations were taking place between Mr. de Valera and Mr. Cosgrave with a view to agreement on a non-party candidate, but this Mr. Cosgrave has denied. It is,

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however, tolerably certain that Mr. de Valera is very anxious to secure as his nominee for the presidency someone of eminence, culture and nationalist traditions, who would not only confer prestige on the office but also act as a healer of our bitter domestic discords, which are a heritage from the civil war. Such a person might further be able to establish friendly contacts with Great Britain and with Northern Ireland. This would indeed be an ideal solution, if such a candidate can be found, but unfortunately the number of citizens fulfilling the requirements is severely limited, and in a small country like Ireland substantial unanimity is difficult, if not impossible, to attain. The question at the moment is whether Mr. de Valera is strong enough to compel his party to accept his own patriotic attitude towards the problem.

The suggested provisions for the election of the new Senate are both unique and ingenious. It is provided by the constitution that this body shall consist of sixty members, of whom eleven shall be nominated by the Taoiseach (literally Leader or *Fuehrer*) or Prime Minister, six elected by the graduates of the two universities, and the remaining forty-three elected from panels formed on a functional or vocational basis. From these panels eleven members are to be chosen to represent agriculture, eleven to represent labour, nine to represent industry and commerce, seven to represent administration (which includes voluntary social service) and five to represent culture and education, which, of course, will also be represented by the six university members. It is proposed that the Government shall prescribe by order the vocational bodies entitled to nominate candidates for each panel, but any twenty-five members of the Dail may also nominate. Each deputy is limited to the nomination of one candidate; in effect, therefore, the Dail would only be able to nominate five candidates. It is also proposed that the election from the panels shall be made by an electorate consisting of all candidates who at the last general election for the Dail secured more than five hundred

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first-preference votes or were returned unopposed, each elector to have one vote for every thousand votes he received at the general election. A candidate who was returned unopposed is to be deemed to have received seven thousand votes, and a candidate who received less than a thousand and more than five hundred votes is to be deemed to have received one thousand. The Senate under the constitution must be re-elected after each general election.

The obvious defect in this system of election is that the Senate would probably tend to be a mere reflection of the Dail. On the other hand, if the nominating bodies exercised their powers wisely, a critical and independent body, representative of the country's vocational life, might possibly be secured, however the politicians voted. It may be also hoped and expected that Mr. de Valera, as Prime Minister, will take a wide and liberal view of his powers of nomination and select persons of integrity, independence and intelligence rather than party hacks. Casual vacancies must under the constitution also be filled on his nomination.

When moving the second reading of the Bill in the Dail on October 7 Mr. de Valera said that whilst it would be impossible to get an ideal Senate, the Government believed that there would be little use in having a second chamber with the same political controversies and manœuvring as the Dail. He asked for the assistance of all parties in setting up the best possible type of chamber. As a result of this appeal the Bill, after it had received a second reading, was referred to a special committee of fifteen deputies, representing all parties in the House, which is to report back to the Dail on November 10. It is obvious that in his present precarious position Mr. de Valera recognises that he can no longer drive a Bill of this kind through the Dail at the point of the party bayonet. But he is still as far as ever from satisfying the extreme republicans and their militant wing, the I.R.A.

The latter organisation was, presumably, responsible for

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the destruction of thirty customs stations on July 28 along the border of Northern Ireland and the Free State, an event which for obvious reasons coincided with the visit of Their Majesties to Belfast. This performance was clearly intended as a spectacular protest against partition, but its only possible effect is to perpetuate and increase the existing barriers to good will and understanding between the two parts of Ireland. Some such outrage was so clearly to be expected that it is difficult to understand why it was not guarded against. Questioned at the opening of the Dail concerning the possibility of extending an amnesty to political prisoners, Mr. de Valera replied that at present there were nineteen such persons in custody, including one convicted of murder whose sentence was commuted to penal servitude for life, twelve convicted of crimes of violence, four of the unlawful possession of firearms, and two of membership of unlawful associations. It was the duty of the Government, he continued, to preserve the peace and protect the lives and property of the citizens, but where they were satisfied that the release of the prisoners referred to was consistent with that duty they were willing to give the case consideration.

The attitude of the irreconcilable element was well put by the invincible and incorrigible Miss Mary MacSwiney when speaking at Fermoy in September. After referring to the treason of Mr. de Valera and his party in taking the oath and entering the Dail in 1927, she said that as a Government they were obliged to agree to the abdication of one English King and the accession of another. The English King was also in the new constitution, camouflaged as an organ, an instrument, or a method of procedure. Mr. de Valera, she said, had gone to Geneva, not as a leader of the Republic, but as a Minister of the Dominions of the King of England. If that was good enough for the Government it was not good enough for republicans, and they would not rest day or night until they had altered it.

Another point of view is represented in two remarkable

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articles recently published by Professor James Hogan, Professor of History at University College, Cork, in which he discusses the anomalous situation arising from the Anglo-Irish Treaty of 1921.* Professor Hogan is an independent political thinker with an able and logical mind. He points out that, whatever were the practical advantages of the Treaty settlement, it failed to settle the question of principle which was at the root of the struggle, namely, whether political authority in Ireland was of Irish or British origin. He traces the clash between the British and Irish interpretations of the Treaty, and points out that the original constitution, which we were told was imposed on us by the legislative supremacy of the British Parliament, declared the people of Ireland to be the original source of political authority, and invested the Irish Parliament with the sole and exclusive power of making laws for the Free State. He proves also that the purely legal British interpretation recoiled on its authors like a boomerang, in the shape of the Statute of Westminster, which established the legislative independence of the Dominions beyond question and enabled a hostile Irish Government to cut the ground from under the Treaty settlement. In Professor Hogan's view the real issue in the constitutional controversy between the Irish and British Governments since 1932 is inseparable from the wider issue, whether the principles of autonomy and equality formulated with an almost mystical fervour at successive Imperial Conferences are a reality, or only a camouflage for the old compulsory imperialism.

He maintains, with unanswerable logic, that in consequence of the first article of the Treaty, which equated "status" with "Dominion status", we have gradually outgrown the Treaty itself, but that on the other hand the harbour and defence provisions of the Treaty are stipulations, unconnected with status, which cannot be outgrown because they form part of an international agreement between the two countries. Claiming that Ireland's present

* *Ireland To-day*, September and October 1937.

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position, in the Commonwealth but not of it, is unsatisfactory for a great many reasons, and that it is impossible to conceive of any solution in which the Irish nation would be prepared to take the British monarchy and its symbols to its heart, he suggests that the situation must resolve itself either into a new type of relationship or into secession. In the light of these facts, he declares, the question whether the Commonwealth is wide enough to include an Irish republic assumes immediate and practical significance.

The declaration of an Irish republic, however, apart from its serious economic implications, would have one fatal consequence which Professor Hogan would certainly deplore. On December 29 the Irish Free State will, under the new constitution, assume the name of Ireland—a word that has a far deeper and more potent meaning for any patriotic Irishman than the word "republic". If the twenty-six counties now comprising the Irish Free State declare a republic they will postpone, if not for ever, certainly for many generations, that juridical unity with the North which alone can make the word Ireland a political reality. It would be a heavy price to pay for the attempted conciliation of a virtually irreconcilable minority, and those who paid it would be execrated by posterity.

In any event, does not the new constitution—which the British Government has not challenged—give us all the symbols and institutions of a republic except the title? Mr. de Valera's speech at the Ard Fheis, or annual convention, of the Fianna Fail party, on October 12, proves that he certainly thinks so, and that he does not intend permanently to divide the country for the sake of a word.

This important declaration of policy was made in reply to a speech from a member of the party executive, Mrs. Tom Clarke, the widow of Tom Clarke, who was one of the signatories to the proclamation of the Republic in 1916 and who was executed after the rebellion. This lady, in an outspoken and courageous address, pointed out that the Fianna Fail party had lost 80,000 first-preference votes at

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the general election, and suggested that they should probe the cause and try to see where they were going wrong and losing the confidence of the people. Referring to the policy of the Irish republic, she said that if the leaders were slipping it was up to the organisation to prevent them from slipping too far. She criticised Mr. de Valera for not having used his position at Geneva to drive a bargain with Great Britain, and asked why the Dail was called together by telegraph to pass a Bill approving of the abdication of a British King and the accession of his successor, who was given authority to act for us in foreign affairs. The republican attitude towards what happened in England should have been, she said, to ignore the whole thing. It was quite possible, she added, that the Government had changed its mind as to the national objective. It might in its wisdom have come to the conclusion that a republic was not as desirable as it looked to them at one time, that a safer and saner position for Ireland was to be a contented Dominion of England, and they might be perfectly honest in their change of mind, but she demanded a clear statement of their position.

Mr. de Valera, in reply, said that as far as he was concerned, on the basis of the new constitution, the next move forward must be to get within that constitution the whole of the thirty-two counties of Ireland. Unity had to come first. He did not propose to change the name of Ireland into that of the Irish Republic until he could do it for the whole of Ireland. If they declared a republic for the twenty-six counties it would only make the task of securing the unity of Ireland more difficult, and he was not going to do it. With regard to our relations with Great Britain, he said, the Government's desire was that our people and the people in the neighbouring island should live peacefully as neighbours—neither interfering with the rights of the other. They recognised the two countries had certain interests in common, but the Government must be the judges themselves, and could not be told they must do this

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or that. They would maintain their stand as regards the land annuities and would seek to have the ports handed over completely to the Irish people. Defending his attitude at Geneva, he said he would not accept the League of Nations as an impartial court to decide on questions between Great Britain and ourselves, and he did not regard the fundamental rights of our people as a subject for bargaining. The Government were not, he added, going to be deflected from their position one iota by the fact that they had not a majority in the Dail. If it was necessary to go to the people and to tell them they would have to put the situation right, the Government were quite prepared to do so. All of which proves conclusively that Mr. de Valera has no intention of allowing either his friends or enemies to push him over the republican precipice, however much he may enjoy sitting on its edge.

III. ECONOMIC PROBLEMS AND PORTENTS

THE problems confronting the new Ireland, however, are by no means solely or mainly constitutional. The ordinary citizen is far more concerned with questions that affect the realities of daily life. The first business of the Dail was a debate on the cost of living, initiated by the Opposition, and the second reading of a Bill dealing with the control of prices. The Opposition complaint is that since 1931 the cost of living in the Free State has increased by thirteen points, while in Great Britain it has increased only by ten. Flour, bacon, tea, potatoes and sugar, the staple items in the people's domestic budget, all cost considerably more than in Great Britain. There is scarcely an article in general use that has not been increased in price by some order, tariff or regulation. The Irish housewife pays one-third more for bread than the British, because baker's flour costs eleven shillings per sack more here than in Great Britain. This difference in price is not due to profiteering by the Irish millers, but principally to the fact

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that by law they have to use a large proportion * of Irish wheat bought at a guaranteed price, and consequently must also use a much higher percentage than British millers of the more expensive Manitoba wheat in order to secure a proper mixture. The basic fact is that whilst the Irish farmer in 1936 obtained thirteen shillings for the produce that brought him one pound in 1931, he paid one pound in 1936 for goods that would have cost him sixteen shillings in 1931. This year, however, there has been a slight improvement in agricultural prices, due to world conditions.

In brief, the policy pursued since 1932 by Mr. de Valera's Government has tended to benefit the urban at the expense of the rural population, although even in the cities the increased cost of living has led to labour unrest and demands for increased wages. A strike in the building trade in Dublin and Cork has only just concluded, having lasted for six months to the serious loss of all concerned. The recently published census of industrial production for the years 1932 to 1935 shows that during that period the gross output of the main industrial groups increased by £18,000,000 and the number of persons employed by over 3,000. Wages, however, increased by only £1,600,000. Factories have been opened all over the country, and so far as the towns are concerned there is undoubtedly a superficial appearance of prosperity. From a broader national standpoint this is illusory; for the position of Irish agriculture, our principal industry, is such that immediate relief is necessary.

Mr. Lemass, the Minister for Industry and Commerce, replies that the people are consuming more and saving more. This is certainly borne out by the increase in the consumption of beer, spirits and tobacco, the purchases of private motor cars, the savings-bank deposits, and the number of passengers by road and rail, as well as by the decrease in the number of registered unemployed. Mr. Lemass claims, moreover, that the rise in the cost of living

* In September this was 40 per cent.

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here is no greater than in any other country. But the revenue returns for the last financial year show that one-third of the Free State revenue is derived from customs duties on imports; if the Government's industrial policy is a success a time must come when this revenue will practically cease. The deficiency can be supplied only by an increased yield from existing taxation, thanks to growing prosperity, or by increased taxation, which the country cannot bear.

The trade returns for the year ended September 1937 disclose a visible adverse trade balance of £20,690,690, the largest since the Free State was established. This is due in part to the shortage of exportable store cattle in the Free State, which is the result of the slaughter of calves by government order two years ago. The parlous condition of agriculture is revealed by the fact that the minimum wage for agricultural labourers has been fixed by the Agricultural Wages Board, under the new Act, at twenty-four shillings a week. Mr. Luke Duffy, the secretary of the Irish Labour party, pointed out that where the employer provided the farm worker with three meals a day for six days a week, as is usually the case, eleven shillings and sixpence would be deducted from the minimum wage of twenty-four shillings, and if the labourer lived in a cottage owned by the farmer a further sum of two shillings would be deducted for rent. The worker would thus receive ten shillings and sixpence with which to purchase food, fuel and clothing for his wife and family and his own food on Sundays. It is little wonder that in the last ten years the Irish countryside has lost four per cent. of its population, and that since 1933, it is estimated, over 71,000 people have sought work in Great Britain.

Straws show how the wind blows: quite recently a solicitor applying for a dance-hall licence at Castletown Berehaven in West Cork asked to have the minimum age of girls who might be admitted reduced to seventeen years, because most of those over that age had emigrated.

EXIT THE IRISH FREE STATE

Another aspect of the same problem was tragically illustrated by the disastrous fire at Kirkintilloch in Scotland in September, in which ten young Irish boys, migratory labourers from Achill, lost their lives. Some two thousand of these young people travel each year from the agricultural slums on our western seaboard to the Scottish potato fields, and nearly as many more scatter over Great Britain for general harvesting operations. The economy of their homes rests on their small holdings and on the wages thus earned abroad, out of which they pay their home shopkeepers for the tea, sugar and flour that augment the produce of their little farms. Public indignation has been roused by this disaster, and the Government has set up an inter-departmental committee of civil servants to investigate the migration problem. But it is difficult to see how anything but a compulsory stoppage of emigration, which is of course impossible politically, can intercept the natural economic forces that are responsible.

The League for Social Justice, which is a new social action organisation, claims in a public statement that these migratory labourers are but a symptom of the perennial poverty which afflicts a large part of rural Ireland, and which the Government attempts to mitigate by a system of subsidies and doles. The true remedy, it affirms, is a bold national scheme of reconstruction, which would widen the basis of primary production and employ idle labour on unused land to produce new national wealth. It points out that west of a line drawn from Cork to Derry are some two million acres of land which now produce nothing, but which a scheme of re-forestation would put to productive use, and that whilst thirty per cent. of the land area of the rest of Europe is under timber, less than one-and-a-half per cent. of the Free State bears neglected and decaying woodlands. In order to tackle this and similar problems, it proposes the establishment of an Economic Development Commission, to be financed by credits from the Currency Commission; the latter should be relieved of its obligation

ECONOMIC PROBLEMS AND PORTENTS

to maintain an artificial parity with sterling. While much might be said for the League's re-forestation scheme, it is to be feared that its financial cure might prove worse than the disease. The remedy for unemployment is, as the League insists, the obvious one of giving employment so long as there is work of real economic value to the nation to be done, always provided that such employment can be paid for without upsetting the entire economic system of the country.

The Irish Free State,
November 1937.

AMERICA, THE WORLD AND • THE RECESSION

I. ISOLATION AND INTERNATIONALISM

THERE are two matters of paramount importance in the United States as this golden autumn fades toward winter: the halt in the upswing of the business cycle, and the troubled evolution of an American foreign policy.

A good many subordinate questions, of course, confront the nation: the meeting of Congress in special session on November 15, called to pass laws calculated in large measure to stimulate the depleted purchasing power of the low-income groups; the efforts of the two warring wings of organized labor to make peace and thus restore their standing with government and with public opinion; attempts to revive or re-make the Republican party into an effective opposition group; President Roosevelt's further relations with the judiciary and with the inconsistent elements that now make up the Democratic party; the whole broad question of the "Roosevelt revolution"—shall it press ahead, or shall it retreat in the face of economic storm-clouds? These questions all have their vital place in a history of the United States at the end of this crucial year.

But first something about the people. This correspondent has just had the advantage of crossing the continent twice, exploring the political and economic lie-of-the-land. It can be written confidently that the American people are as yet scarcely conscious of the meaning of economic recession to them. Public opinion is still tranquil, indeed complacent in the midst of bountiful harvests, good prices on the whole, increased wages;

it sees industrial production still busy, with its back-log of advance orders, and retail trade continuing under the impetus of all these factors.

There have been few strikes for many months; the weather has been grand almost everywhere; only a few local elections have stirred up their brazen echoes; the public has been able to give its full attention to football and the new motor-car styles, and to bask in the traditional American emotions of autumnal harvest time.

But some undercurrents need to be noted in this study of the public mind. One, important enough to be called a ground-swell, is the pronounced anti-war feeling. President Roosevelt, it is true, was not greatly rebuked for his Chicago speech, which implied some sort of action to quarantine peace-breaking Powers, but that was because his inference was so indefinite, and was followed a day or two later by an assurance that he had "learned much" in the years 1913 to 1921 when he was in the Wilson Administration. The public feeling against taking risks to keep the peace, or against what people call "involvement in foreign politics and wars", is so powerful that it could sweep the Roosevelt Administration into helpless disrepute if a serious false move were made.

When President Roosevelt crossed the continent a few weeks ago, he constantly encountered this popular fear of American entanglement in wars, and met little conscious realization of the fact that the way to avoid ultimate entanglement is to take precautionary steps now. In his speeches, he sought to drive home the belief that isolation for America is quite hopeless, but he was working against a great intellectual and emotional barrier. Perhaps Mr. Roosevelt can win public confidence in himself personally as a pilot of foreign policies, and hence take the steps he deems necessary; but it is to be doubted whether the public will fully realize what he is at, or will follow him if they do.

Thus, out on the cattle range, at a little town in Wyoming (where the coyotes howl and the cowboys lament), Mr.

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Roosevelt's special train stopped for a little while, and he stood on the back platform making a short political speech. One old chap, who looked very much like a retired cowboy, had clambered to the top of a nearby freight car. There was a worried look on the old chap's face, and at the first lull in Mr. Roosevelt's little speech he stood up on his freight car and shouted :

"Are ya goin' t' keep us out o' war?"

The President recognized a genuine voice of America, and he said :

"Things do look bad, but I think we'll pull through all right." And a few days later, at Chicago, he attempted a more definitive answer.

This trivial-seeming incident really reflects the pervasive inhibition which American public opinion still places upon its President. The public, it must be emphasized over and over again, is still dominated by nostalgia—nostalgia for the physical isolation which seems so possible when you are shut away behind one of two oceans and one of two mountain ranges. The public wants to keep out of war, and still interprets its desires in the ostrich sense. So great, however, is the basic desire for peace that there is just a chance it could be channelled by leadership into a positive policy. Toward that task, many of the recent speeches of the President and of Secretary Cordell Hull have been directed.

In all probability, most of the cabled accounts of the President's Chicago speech were devoted to his hint of concerted "quarantine" action, and his condemnation of peace-breaking nations. But even more significant for American opinion were the passages intended to persuade people that isolation is impossible. The President and the Secretary of State know that this consciousness may grow only slowly, but they are constantly hammering away at the theme.

Mr. Roosevelt, in two effective quotations from James Hilton's *Lost Horizon*—then showing in the nation's movie-houses—sought to prove that the United States can be

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no Shangri La. In between the two quotations, the President put the following words of his own :

If those things come to pass in other parts of the world, let no one imagine that America will escape, that America may expect mercy, that this western hemisphere will not be attacked and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization.

If those days are not to come to pass—if we are to have a world in which we can breathe freely and live in amity without fear—the peace-loving nations must make a concerted effort to uphold laws and principles on which peace can rest secure.

At this point, it is interesting to note, the Chicago audience—grouped around a windy bridge-head—burst into applause for the first time in the speech.

Again, later, the President said :

War is a contagion, whether it be declared or undeclared. It can engulf States and peoples remote from the original scene of hostilities. We are determined to keep out of war, yet we cannot insure ourselves against the disastrous effects of war and the dangers of involvement. We are adopting such measures as will minimize the risk of involvement, but we cannot have complete protection in a world of disorder in which confidence and security have broken down.

These passages, which might be duplicated from several addresses of Secretary Hull, are part of an educational program : the uphill task of persuading the American people to take risks for peace. That part of these recent speeches can be taken with extreme seriousness. The parts which suggest that the United States may soon be ready to lead or share in any embargo or boycott movement need to be read with the greatest caution.

A few days after the Chicago speech, an important student of foreign affairs called on the President, and asked him about the possibility of embargo or boycott policies. "Ah, my dear fellow," replied Mr. Roosevelt in effect, "you are on page 257. I am only on page two."

Page three, it may be said, was the League condemnation of Japan. Page four was the State Department's alignment with Geneva. Page five was the summoning of the

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Brussels conference. Page six was the dispatch of a technically strong American delegation—an effective diplomat, Mr. Norman Davis, and two especially well-informed expert assistants, Dr. Hornbeck and Mr. Moffat. Page seven was the attempt to get Japan to attend the conference. Pages eight and nine may see this effort to gain Japan's participation continued. And, as is obvious, there are many, many more pages before the stage of forceful economic action is even on the horizon. Indeed, that sort of action is in an entirely different chapter, and it is possible it will never be reached. For if it is clear that embargoes and boycotts are acts of hostility against which Japan might forcibly retaliate, then it is equally clear that the United States is not prepared to back up such policies with armed force. Public opinion, indeed, is not sure that the embargo chapter is in the book at all, even though the President believes it to be there. Certainly the American people would not tolerate the idea of a war with Japan over some Chinese provinces, nor upon any other terms short of a direct attack upon immediate American interests.

Thus, so far, the real policy of the United States is that of a mediating neutral. Our diplomatic and speech-making language may be that of a Power seeking to enforce the treaties, but our acts are those of an old-fashioned neutral. We sympathize with China, of course; we want to see Japan's aggressions curbed; we would like to see the war ended. But we are not prepared to send our fleet to put it to an end, and we know that Great Britain cannot spare its own fleet for these purposes.

While the great body of American opinion is strongly against forceful intervention by the United States, even our informed experts take the same view. Mr. Walter Lippmann writes :

It is the part of wisdom to make our talk conform to our purposes, and to approach Japan and China, not as if we were members of the League, but as neutrals, concerned about peace and our interests in the Orient. No good can possibly come from a

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policy of pinpricks, mild sanctions and provocative resolutions. They could deceive nobody except the Chinese, who would be the principal victims of the deception. The wiser course is to recognize the situation as it is, and to hope that China and Japan will make a peace, intervening only as friendly mediators and to protect by negotiation those interests which we deem to be important.

The official attitude is not so cautious as this. There is still a disposition to seek for diplomatic means of restraining Japan, in collaboration with Great Britain. Some faith is still pinned to condemnatory resolutions, and to meetings that reveal again Japan's isolation—from the democracies. But, mainly, American policy follows the meandering path of opportunism. As has so often been the case in Anglo-Saxon diplomacy, the State Department sends its diplomats to Brussels in the hope that "something will turn up." It is the next step to take. What will be done thereafter seems still a mystery.

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BUT one aspect of the Brussels meeting has already aroused forewarning here. It is the danger that under such circumstances misunderstandings between the United States and Great Britain may arise. Truth to tell, it is at just such well-intentioned but poorly planned moments that trouble creeps in. And in this instance it very much serves the book of various Powers to have a wedge driven between the two most powerful democracies. Already a good deal of latent misunderstanding and resentment is bottled up in Washington at the long-protracted delay over the Anglo-American trade agreement. It may be that, before these words are read, reason will have ruled, and some way out of the trade agreement impasse will have been found. But in early November Secretary Hull and his aides were certainly extremely anxious for the trade agreement to make swifter progress—if it has been making any progress at all. It is vital that the Hull program show better

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results soon. Hearings have just been held over the Czechoslovakian agreement, which consolidated much domestic opposition to the Hull program. And it is clear that a good Anglo-American agreement is necessary to offer some inducement to the closed-economy nations. If the agreement falls flat because of objections in London, however excusably the blame may be laid at the Dominions' doors, the State Department will be grievously disappointed, and hence in a mood to believe the worst of Downing Street.

That the danger of a serious American-British misunderstanding is in the air, but that the State Department (and presumably the Foreign Office) are aware of it, was shown by an important little incident on November 1. Mr. Eden was quoted in early dispatches from London as having placed full responsibility for the calling of the Brussels Conference—and hence full responsibility in the eyes of Japan—upon the United States. The Foreign Minister was misrepresented. All he had said was that the decision for holding the conference in Brussels, instead of elsewhere, was the United States'. But the cables at first failed to make this distinction, and the State Department was frantic. A correct version was hastily obtained from London, distributed to the American press, and complete official satisfaction with the British attitude made entirely clear. Thus eagerly is the State Department attempting to prevent the rift that might so easily be produced.

This alertness, and the Administration's continued effort to lead public opinion toward a more positive peace policy, are almost the only really hopeful factors in the American foreign policy. Otherwise, the United States is sunk in difficulties similar to those of other democracies. What we seemingly gain by geographical isolation is doubtless a loss for the rest of the world. But President Roosevelt, whose personal and official policies were made clear in the Chicago speech, is still turning the pages of his book, and if we have not got beyond pages six or seven, it is important to recall that in his view there is a page 257.

THE CHECK TO BUSINESS

III. THE CHECK TO BUSINESS

ALTHOUGH one wing of the Administration is working busily with the foreign problem, the President himself—by November—and most of his advisers were grappling exclusively with the problems raised by the halt, at least temporary, in the economic up-curve. The official economists are of no two minds. The Bureau of Agricultural Economics, an important group of over a hundred experts, using all the data available to the Government, concluded in a report on November 2 :

In the fall of 1937, the upswing of the business cycle has been temporarily halted. Although it is impossible to determine definitely to what extent the present recession will continue into 1938, the chances appear to be against a sufficiently early and vigorous rise in 1938 to bring the average of industrial activity and of consumer incomes for that year up to that of 1937.

These are measured words, coming from New Deal sources. The trend of wholesale prices, the Bureau continues, has been downward since April, 1937, and is expected to continue so into 1938. Industrial production, which kept high until the end of August, is also forecast officially to be lower in 1938 than in 1937. And the entire national income for 1937, tentatively estimated at about 69,000 million dollars, is expected to be lower next year.

The increased industrial activity in 1937, the experts point out, was due very largely to booms in steel and textiles. Cotton consumption by domestic mills was the greatest in history, and steel production reached the peak of 85 per cent. of capacity in August. But early in the summer recession set in, and in both industries production was sustained by burning the back-logs of accumulated orders. The government economists see little sign of an increased demand in the industries using steel, although plenty of need exists in the building trades. The railroads would likewise use much steel if they were granted fare increases, to overbalance the wage increases ordered earlier in the

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year. But such fare increases are still blocked. In housing, recession is also under way.

Government economists, in that singularly objective report from the Bureau of Agricultural Economics, do not agree with the somewhat panicky view of certain stock-market operators that a major depression is upon us. "Many of the conditions which in the past have been associated with the termination of a major cyclical upswing in business activity now are absent," they conclude, in words that meet with agreement from the majority of private experts.

Many favorable factors are seen in the situation by economic analysts: business debts are low, credit is cheap and plentiful, banking resources are not strained, there is no building boom and there has been an absence of violent speculation of the type that frequently precedes the end of a business boom. The volume of security issues for new capital purposes during the first 7 months of 1937 was approximately 50 per cent. larger than in the same period of 1936. There exists great need for further expansion and rehabilitation of plant and equipment in many industries. The volume of demand deposits and money in circulation is considerably in excess of the volume in the late 1920's, sufficient to support a considerably higher level of activity, and the base is widened by a large volume of gold in excess of reserves. The expansion in the credit base is still fundamentally capable of supporting greater industrial activity and higher prices than have yet been reached in the recovery curve.

These are reasons for thinking that the recession which began earlier in the year is not likely to turn into a depression similar to that which ended in 1933. The peak of the late upswing was evidently reached at some time around March, and the subsequent recession was not wholly perceived, and not reflected in the stock market, until the end of August. Since then, of course, the market plummetings have done their part to drive the recession further.

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The up-swing that ended earlier in the year was stimulated in great measure by the inflationary policies of the Administration. The cheap-money policy of the Federal Reserve Board, the soldiers' bonus, vast relief expenditures, and the imports of foreign gold all financed the boom. By mid-winter, the Treasury and the White House were alarmed at the proportions of the expansion, and began to deflate. The larger part of the excess bank reserves were wiped away, foreign gold was sterilized. And, while the federal budget on the surface seemed still to be unbalanced, the Treasury was actually taking in more money in taxes than it was disbursing in purchasing power. Deflation was under way. The extra funds which the Treasury was collecting, and not spending, were salted away in sterilized gold and social security bonds, which in reality reduced the national debt while for the moment adding to the apparent deficit.

The only way to replace the deficit in purchasing-power produced by this excess of collections over disbursements was for private capital to assume the spending formerly undertaken by the government. President Roosevelt urged private capital so to do. With the government failing to provide the nourishment for business, and with business failing to provide it for itself, a good deal of hunger—deflation—was bound to result. That is precisely what happened; for business, which in January looked as if it might take up the burden, went on strike.

Why did it go on strike? There are two ways of putting the answer. One is to say that private capital was frightened by President Roosevelt's threat to "master" it, was convinced by his Supreme-Court-packing plan that he intended to remove constitutional restrictions in the way of governmental regulation of business, and in alliance with militant labor was going to squeeze business into well-disciplined subordination to an all-powerful government. The other answer, advanced by New Dealers, is that business refused to rise to its patriotic responsibility, and, seeing an

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opportunity to crush President Roosevelt beneath another depression, set about this task methodically and vengefully.

The reasonable explanation covers both answers. In February, when Mr. Roosevelt initiated his Court-packing plan and when strikes were at their height, the President was certainly making no effort to conciliate or persuade private capital into taking up the load that government was laying down. His attitude toward business has seldom been more militant. The Court plan, combined with the C.I.O. strikes, sit-downs and riots, reduced business to a case of jitters, even while momentum carried business indices higher. The New Dealers pointed to the indices and ignored the jitters, and now they are taking the consequences. On the other hand, it is also true that business saw an opportunity to have its revenge. And few can blame business. Moreover, in so far as industrial leaders felt that President Roosevelt was an ultimate menace to the national economy and polity, they were doubtless justified in using the weapons in their control—ballots having failed—to put him in a hole.

Now the great issue, one greater perhaps than the issues of political campaigns, hinges upon the outcome of this battle—this strike of capital. Already the Administration has made one concession, a surrender that may have sweeping consequences. The Federal Reserve Board has reduced its stock margin requirements to 40 per cent. Wall Street has been after the reduction all along, but it is even more anxious to get the Administration on the run, and one surrender is tremendously encouraging. The reduction of margin requirements is an assumption by the Federal Reserve Board that markets are too low, and that people ought to be attracted into the market by lower margins. The action makes the Reserve Board a judge of the price of stocks. If people are persuaded to enter the market by the action, and if then stocks go lower still, they can justifiably blame the Reserve Board for opening the door for them. It will inevitably be said that the Government

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has encouraged speculation, and, if a crash comes, the blame will be laid to the Reserve Board by those who have lost their money.

Wall Street is not thinking of this aspect, though New Dealers who do not support the action of the Board are deeply disturbed. Wall Street simply sees that at a crucial moment investors have been asked by the Federal Government to come into the market, and a major concession has come out of Washington at last.

The next concession in line is the repeal or substantial modification of the Corporation Surplus Tax law. This measure has concentrated upon itself all possible opposition, including numerous important members of the Roosevelt Administration, like Secretary of Agriculture Wallace, Chairman Eccles of the Federal Reserve Board, and various others. Meantime, the President still talks about the distribution of more income to the "submerged one-third." That was his reply to press-men when they asked about further concessions to business. But his very talk may serve to mask a further gesture to persuade business to loosen up its purse strings, and ensure that the present recession is no more than a temporary downward fluctuation.

Major measures of the special session of Congress—the wages and hours Bill and crop control—are in the interest of the low-income group. Neither Bills, according to every indication here, will emerge in radical form. Crop control is not to be compulsory, except perhaps in the case of tobacco, where the growers are anxious for rigid controls. The wages and hours Bill will not affect major industry, which is already well above the minimum standards to be erected. And if Congress, early in the new year, proceeds to adopt measures conciliatory to business—as the legislators, beyond the slightest doubt, will do if they are given any encouragement—then it seems clear that capital will be under strong inducement to loosen up, and prevent the recession from becoming a major depression.

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IV. THE POLITICAL HORIZON

REMAIN, however, the political factors. Business will still distrust President Roosevelt, and seek every means to replace him in 1940 with a more satisfactory President, meantime tying his hands through a rebellious Congress. It is a difficult time for the President. In no historical precedent has a President failed to lose strength at the mid-term elections of his second four years. And the present Congress, although elected on Mr. Roosevelt's coat-tails, showed from February to August its capacity for revolt. The tendency is bound to grow greater, even if a violently controversial Supreme Court plan is no longer in the picture, with the approaching jockeying for the next presidential nomination. Such elections cast long shadows before, in the United States. Precisely in order to preserve his authority, President Roosevelt refuses to renounce third-term ambitions. He has told friends that, if ever he declared himself ready to retire in 1940, the sweepstakes for his successor would be open, and he would be thrust out of his leadership. This is not to prejudge the question of his running in 1940: the best conclusion is that the matter is still very open. If the President feels his task is unfinished, and unlikely to be finished by a probable successor, he will be under strong impulsion to challenge old traditions and stand again. Only if his present tilting with business ends successfully for him is he likely to head voluntarily toward private life.

Business would be encouraged to resist the President, and spurning his potential concessions, to aim for his destruction, if there were real signs of leadership among the Republicans or clear possibility of a real alliance with the insurgent Democrats. But the Republicans are still damaging themselves by futile internecine squabbles. Former President Hoover, Candidate Landon, and National Chairman Hamilton are vying with one another for primacy. Senator Vandenberg is the real leader. But no practical

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means of consolidating the party are yet visible. It is the same old story of futility in opposition, until some mystic corner is turned . . . and the corner is not yet in sight.

President Roosevelt, however, has plenty of trouble on his own side of the fence, and with his business adversaries. Whether this struggle will turn into a death-battle, or whether an armistice is in view, is perhaps the outstanding economic and political question confronting the United States.

United States of America,
November 1937.

COLONIAL TARIFFS AND QUOTAS

THE colonial question has reached a new phase. On the one hand, the German Government has officially installed the demand for the return of colonies in its international policy. On the other, the consideration of the economic aspect of the problem, which Germany herself has stressed in her propaganda, is passing rapidly from the stage of arm-chair study to the stage of action, if action by the colonial Powers is indeed called for.

I. MR. EDEN'S OFFER

NOT the least memorable part of Sir Samuel Hoare's speech of September 11, 1935, was that in which he pledged Great Britain to co-operate in an enquiry into the commercial access of different countries to sources of raw materials. The wheels moved slowly, but the committee appointed by the League of Nations to conduct the enquiry eventually reported in September of this year. Neither Italy nor Germany, the two chief complainants whose grievances had led to Sir Samuel Hoare's offer and the setting up of the committee, saw fit to take part in its work. It included, however, representatives of a number of other States, such as Poland, whose need for raw materials and whose want of colonial empires enable them to express the plaintiffs' case in this matter with as great an authority as the absentees. The Committee indeed exploded the notion that the world is sharply divided between a few countries that have under their sovereign control all the raw materials they need, and others that must beg their leave. There is

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not a country, not an empire, that does not import vital raw materials from beyond its own borders. The vast bulk (97 per cent.) of the raw materials of the world are drawn, not from colonial territories, but from sovereign countries.

That, however, does not relegate the colonial economic question to unimportance. A large proportion of the supply of certain key materials—rubber, tin, copper and others—is included in the remaining 3 per cent. And it may be that proper consideration of the colonial side of the raw materials problem will suggest the right path towards a solution of the problem as a whole. The gist of the Geneva committee's report is that the problem of commercial access is first and foremost a problem of means to pay, a fact that is as true of all trade as it is of colonial trade. Hence there can be no full answer to the colonial raw materials question save in improvement of world trade generally. At the same time, colonial markets are no slight contribution to world trade; the problem of access to colonial raw materials is therefore closely linked to that of access to colonial markets.

It was obviously with this inter-connection in mind that Mr. Eden, in his speech of September 21 last to the League Assembly, pledged the British Government to consider specific proposals for relaxing its policy of colonial preference:

As part of the efforts now being made (he said) to effect economic and political appeasement and to increase international trade—but without prejudice to the principle of colonial preference—we are ready to enter into discussion with any Powers which may approach the United Kingdom Government for an abatement of particular preferences in non-self-governing colonial territories where these can be shown to place undue restriction on international trade. This offer must, of course, be made subject to such reservations as may be necessary to secure reciprocal advantages to colonial products and to meet the competition of excessively low-cost producers.

This pledge is a severely limited one. It is an offer only to enter into discussion; it concerns only particular

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preferences which place "undue" restriction on trade even so it reserves the right to maintain protection against "excessively" low-cost producers; it seems to imply not a unilateral concession, but an exchange of reciprocal advantages; and it is made without prejudice to the general principle of colonial preference. We need hardly be surprised, therefore, that critics in the complainant countries poured scorn upon the mouse that was born of the mountain in labour.

The remarkable thing is, nevertheless, that after such long sterility the mountains have been brought to bed at last. The problem is at least recognised to be a problem. The question of colonial tariff policy has to be faced, not merely because of the agitation of dissatisfied Powers, but on its merits. If there is any "undue" restriction upon colonial trade, it should surely be removed whatever view we adopt of Germany's claim for colonies or Italy's shortage of raw materials. If we are, perchance, mistaken in our present interpretation of the duty of trusteeship, the mistake ought to be corrected without reference to European political issues. Mr. Eden's offer is a sign that the question is indeed being faced on its merits. The first stage in the task is a factual consideration of existing preferential policies in the dependent empire.

II. BRITISH COLONIAL TARIFFS

THE extent and nature of the tariffs of the British colonies and protectorates are little known to public opinion in the United Kingdom or the Dominions. A complete summary is out of the question here, for the official publication recording colonial tariffs * runs to three octavo volumes. For purposes of illustration and comparison, six items have been used as samples in the following

* *Customs Tariffs of the Colonial Empire*. Part I—Africa. Part II—Eastern, Mediterranean and Pacific. Part III—West Indies. Colonial No. 127—1, 2 and 3 of 1937.

BRITISH COLONIAL TARIFFS

account. The first three are in the important textile group: cotton piece-goods,* manufactures of wool, and cotton shirts. The others have been chosen for special reasons: rubber-soled shoes with cloth or canvas uppers, because they are an article in which foreign competition, chiefly from Japan, has been so severe that an abnormally high protection for the British product has been imposed, and because they happen also to be an article of prime importance, especially in countries where hookworm is present, to the poor native who can afford no other kind of footwear; motor cars, because they, on the other hand, are of little importance to the native but of considerable importance to the European resident in the colonies, and also to British export trade; matches,† because they are a typical subject for revenue duties in the colonial empire, as in other parts of the world.

Four British colonies, all of them entrepôts, remain on a free trade basis—that is to say, imposing duties for revenue purposes only on a few items, usually alcoholic liquors, perfumes, tobacco and motor spirit. They are Aden, Gibraltar, Hong Kong and the Straits Settlements (Singapore). Aden alone gives no preferences. Gibraltar has a preferential tariff on liquors and tobacco, Hong Kong on brandy and tobacco, and in the Straits Settlements there are small preferences for Empire-produced brandy, wines and cigarettes. To these may be added the Falkland Islands, which have a similar tariff. In 1935, the exports of the United Kingdom to these five colonies totalled £10,124,000, and her retained imports from them £6,598,000.

The second group to be considered includes the territories in Africa in which the Open Door is guaranteed by international treaty (the mandates clauses of the League

* Where the tariff is graduated according to price or quality, the duty on the cheapest variety is quoted.

† The duties on matches are variously determined in different colonial tariff schedules; for purposes of comparison they have been reduced to the basis of "per gross of boxes containing not more than 100 matches."

COLONIAL TARIFFS AND QUOTAS

Covenant, or the Congo Basin pledges). They are Nyasaland, Zanzibar, the Gold Coast, and the customs union of Kenya, Uganda and Tanganyika. Northern Rhodesia, though partly within the conventional Congo Basin zone, has a preferential tariff for the rest of her area and must be classified in a different group. In Nigeria an Anglo-French agreement formerly guaranteed equality of commercial access; the agreement has been denounced by France, but the Open Door is still maintained—a fact for which Mr. Eden claimed recognition in his Geneva speech, describing Nigeria as our largest African colonial market. The whole Open Door group accounts for a large slice of the United Kingdom's colonial trade—£11,724,000 of exports and £10,248,000 of retained imports in 1935.

Although these territories have no preferences—apart from special measures against Japanese trade—they have tariffs that run to a considerable height. Thus on rubber-soled canvas shoes the tariff in the Kenya union is 20 per cent. *ad valorem* or 40 cents a pair, whichever is the higher; in Nyasaland 20 per cent. or 6d a pair; in Zanzibar 15 per cent. or 30 cents a pair; in the Gold Coast 20 per cent. or 9d a pair; in Nigeria 9d.* The most common, or the standard, rate of duty *ad valorem*—sometimes with an alternative minimum specific duty—is 20 per cent. in the Kenya customs union, in Nyasaland and in the Gold Coast, and 15 per cent. in Zanzibar and Nigeria. In the latter, however, goods not specified as dutiable enter free. The effect of a high tariff, generally speaking, is to diminish the competitive advantages of the very low-priced product. It may also be to divert purchases to other articles altogether.

In Nigeria and the Gold Coast (as well as in Gambia, which falls into another group, since it has a general preferential tariff) additional duties are chargeable upon certain classes of goods imported from Japan. The articles concerned are

* The Nigeria tariff is subject throughout (with a few exceptions) to a surtax of 10 per cent. of the amount of the duty.

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cement, galvanised iron sheets, paints and varnishes, shirts, singlets, cardigans, jerseys and pullovers, and socks and stockings (not the last in the Gold Coast). Gambia adds to the list all other apparel, including hats, haberdashery, and boots and shoes; matches, bicycles, and all cotton and silk goods. These extra duties are very high. Thus on cotton shirts, which sell wholesale for a couple of shillings, the total duty on Japanese products is 1s. 9d a garment in the Gold Coast, and 2s. a garment in Nigeria and Gambia.

These special duties on Japanese products in West Africa were part of the strong measures taken in May 1934 to safeguard colonial markets for British textile and other industries. The measures mainly took the form of import quotas, based on the volume of trade in earlier years, and applicable to all foreign cotton and rayon goods, but in effect principally striking Japan, whose trade with the colonial empire had been rapidly expanding. In the chief West African colonies, however, where treaty undertakings precluded discrimination in favour of British goods, action was limited to imports from Japan, after the preventive terms of the Anglo-Japanese trade treaty had been denounced. The present summary of colonial tariffs must be read in the light of the fact that they are reinforced by the cotton and rayon quotas.

The next group comprises the African, Indian Ocean, and Pacific Ocean colonies in which there is imperial preference—Northern Rhodesia, Somaliland, St. Helena, Gambia, Sierra Leone, Mauritius, the Seychelles, the Solomon Islands, the Gilbert and Ellice Islands, Tonga and Fiji. They took £2,301,000 of the United Kingdom's exports, and supplied £5,249,000 of her retained imports, in 1935. The duties imposed by the chief of them on the specimen items are tabulated on the next page.

The standard tariff scales of the territories omitted are as follows: Somaliland, 15 per cent. preferential and 25 per cent. general; St. Helena, 10 per cent. preferential and

COLONIAL TARIFFS AND QUOTAS

Countries.	Cotton Piece-goods.		Woollen Manufactures.		Cotton Shirts.	
	<i>Per cent. or per sq. yd.</i>		<i>Per cent. or per sq. yd.</i>		<i>Per cent. or per garment.</i>	
Northern Rhodesia *	Pref. 10%	Gen. 20% or 1½d per yd.	<i>commonly</i> 15% 25% 10% 20%		Pref. 12%	Gen. 20% or 6d
Gambia † Sierra Leone	¾d 1d	1d 2d	10% 20%	12½% 60%	3d 20%	¾d 60%
Mauritius . Fiji .	5% 20% or 1d per yd.	26% ‡ 40% or 2d per yd.	6d 5% 20% §	1s. 6d 26% 40% §	6d 5% 20% or 6d	1s. 6d 26% 40% or 1s.
Northern Rhodesia * Gambia † Sierra Leone	Rubber-soled Canvas Shoes.		Motor Cars.		Matches.	
	<i>Per cent. and per pair (men's).</i>		<i>Per cent.</i>		<i>Per gross boxes of 100.</i>	
Northern Rhodesia *	Pref. 10%	Gen. 10% plus 1s.	Pref. 10%	Gen. 25%	Pref. 2s.	Gen. 4s.
Gambia † Sierra Leone	4d 20% or 6d	6d 80% or 2s.	5% Free	25% 20%	1s. 10½d 1s. 10½d	3s. 1½d 4s. 4½d
Mauritius .	5½%	5½% plus 70c.	5½%	36½%	Rs. 3.30c.	Rs. 3.30c.
Fiji .	20% or 1s.	40% or 2s. 1½d	20%	40%	7s. 6d	11s. 3d

* The Congo Basin tariff is the same as the preferential tariff. Northern Rhodesia has, in addition, special customs agreements with Southern Rhodesia and the Union of South Africa, involving preferential tariffs on tobacco imported into the Zambesi Basin.

† See above for special tariff on Japanese goods.

‡ With minimum specific duties according to weight, etc.

§ Or a scale of specific duties.

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12½ per cent. general; the Seychelles, 15 per cent. preferential and 25 per cent. general; the Solomon and Gilbert and Ellice Islands, 12½ per cent. preferential and 25 per cent. general; and Tonga, 12½ per cent. preferential and 20 per cent. general.

The next group comprises a different type of dependency—the Eastern territories in which native machinery of government and means of expression have reached a much more advanced stage than in most of Africa.

Countries.	Cotton Piece-goods.		Woollen Manufactures.		Cotton Shirts.	
	<i>Per cent. or per yd.</i>		<i>Per cent.</i>		<i>Per cent.</i>	
Malay States * exc. Johore Johore.	Pref. 10% or 2½c. Free	Gen. 20% or 5c. 20%	Pref. 10% Free	Gen. 20% Free	Pref. 10% Free	Gen. 20% Free
North Borneo	7½%	15% or 2c.	7½%	15%	7½%	15%
Sarawak .	Free	Free	Free	Free	Free	Free
Malay States * exc. Johore Johore. North Borneo	Rubber-soled Canvas Shoes.		Motor Cars.		Matches.	
	<i>Per cent. or per pair.</i>		<i>Per cent.</i>		<i>Per gross boxes of 100.</i>	
Malay States * exc. Johore Johore.	Pref. 10c.	Gen. 50c.	Pref. Free	Gen. 20% †	Pref. \$1.73	Gen. \$1.73
North Borneo	Free	50c. 15% or 40c.	Free	20% † 30%	\$1.28 \$1.60	\$1.28 \$2.40
Sarawak .	Free	Free	10%	30%	72c.	72c.

* The Federated Malay States and Kedah, Kelantan, Perlis and Trengganu. The tariffs of the several states differ in minor particulars, notably in regard to the duty on matches; in Perlis the duty is \$1.44, in Kelantan \$2.88 on foreign matches and *nil* on Empire matches.

† Extra tax payable on foreign cars upon first registration.

COLONIAL TARIFFS AND QUOTAS

The tariff levels here obviously tend to be lower, and the preferential margins smaller, than in the previous group. The high tariffs against foreign rubber-soled canvas shoes are again noticeable. This group is of relatively small importance in the external trade of the United Kingdom, taking only £1,693,000 of her exports and supplying £1,842,000 of her retained imports in 1935.

Next comes a group of three colonies which have progressed further still towards self-government. Indeed, two of them, Cyprus and Malta, have enjoyed in the past constitutions embodying a very high degree of self-government, which have had to be suspended for reasons irrelevant to the present enquiry; and Ceylon, since 1928, has had a peculiar form of parliamentary government which leaves only residual and emergency powers in the hands of the imperial authorities. There has been more than one conflict between the latter and the elected parliament (the State Council) over issues of tariffs, quotas and preferences. When, in 1934, the restrictive quotas on foreign textiles were imposed throughout the colonial empire (except where international undertakings forbade it), the State Council passed a strong adverse vote, and the system was enforced over their heads by use of the Governor's reserve powers. Shortly before this episode, the State Council had agreed to the grant of imperial preference on a series of goods, an undertaking that was due to expire this year. In view of the bitter feeling in Ceylon, it was not surprising that a trade delegation which recently represented the colony in London should have come armed with the threat to rescind the policy of imperial preference altogether, unless satisfaction was obtained in regard to the quotas and other matters. The delegation, according to the Ceylon Minister concerned,* tried to persuade the Secretary of State to agree to the complete abolition of quotas in Ceylon. Neither the Colonial Office nor the Board of Trade found it

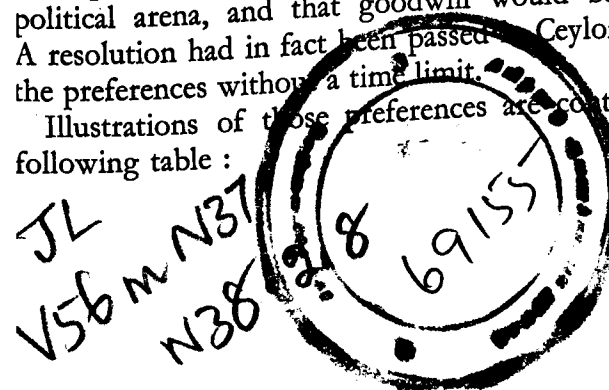
* Reported in the *Manchester Guardian*, September 13, 1937.

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possible to accept that proposal, but a compromise was effected. Grey cloth was to be exempt from the quota system, the existing quotas in respect of other classes of cloth were to be increased by 50 per cent., and before the quotas for 1939 were fixed the whole question would be examined again with a view to relaxing it or even abolishing it altogether. These terms were granted only on condition that Ceylon accepted the principle of imperial preference. The colony obtained a further concession in the direction of autonomy in fiscal affairs. In future negotiations on trade or associated matters Ceylon will treat directly with India, instead of having the negotiations conducted for her by the Colonial Office. A representative of the Imperial Government, however, will be present as an observer, and any resultant pact will be signed by the Secretary of State.

This agreement aroused a storm in Lancashire. A deputation which met the Secretary of State and the President of the Board of Trade was mollified, however, by a statement that the situation in Ceylon constituted no precedent for similar action elsewhere. There was no intention, declared the Government spokesmen, of revising the policy of quotas on textile goods in colonial markets. The British Empire had been built up on the principle of the gradual development of self-governing institutions, and under the Ceylon constitution the people of Ceylon must as far as possible be given the direction of their own affairs. The imposition of quotas in 1934 by means of an Order in Council and against the wishes of the State Council had caused great and continuing bitterness. The Secretary of State hoped, he said, that the question of imperial preference would now be removed from the political arena, and that goodwill would be reinforced. A resolution had in fact been passed—Ceylon continuing the preferences without a time limit.

Illustrations of those preferences are contained in the following table :



COLONIAL TARIFFS AND QUOTAS

Countries.	Cotton Piece-goods.		Woollen Manufactures.		Cotton Shirts.	
	<i>Per cent.</i>		<i>Per cent. or per sq. yd.</i>		<i>Per cent. or per garment.</i>	
	Pref.	Gen.	Pref.	Gen.	Pref.	Gen.
Ceylon.	5%	10%	15%	25%	15%	25%
Cyprus	12%	20%	15%	30%	16%	25%
Malta	10%	20%	10%	20%	10%	20%
	Rubber-soled Canvas Shoes.		Motor Cars.		Matches.	
	<i>Per cent. or per pair (men's)</i>		<i>Per cent.</i>		<i>Per gross boxes of 100</i>	
	Pref.	Gen.	Pref.	Gen.	Pref.	Gen.
Ceylon.	15%	15%	20%	27½%	Rs.	Rs.
Cyprus	1s.	2s.	10%	30%	2.67	2.67
Malta	8d	8d	15%	35%	5s.	8s.
					2s.	2s.

Here also a certain moderation and discrimination in the grant of preferences is discernible. Ceylon and Malta, it will be seen, give no preference on matches or rubber-soled canvas shoes. Further examination of Ceylon's tariff shows that the non-preferential list includes arms and explosives, asphalt and cement, petrol, flour, scientific and other instruments, some classes of iron and steel, wines and spirits, and all goods not specifically enumerated. In Malta the standard tariff is preferential, but among the goods not subject to preferences are beer, slippers and sandals, fruits, wheat, biscuits and confectionery, meat, domestic animals, petrol, methylated spirits, varnish, sugar, tiles, tobacco, vegetables, cotton waste. Cyprus has a preference throughout her tariff, the standard rates being 16 per cent. preferential, 24 per cent. general. In 1935 the three colonies between them accounted for £5,138,000 of the United Kingdom's exports and £8,690,000 of her retained imports.

The last group of colonies is the West Indies. These

BRITISH COLONIAL TARIFFS

islands include some of the oldest communities in the British colonial empire, and most of them have secured a high degree of local responsibility in their own affairs, including tariffs. It may be noted that the West Indies concluded with Canada a trade agreement for the exchange of preferences (which were also accorded to the United Kingdom) as long ago as 1912.

Countries.	Cotton Piece-goods.		Woollen Manufactures.		Cotton Shirts.	
	<i>Per cent.</i>		<i>Per cent.</i>		<i>Per cent. and per garment</i>	
	Pref.	Gen.	Pref.	Gen.	Pref.	Gen.
Barbados *	6%	20%	10%	20%	10%	20%
Bermuda †	10%	12½%	10%	12½%	10%	12½%
British Guiana	15%	30%	16½%	33½%	15%	30%
Jamaica	10%	20%	15%	20%	15%	25%
Trinidad *	10%	20%	10%	20%	10%	24c.
	Rubber-soled Canvas Shoes.		Motor Cars.		Matches.	
	<i>Per cent. and per pair.</i>		<i>Per cent. and per 100 lb.</i>		<i>Per gross boxes of 100.</i>	
	Pref.	Gen.	Pref.	Gen.	Pref.	Gen.
Barbados *	10%	30%	10%	30%	1s. 1d	2s. 2d
Bermuda †	10%	12½%	10%	37½%	10%	12½%
British Guiana	16½%	50%	20%	40%	\$1	\$2
Jamaica	15%	25%	10%	30%	6s.	8s.
Trinidad *	13½c.	40c.	\$4.80‡	\$9.60‡	60c.	120c.

* Surtax, in the form of a fixed percentage of the duty payable, is levied in these colonies as follows: Barbados, 10%; Trinidad, 15% (not charged on motor cars or rubber boots and shoes).

† Including surtax of 25% of the duty charged under the general tariff; there is no surtax on goods from the British Empire.

‡ On cars weighing up to 3,000 lbs.

COLONIAL TARIFFS AND QUOTAS

Only the principal markets have been listed in this table. In the others the standard rates of duty (subject, of course, to many variations on individual commodities) are as follows.

	Preferential. Per cent.	General. Per cent.
Bahamas	10	20
British Honduras	12½	25
Virgin Islands *	8	12
Other Leeward Islands *	10	15
Grenada and St. Lucia	15	22½
St. Vincent	12½	18½
Turks and Caicos Islands	10	15
Cayman Islands	12½	12½

* Subject to surtax as follows: Antigua, 20% (of the duty payable); Dominica, 15%; Montserrat and St. Christopher, 25%; Virgin Islands, 2%.

In 1935 the total share of the United Kingdom's external trade driven with the West Indian group was £6,762,000 of exports and £7,452,000 of retained imports.

This rapid survey by sample has shown four main things. The first is the wide variety of tariffs in the British colonial empire, not only as between different kinds of colony—West Africa and the Malay States, for instance—but also as between different colonies situated in the same part of the world and having very much the same economic problems. This is surely a tribute to the weight of local opinion in fixing the details of tariff policy, including those of imperial preference. Local conditions, needs, prejudices, vested interests, could alone account for so wide a variety within the same general system. The second outstanding fact is the broad similarity in the manner in which different commodities are taxed. Thus on cotton piece-goods the rule is an *ad valorem* tariff of moderate height with a moderate preference—say, 20 per cent. and 10 per cent.—occasionally buttressed by a specific duty. Woollen textiles are subject, in the majority of cases, to no special treatment, but

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fall under the standard rate applicable to classes of goods not separately enumerated in the tariff. Motor cars bear, generally, a moderate rate of preferential duty—most often, 10 per cent.—but an abnormally high rate of general duty—25 per cent., 30 per cent., or more. Matches show the widest variety of tariff duties, and here is plainly an item that has been left, more definitely than others, to the local colonial authorities to decide how to tax, mainly for the purpose of revenue but secondarily as a field of Empire preference. Cheap rubber-soled shoes appear as a distinct item in almost every colony's tariff, and the general rule is the reinforcement of a substantial *ad valorem* duty on the foreign product by a stiff alternative or additional specific duty. It is hard to believe that this item has been singled out for such strong protective treatment on the spontaneous initiative of a score or more of colonies scattered all over the world.

The third outstanding fact is the relatively high level of many of the colonial tariffs and preferences. The frequency of preferential margins of 15 per cent., 20 per cent. and upwards may be a surprise to those who thought that when the policy of the colonial Open Door was modified after 1931 the preferences allotted were comparatively small. It must, of course, be remembered that colonial territories have always relied largely upon customs for their budgetary revenue, and that therefore the "platform" on which the preferences are erected is a comparatively high one; but the height of the "ceiling" in many cases is nevertheless striking.

The fourth point is that, while such preferences as there are may be large, and many of the general duties punitive, the areas in which British goods are given very little or no tariff advantage account for over half of Great Britain's exports to the colonial empire. What is more remarkable is that these are the colonial areas with which she has a favourable balance of trade. Here is a summary of her trade with the different groups that have been tabulated.

COLONIAL TARIFFS AND QUOTAS

EXPORTS FROM, AND RETAINED IMPORTS INTO, THE UNITED KINGDOM, 1935

(000,000's omitted)

To or from	Exports.	Retained Imports.
Dependent empire :—	£	£
Free trade ports	10.1	6.6
Open Door area	11.7	10.2
Other African, Indian Ocean and Pacific colonies	2.3	5.2
Malaya, etc.	1.7	1.8
Ceylon, Cyprus, Malta	5.1	8.7
West Indies	6.8	7.5
Total, dependent empire *	37.7	40.0
Total, British Empire	215.3	254.3
Total, foreign countries	265.8	446.4
Grand Total	481.1	700.7

* Excluding the Palestine mandate, the Sudan and New Hebrides condominiums, the South African protectorates, the Channel Islands, and the whale fisheries.

Allowing for the fact that the preferential tariffs of the colonies—notably that of Ceylon, almost the largest market of them all—do not cover by any means all imported commodities, we can say with assurance that barely 3 per cent. of Great Britain's exports enter the markets of the dependent empire under a tariff or quota preference. The smallness of this proportion is, of course, an argument in two directions: it suggests that foreign protests against the preferences have been artificially inflated, and at the same time it weakens any purely material objections to a reduction or abandonment of the preferences on moral or political grounds. It means, in fact, that we can consider the problem on its merits without fear that a conclusion adverse to any or all of the preferences would entail an economic sacrifice too large to be faced.

SOME QUESTIONS

III. SOME QUESTIONS

THE policy of preferences in the colonial empire has been justified by its supporters as an exchange of benefits between colonies and metropolis (and to some extent the Dominions) which would be willingly accepted as profitable by the inhabitants of the colonial territories were they able to judge the matter for themselves. This interpretation is supported by the fact that the fully self-governing Dominions have accepted, indeed initiated, the preferential régime. Scepticism may linger, however, when such local opinion as can express itself is restive, as it has been in Ceylon, or when, as in the case of the cotton quotas, a policy is imposed from Whitehall without hint of a reciprocal concession. On that occasion the President of the Board of Trade (Mr. Runciman) caused some uneasiness by his possessive phrases in relation to colonial markets.*

In the absence of an effective voice from the natives of the colonies themselves, and subject to any over-riding considerations there may be, the *apologia* must stand or fall by the question whether the bargain is in fact a just one. It is therefore necessary to consider what tariff advantages Great Britain affords to the colonial empire. The British tariff has four main elements: the old revenue duties on staples, the 10 per cent. general tariff, the special duties imposed as a result of Ottawa, and the protective duties existing in 1931 or imposed under the Import Duties Act. The last element hardly concerns the colonial empire. Of the Ottawa pledges, the most important for the colonies are those concerning coffee (a preference of 9s. 4d per cwt.), bananas (2s. 6d per cwt. on foreign fruit), dried fruits (10s. 6d per cwt. on foreign fruits). On the ten-per-cent. list, which gives free entry to Empire products, are a number of commodities of importance to the dependent colonies, including copra, ground-nuts and sisal. The free list, on the other hand, includes rubber, tin, manganese

* See THE ROUND TABLE, No. 96, September 1934, p. 740.

COLONIAL TARIFFS AND QUOTAS

ore, phosphates, cotton, cottonseed, copper, wool, hides and skins, essential oils, cork, cassava, ivory and pearls, articles which together form a very high proportion of total colonial exports. Of the old revenue duties, those on tea, cocoa, coffee, sugar and tobacco are very important for the colonies. The tea duty is at present 6d per pound on foreign and 4d per pound on Empire tea. Foreign cocoa and coffee pay alike 14s. per cwt., while Empire cocoa pays 11s. 8d and Empire coffee 4s. 8d per cwt. The sugar duty is on the scale of 8s. 1·6d per cwt. on foreign sugar, 4s. 4·8d per cwt. on Empire sugar generally, and 1s. 4·8d per cwt. on "certificated" sugar from the West Indies, Mauritius, Fiji, Kenya, Uganda and Tanganyika. These rates were stabilised under the international sugar pact of last May, which stipulated at the same time that any future increase in Empire consumption of sugar would be shared between Empire and foreign producers. The tobacco duties form a complicated schedule; the preferential rate on tobacco in the leaf is 8s. 2½d per lb., against a general rate of 10s. 6d.

To assess whether the balance of advantage is fair between the British and the colonial preferences is a matter for elaborate argument. One side-aspect that is sometimes neglected is the gain that may accrue from the British preferences, not to the colonial native, but to the British investor in colonial industry. But if the judgment turns out to be favourable there are still some questions to be answered. Is a trustee, as we profess ourselves to be in relation to the colonies, entitled to make a commercial arrangement with himself on behalf of his ward which is to his own profit, even though it also be to his ward's? Is he bound to seek for his ward other opportunities for profitable bargains with third parties—for instance, a preferential agreement between Malaya and Japan? May a bargain which is balanced for a country as a whole be unfair for some section of its people—for instance, the native agriculturalist who may have little to gain from greater prosperity in export industries but much to lose from

SOME QUESTIONS

a rise in the price of his simple necessities? Do we accept the idea of a "dual mandate"—as trustees both for the natives and for civilisation—and is the second part of that trust compatible with discrimination against other civilised countries than ourselves? Is a colonial empire hedged by higher tariffs against foreign goods than against our own on the line of progress towards a settlement of the colonial problem as it affects Europe, towards world peace, and towards a permanently wise and just relation between the Western nations and the subject peoples of Africa and Asia? These are questions that cannot be ignored; the answer to them may well suggest a qualification of the view that colonial preferences can be regarded simply as part of a commercial bargain.

TURKEY, A KEY STATE

I. AFTERMATH OF WAR

ON July 24, 1923, the signature of the treaty of Lausanne brought the Turks peace and gave their leaders an opportunity to take stock of their country's condition after twelve years of almost continuous warfare. Soldiers by training and profession, they regarded foreign policy first and foremost as a department of national defence. Economics and political ideologies interested them infinitely less than the politico-military situation in the Levant. Such had been the tradition of the Turks even in the quieter periods of the nineteenth century; a series of disasters had emphasised the necessity of saving the remnants of the Turkish heritage.

The situation that confronted them was still dangerous. The Arab provinces had gone, and although the rally under Ghazi Mustafa Kemal had saved the Turkish racial stronghold in Asia Minor, with its European bridgehead, and had checked Kurdish separatism, the Anatolian homeland had been impoverished and depopulated by war, epidemic and massacre. In the eyes of the Turkish chiefs the demilitarisation of the Straits constituted a perpetual threat to the communications between East Thrace and Asia, and exposed one of the few relatively easy approaches to the Anatolian plateau. Cilicia, one of the chief cornlands of Asia Minor, might be threatened by the transfer to France (as mandatory of Syria) of the largely Turkish Sanjak of Alexandretta. The British occupation of the Mosul province of Iraq threatened to cause complications in Kurdistan. Great Britain, indeed, had taken the place of Tsarist Russia as the arch-enemy. Communist Russia had

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become Turkey's only powerful friend. Turco-Greek relations were bad, and remained so until 1928. Former Italian claims to part of southern Anatolia caused the Fascist Government to be regarded with suspicion. The sympathies of Germany and Hungary were necessarily platonic. Rumania and the Slav States of the Balkans might have been more friendly but for their fear of Soviet Russia, Turkey's friend and soon perhaps to be Turkey's protector.

II. GREAT BRITAIN AND TURKEY

RUSO-TURKISH relations, however, have never developed into more than a useful business partnership. Turkey and Russia were forced together simply by the pressure of the Entente Powers. Victory over the Greeks released the Turks from their almost complete dependence on Russian support; what was more, the Lausanne conference revealed a marked divergence between Turkish and Russian policy, when the Turks refused to fall in with the Russian proposal that no warships save those of the Black Sea Powers should enter the Dardanelles. The new Russian culture did not (and does not) interest the Turks, and communists who agitated against the republican régime had (as they have today) short shrift. But common interests as well as common fears kept Russia and Turkey together. Turkish enmity might mean the exposure of the most vulnerable points in Russia—the oilfields of Transcaucasia, the coalfields of the Don basin, the southern half of the Ukrainian grain belt—to western air attack. Russian hostility meant for Turkey a permanent threat to the eastern provinces, intrigue among the disaffected Kurds and the imposition of still heavier military burdens on the Turkish peasantry.

Moreover, Lausanne was followed by the Anglo-Turkish dispute over Mosul. When this was decided by the Council of the League of Nations in favour of Great Britain,*

* December 16, 1925.

TURKEY, A KEY STATE

the Turkish Government and press were loud in their denunciations of the League as a tool of British imperialism. The Soviet Government made instant use of the occasion by signing a treaty with Turkey, in which each of the contracting parties promised the other to maintain a friendly neutrality in the event of diplomatic or military complications with another State. But this treaty did not altogether satisfy the Turks, who felt that the results of Russian friendship had not fulfilled expectations. Turco-Russian military conventions had contained promises of active assistance in the shape of military supplies and technical advice in the defence of the Dardanelles. The desire of the Soviet Government for financial accommodation in London and Paris made it unwilling to fulfil these undertakings.

The League's decision, indeed, proved somewhat unexpectedly to have been a turning-point in Anglo-Turkish discussions. Mr. Baldwin's meeting with Ferid Bey, the Turkish Ambassador in London, almost immediately after the League Council had spoken, paved the way to negotiations at Constantinople between Sir Ronald Lindsay and Dr. Tevfik Rushdi (now Rüstü Aras), the Turkish Foreign Minister, which ended in the Anglo-Turkish treaty of June 6, 1926. The treaty determined the Turco-'Iraqi boundary generally in accordance with the League Council's decision, but it also guaranteed Turkey 10 per cent. of the revenue that might accrue to the Government of 'Iraq from its oilfields. The steady improvement in Turkish relations with 'Iraq, and the cessation of border affrays, presently convinced public opinion of the value of the treaty. Thenceforward Anglo-Turkish relations improved. The visit of part of the Mediterranean fleet to Constantinople in October 1929 broke the ice; the Greco-Turkish entente of 1930 relieved many English politicians and publicists of their supposed or self-imposed duty to champion the cause of the "progressive" Greek against the "gentlemanly" but *ex-hypothesi* "backward" Turk. In July 1932 the

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entry of Turkey into the League of Nations, with the cordial support of Great Britain and the Dominions, marked another stage in reconciliation.

These, however, were minor factors in the development of Anglo-Turkish friendship. It depended ultimately on the rôle which the Turks and British respectively proposed to play in the eastern Mediterranean and the Near and Middle East. After their experiences from 1918 to 1923 the Turks were to some extent justified in asking whether the British had accepted the defeat—for such it was—of the policy that Mr. Lloyd George had championed. Great Britain had been their most redoubtable enemy in the world war; she had raised the Arabs against the Turkish Caliph, had stripped the Empire of its southern provinces, had at least played with the idea of Kurdish independence, had suborned the Greeks to devastate Anatolia, and had helped or bribed all manner of Turkish "traitors" to undermine Turkish nationalism. On the British side, resentment at the ill-treatment of British and Indian prisoners of war, and the massacres and deportations of the Christian minorities, had taken time to die down. More important, however, than this emotional hostility was the belief that Turkey had become a client State of Soviet Russia: an armed porter guarding the approaches to the Black Sea, a channel for the dissemination of communism in the Balkans and the Levant, and a possible ally of the Soviets in an offensive against British imperial interests and communications.

Neither picture was ever entirely accurate: both had ceased to correspond with facts within five years of the treaty of Lausanne. The British, who had suffered less, were the first to recognise their mistake. They saw that Turkish nationalism had done them a great service by repudiating the Caliphate and the Pan-Islamic ideal, which had given Sultan Abdul-Hamid and the Committee of Union and Progress their chance of establishing a "nuisance value" in India and the Arab world: they

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presently realised that while the new Turks desired to remain on the best terms with Russia they had no intention of subordinating their national interests to her convenience. The Turks, in their turn, began to contrast the ill-concealed annoyance with which the Soviet Union regarded their entry into the League with the warmth of the British welcome. They had no more cause to complain of British policy in Iraq, and now that they had abandoned the policy of aloofness in favour of an understanding with Greece and other once-hostile countries it was logical enough that they should aim at renewing friendly relations with Great Britain.

Reference has already been made to Mr. Baldwin's timely intervention in the last days of 1925. Sir Ronald Lindsay's efficient conduct of the subsequent negotiations left an excellent impression on the leaders of the new Turkey. He was succeeded by Sir George Clerk, who carried out his difficult and sometimes delicate mission with patience and success. On one famous occasion he delighted Ghazi Mustafa Kemal and all Turkey by his skill in compliment. The occasion was a diplomatic reception. The Ghazi, indignant at the prophecy of a foreign journalist that his death would leave Turkey leaderless, hotly told the assembled Ambassadors and Ministers: "If I die, there are a thousand Turks who can take my place". "Excellence", retorted the British Ambassador, "vous exagérez mille fois".

On the Turkish side, the credit for the change must be given in the first place to the President, Ghazi Mustafa Kemal, now Kemal Atatürk, a soldier of genius and a hard-headed political realist, by temper *impiger*, *iracundus*, *inexorabilis*, *acer*, but incapable of sulking in his tent and blessed with the exceptional gift of knowing when to exploit success and how far it can safely be exploited. He is largely responsible for the abandonment of the anti-foreign attitude which was a natural consequence of the war and its aftermath. His former chief of staff, General Ismet

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Inönü, who has just resigned his Prime Ministership after fifteen years of office, has been his loyal lieutenant and has shown balance and statesmanship in his handling of foreign relations. But the conduct of the details of Turkish foreign policy has been mainly in the hands of Dr. Tevfik Rushdi (now Rüstü Aras), once a gynaecologist, who has become an important and sympathetic figure in European diplomacy. Dr. Aras talks with a volubility which is often hard to follow; he has been accused of "pactomania" by his critics; his friends once feared that he might offer to act as mediator between the U.S.S.R. and the British Empire. But, when these foibles have been enumerated, the fact remains that the Foreign Minister of the new Turkey has had a hand in the Greco-Turkish entente, the Balkan and Asiatic pacts, and a series of agreements with France and Russia; that his defence of his country's case in the Alexandretta dispute and during the Straits conference has been consistently competent; that he has fully understood the value of personal contacts; and that he is emphatically a man of good will whose policy has been skilful, prudent and conciliatory.

By the autumn of 1935, Anglo-Turkish friendship had made great progress. The Italian attack on Abyssinia and defiance of the League of Nations strengthened it further. Italian propaganda imputing selfish motives to the British stand had little effect. The Turkish Government honoured their obligations under the League Covenant, imposed economic sanctions, and undertook to co-operate against the aggressor in the Mediterranean in the event of an unprovoked attack on any member of the League which was executing its decisions. When the German Government, in March 1936, denounced the Locarno pact and reoccupied the Rhineland with military forces, Turkey clearly favoured the British policy of conciliation. The only remaining question on which Turkish and British policy might differ was settled in the following summer.

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III. THE MONTREUX CONFERENCE

THIS was the question of the Straits, demilitarised and largely internationalised by the treaty of Lausanne. The Turks had never liked the limitations imposed on their sovereignty by the Straits Convention of 1923. They had, however, accepted them in the hope that the special guarantees then given by Great Britain, France, Italy and Japan would be implemented. These Powers had promised that if the Straits or the demilitarised zones were threatened by war or attacked they would join in meeting such a violation of Turkish rights by all the means that the League Council might sanction. From the beginning of the Manchurian crisis Turkish hopes waned. By the end of 1935 their Japanese guarantor had left the League and Italy had defied it. Though tempted to present the League with a *fait accompli*, the Turkish Government, aided by British advice, preferred to request its permission to fortify the Straits. In a note addressed to the Council, Dr. Aras stated the painful truth that in 1923 the European situation "presented an aspect totally different from that of to-day", and that recent "political crises have made it clear that present machinery for collective guarantees is too slow in coming into operation". The Turkish case was strong: the manner in which it was presented made it stronger still.

At first British official opinion was not altogether happy at the prospect of a restoration of full Turkish sovereignty over the Straits and the abolition of the International Straits Commission. The British Government contended in vain that some visible reminder that the Straits were an international waterway should be preserved. Their naval and military advisers, however, made it clear that the fortification of the Dardanelles and the Bosphorus would merely regularise rather than alter the actual situation. Since 1923, Russia had become a first-class military and air Power; the Turks had constructed strategic roads and had concentrated troops and war material at points from which they

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could occupy the Straits within a few hours. In these circumstances it was obvious that no fleet from the Mediterranean could risk a campaign in the Euxine or follow an enemy up the Straits without a measure of Turkish consent far exceeding mere neutrality. The British delegates consequently fought a good-tempered rearguard action, chiefly against Russian claims. The results of the conference were tersely summed up in *The Times* of July 20, 1936.

The new Convention authorises Turkey to fortify the Dardanelles and the Bosphorus. It leaves the Straits open to commercial vessels, but introduces drastic limitations on the number and size of foreign war vessels of external Powers allowed in peace-time to enter the Straits or gather in the Black Sea. The acceptance of this restriction of the former freedom of the Straits and Black Sea is a concession to the Turkish and Russian desire for increased security. Turkey wishes to be able to keep a marauder out of the Straits or make things hot for him if he insists on coming in; Russia in 1936 distrusts the idea of an unlimited number of Fleets as big as her own Black Sea Fleet being able to gather at one of her thresholds.

The States within the Black Sea, of which the chief is Russia, retain the right in peace-time to send out their warships almost without hindrance; this again represents a general acceptance of the Russian view that Russia must be able to send her ships from the Black Sea to her other ports.

The Convention recognises League law as supreme (with a formal Japanese reservation) in that it leaves the last word about the opening or closing of the Straits in war-time to the League; and foresees that they should be open to States bent on helping each other against aggression under League agreements if the League itself should fail to reach unanimity and other action. Thus French oil supplies from Rumania, and joint Franco-Soviet, Franco-Rumanian, Rumanian-Turkish, or other action against an aggressor are all safeguarded as far as forethought and a paper convention can safeguard such things.

No subsequent events have disturbed Anglo-Turkish friendship. King Edward VIII was warmly welcomed on his private visit to Istanbul, as Constantinople is now named. The Turkish Government co-operated most loyally with Great Britain at the recent anti-piracy conference at Nyon. Meanwhile commercial relations between the two countries

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are improving fast. Important harbour works will be constructed by British contractors, and orders for £2,750,000 worth of plant for new iron and steel works have been divided among eight British firms.

The Soviet Government have frequently shown signs of jealousy at what has been called "the second Anglo-Turkish honeymoon", but the new Straits Convention shows conclusively that Russo-Turkish co-operation continues to be close, and is likely to remain a constant fact in east European politics. The prolongation until 1945 of the treaty of friendship and neutrality of 1925, of the protocol of 1929 and of the agreement of 1931 restricting naval competition, is an additional proof of this. For the reasons already given, neither country can afford to lose the support or at least the benevolent neutrality of the other. The Turks certainly wish to keep on the friendliest terms with the Soviet Government for military, political and economic reasons; and they have not forgotten Russian friendship in their years of trouble. But they expect Soviet Russia to realise that Turkey, while disposed to follow the same general lines of foreign policy as the U.S.S.R., has to safeguard her own interests and her growing international prestige. She will not surrender her right to choose new friends, nor will she forego legitimate national advantages in deference to Russian susceptibilities.

IV. TURKEY, ITALY AND THE BALKANS

THE relations between Turkey and Italy have been marked by curious vicissitudes. During the Allied occupation of Constantinople, the Italians took pains to produce the most favourable impression, but during the Mosul dispute fears that the Fascist Government might intervene on the British side made them suspect. When that dispute had been settled, the political and economic ties between the two nations were greatly strengthened. Italy saw a good market for her textiles in Anatolia and obtained

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orders for Turkish warships. Italian competition with French cultural influence in the Levant resulted in advantages to Turkish students. Italy did much to promote the Greco-Turkish understanding of 1932, and until 1934 the Duce's stock was high at Angora. But on March 18 of that year Signor Mussolini, addressing the leaders of the Fascist party, declared *inter alia* that the historic mission of his country lay in Africa and Asia. He explained that there was "no question of territorial conquests", but added that while Italy demanded no privileges and monopolies she did not want earlier arrivals to block "her spiritual, political and economic expansion". In spite of subsequent explanations, the speech caused much uneasiness in Turkey, which was temporarily increased by false rumours that a military expedition was preparing to sail for Rhodes. The Turks are good enough soldiers to realise the military importance of the Italian possession of the Dodecanese, and it was not surprising that they paid more attention than ever to their fortifications on the Aegean coast.

Before they had quite recovered from their alarm came the attack on Abyssinia. One of the motives that had impelled the Turks to join the League of Nations was the hope that they might thus be enabled to obtain support for their claim to be allowed to re-fortify the Straits. It was no thanks to Italy that the hope was fulfilled; her Government has not yet formally recognised the Straits Convention. Her Spanish policy has further intensified Turkish anxieties, and though Turkey is in fact as "totalitarian" a State as Italy, and the Turks are naturally disposed to prefer General Franco to the Frente Popular, the national interest forbids any acquiescence in the ultimate domination of the Mediterranean by a great Power which already has a strong naval base in Leros, within a few miles of the coast of Asia Minor.

Greco-Turkish relations are now excellent. The rough but effective surgery of exchange of populations, and the settlement of other contentious questions, made the old quarrel between Greek and Turk over the Byzantine

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heritage an archæological survival. In 1930 M. Venizelos, who had built up a great reputation on two wars and had brought Greece into the second by the bait of an Asiatic empire to be won from Turkey, had the courage and good sense to go to Angora, where, aided by Turkish statesmanship, he achieved one of the greatest successes of his remarkable career. The signature in November 1930 of a treaty of friendship and arbitration, providing for the neutrality of either of the contracting parties in case of attack on the other by a third Power, of a commercial and shipping convention, and of a regional agreement providing for the mutual restriction of naval armaments, prepared the way for a series of agreements settling long-standing disputes over minorities, trade and financial claims, and culminating in the Turco-Greek agreement of September 14, 1933. By this instrument, Greece and Turkey mutually guaranteed inviolability of their common frontiers and undertook to consult one another "in all international questions which may interest them". The entente had become an alliance.

From this treaty, which was obviously designed for mutual protection against any attempt by Bulgaria (with or without Yugoslav aid) to obtain a corridor leading to an Ægean harbour, it was not a long step to the Balkan pact signed at Athens on February 9, 1934. Turkey, Greece, Rumania and Yugoslavia guaranteed the inviolability of their respective Balkan frontiers * and agreed to assume no obligation towards any other Balkan State without consulting the other signatories of the treaty. It was said at the time that a Balkan agreement which omitted Bulgaria and Albania was a contradiction in terms; it certainly seemed that the interest of Turkey and Greece, and perhaps of Rumania too, in the signature of the pact was a consequence of the striking and not altogether welcome improvement in the relations between Bulgaria and Yugoslavia.

Distrust of Bulgaria certainly affects Turkish foreign

* *I.e.*, as fixed by the treaties of Neuilly and Lausanne and the Paris protocol of 1926 which fixed the frontiers of Albania.

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policy, and cannot be entirely explained by Turkish opposition to a Bulgarian corridor to the sea or suspicion of the small Bulgarian minority in eastern Thrace. Fear of Bulgarian irredentism seems quite unjustified, given the relative military strength of Turkey, even without allies, and of Bulgaria; and it is possible that this Turkish attitude is really a result of the steady refusal of the Bulgarian Government to interfere in the struggle between the modernist minority and the conservative majority among the 600,000 Turks who inhabit eastern Bulgaria.

As to the eventual attitude of Turkey towards any ultimate increase of German political influence in the Danubian basin and the Balkans, all that can be safely predicted is that her rulers will be influenced by considerations of national security and interest rather than by any ideological preferences or by purely economic considerations. Meanwhile, Germany does almost as large an import and export trade with Turkey as all the other great Powers together. Despite the drawbacks of modern German methods, agreements concluded during September in Berlin are designed "to safeguard the favourable development which has taken place in the exchange of goods between Germany and Turkey in recent years". The Turkish desire to remain on good political terms with the Third Reich is illustrated by the reserve with which the Turkish press and Foreign Office have discussed the German intimation that certain clauses in the Montreux Convention are not favourably regarded by Germany, especially those relating to the passage of the Straits by Russian warships.

V. THE NEAR EAST

THE maintenance of good relations with Russia relieves Turkey of any fears of trouble with the Transcaucasian States. The Turks, for their part, have no intention of indulging in "Turanian" propaganda in Russian Asia. Relations with Persia (Iran) were somewhat strained during

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the Kurdish revolt in the Ararat region, but were put on a satisfactory footing by the agreement of 1930, which prevented the Turkish Kurds from using Persian territory as a base for raids, by means of the rectification of the frontier. The Shah's visit to the Ghazi in 1934 marked the new friendship between two former rivals, and last July came one of Dr. Aras' greatest successes, the signature of the pact of mutual non-aggression by the Foreign Ministers of Turkey, Iran, Afghanistan and Iraq. The pact, which had been initialled at Geneva in October 1935, was not signed until a dispute between Iran and Iraq had been settled by Turkish mediation. The pact is described as one of friendship, consultation and non-aggression, designed to secure political security in the Middle East by means of guarantees within the framework of the League of Nations and in accordance with the Kellogg Pact. The contracting parties undertake to abstain from interference in each other's internal affairs, to respect their common frontiers, to commit no aggression against one another, and to prevent the formation in their territories of bands or associations seeking to disturb the peace of any one of their number.

Suggestions that Pan-Islamic or "Turanian" ideals inspired the pact are ridiculous. The Turks have promoted the pact for two reasons. First, they realise that past Anglo-Russian and Anglo-German rivalry in the Near East, which did so much harm to the peoples of that region, was largely the result of Oriental weakness and disunion. The stronger and more united are the Near Eastern States the less temptation they will offer to capitalist or communist imperialism. Secondly, they believe with the Iranians and the Iraqis that Kurdish nationalism, so far as it exists, is a danger to the integrity of their territory, and they know that religious hostility to the new lay régime has its chief stronghold in Kurdish districts.

Turkish relations with France as mandatory for Syria have been more complicated. In spite of the notorious Franklin-Bouillon agreement with the Nationalists in 1921

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and the French evacuation of Cilicia, France was not too popular at Angora. The appeals of French high finance and Orient freemasonry for the life of Javid Bey in 1926 sealed his doom and angered the Turks. Disputes over the payment of Turkish foreign debts gave France the reputation of a hard-hearted creditor. On the Syrian border, sporadic affrays continued until 1929, when the Nisibin-Tigris section of the frontier was finally delimited.

At the end of 1936 came the Alexandretta dispute. The French had agreed in 1921 to give the Sanjak (province) of Alexandretta, where Turks were the most numerous element in a mixed population, administrative autonomy, and to give the local Turks full cultural freedom. These concessions were not impaired by the treaty of Lausanne, and the Franco-Turkish treaty of 1926 laid it down that whatever new form of administration might be introduced in Syria the special régime of Alexandretta would always be taken into account. But these agreements did not allow for the situation that must arise whenever France surrendered the Syrian mandate. The (still unratified) treaty of 1936 whereby Syria will become an independent ally of France in 1939 produced an immediate dispute. Angora maintained that the prior attachment of the autonomous Sanjak to Syria did not warrant its inclusion in an independent Syrian State. The Quai d'Orsay held that past agreements could not affect the territorial integrity of Syria, and observed that negotiations might wait until Syrian independence drew nearer.

At this point Ghazi Kemal Atatürk suddenly departed by train to the headquarters of the Southern Command. His Ministers followed in his track and prevailed on him to return to the capital, but not until the French Government had been seriously alarmed. It has been said that the President's dash southwards was the result of a decision taken without consulting his Ministers after a convivial evening, and that General Ismet İnönü's recent resignation reflected his disapproval. It is doubtful, however, whether

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the Ghazi's move was really so unpremeditated. It certainly succeeded in its object, interesting the British Government and the League Council in the dispute; Mr. Eden's mediation resulted in a compromise and a reference to the League. The details of the resulting settlement, whereby the Sanjak was to be demilitarised and to retain its autonomy though attached to Syria, under the guarantee of France and Turkey, are less important than the evidence given by the dispute of the ease with which the Turkish public could be excited in favour of Turks living outside the borders of the republic.

Future Turkish relations with Arab States will depend largely on the lines followed by Arab nationalism. If "Arab" is identified with "Moslem Arab", and if some sort of theocratic government is set up in Syria, or if the Turkish minorities of Aleppo and northern Iraq suffer from Arab racial hostility, then Turkey cannot be expected to look smilingly southward. Otherwise, she will be content to live and let live. For the new Turks have no need for expansion, and no great interest in political ideas. Their present system of plebiscitary dictatorship suits them well enough. With a few modifications it may suit them for a generation more, while they develop, colonise and enrich their great and long-neglected homeland in Asia Minor, which could hold twice its present population of under 15 millions without overcrowding. Meanwhile the main lines of their policy, the maintenance of friendship with both Great Britain and Russia and the active support of Balkan and Near Eastern concord, seem likely to survive Ministerial changes.

THE DEFENCE OF AUSTRALIA

I. THE NEW PROGRAMME

THE Parliament of the Commonwealth reassembled on August 24, and after a session that lasted only three weeks it was dissolved for the general election of October 23. Australian Ministers who had visited England for the Coronation and the Imperial Conference had just returned; and almost the first business of the session was a statement by the Prime Minister, Mr. Lyons, on the proceedings of the Imperial Conference, in which he gave an account of the discussions and decisions on all the subjects that had been dealt with. Defence he treated as the most important, and he outlined new plans, based on the decisions of the Conference and the discussions that Ministers had had with the British Government, to continue the steps already taken to carry out the defence resolutions of the Conferences of 1923 and 1926.

In 1934 the Parliament of the Commonwealth approved a defence programme for the three years from July 1, 1934, to June 30, 1937. This provided for the building of one cruiser (7,250 tons armed with 6-in. guns) and some smaller craft; these vessels have been completed and bring the strength of the Australian fleet to four cruisers (two with 6-in., two with 8-in. guns), one seaplane carrier, one flotilla leader, four destroyers and a few smaller vessels. New expenditure under the military vote was mainly for re-arming the fixed defences of Sydney, Newcastle, Brisbane and Fremantle, and improving the armament and equipment of the military forces (which have a strength of only 35,000). The air force was increased in strength, and the ordnance and ammunition factories were enlarged.

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Expenditure on this programme (including the ordinary maintenance of the forces), and in preparation for a new programme announced in 1936, with which the programme of 1937 will be combined, reached during the three years about £21,000,000; the share of the navy, including munitions expenditure, was a little over £9,000,000, or nearly 45 per cent.

In his statement to the House of Representatives Mr. Lyons said that Australia's vital interests, for which the plans of defence must provide, were the free passage of seaborne trade, both coastal and oversea, and the prevention of attack by raid or invasion. The former depended solely on naval forces. There had been full consultation in London, with the British Government and its advisers, as to the direction in which Australia could co-operate in Empire defence by maintaining and developing the Royal Australian Navy. Empire naval defence based on Singapore, with the co-operation of the Australian fleet, would not only secure Australian sea communications, but would also threaten the communications of an enemy from any part of the world bent upon the invasion of Australia.

It will be evident that Australia has a real and vital interest in Empire naval defence (Mr. Lyons said), as it is the first line of defence against invasion. It is important, therefore, that we should continue to maintain the Royal Australian Navy at a strength which is an effective and fair contribution to Empire naval defence, and increased provision to this end will be made in the new programme.

Later in his statement, Mr. Lyons referred again to the "basis of policy".

It is an unavoidable geographical fact that the first line of defence of the Commonwealth is naval, and if we expect a British fleet to be based on Singapore, as a safeguard to Australia, we must be prepared to co-operate and provide for the squadron necessary in our own waters. With such security provided, the enemy is kept at arm's length, our shores are maintained inviolate, and our overseas trade moves freely to its markets throughout the world. In a world armed to the teeth and with small States existing on the

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sufferance of powerful neighbours and looking for allies, it is not likely that the Australian people will accept a policy of non-co-operation which would deprive them of Britain's powerful aid in such uncertain times as these. Our people are wise enough to realise that our defence rests on two pillars, one of which is our own maximum effort, and the other Empire co-operation. Furthermore, in co-operating in Empire naval defence, Australia does not enter into any commitment or surrender any vestige of the sovereign control of its own policy.

But, Mr. Lyons went on to say, the solution of the Australian defence problem is not furnished by any one service; for all have their parts to play in a balanced scheme. The Government's proposals for the strengthening of the other arms, at a total expenditure of £11,500,000 in 1937-38, were given later in the debate on the defence estimates, and are referred to below.

The announcement of this large expenditure has aroused little public interest. The people of Australia have not been greatly concerned with preparations for defence. One feels the contrast between to-day's attitude and the enthusiasm of the pre-war years for the building of the first Australian navy and the commencement of compulsory military training. Australia, like other countries, was disillusioned by the results of the world war; and there has since been a much greater body of theoretical opposition to war, and of genuine feeling for international accord, than there was a quarter of a century ago. There was great difficulty a year ago in raising the voluntary recruits for infantry units that were required to bring the strength of the military forces, which are almost wholly militia, to 35,000. The smaller numbers required for permanent service in the navy and the air force are readily obtained, as are recruits for technical units of the militia, but the infantry, despite the very modest demands on the time of the militiaman, remains insufficiently attractive to give an adequate choice of recruits.

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II. LABOUR'S DEFENCE POLICY

THE Government's most active critic, in Parliament and outside, has been the Leader of the Opposition, Mr. Curtin. In the debates in 1936 and this year on the estimates of the Department of Defence he challenged the emphasis given in the Government's plans to expenditure on the navy. In last year's debate * he said it was clearly beyond the power of Australia to provide by her own efforts a fleet large enough to protect herself from invasion. It was beyond the power of Britain to protect the heart of the Empire and at the same time to maintain a sufficient fleet in the western Pacific.

If an Eastern first-class Power sought an abrogation of a basic Australian policy, such as the White Australia policy, it would most likely do so when Great Britain was involved or threatened to be involved in a European war. Would the British Government dare to authorise the despatch of any substantial part of the fleet to the East to help Australia? . . . The dependence of Australia upon the competence, let alone the readiness, of British statesmen to send forces to our aid is too dangerous a hazard upon which to found Australia's defence policy.

Accordingly, Mr. Curtin continued, a greater degree of self-reliance in Australia's defence was essential. This did not imply any real conflict of interest between local and imperial defence; on the contrary, an improvement of our self-reliance would assist the Empire fleet to be kept concentrated at the decisive point, wherever that might be. Australia could hold out against interruption of oversea trade, if adequate reserves of oil and other essential supplies that we do not produce ourselves were maintained in peace time. To attain security against raids and invasion, the principal means within our resources were the strengthening of the land and air forces; and an essential element in the attainment of self-reliance was an increased capacity to produce munitions.

In public controversy Mr. Curtin has since maintained

* November 5, 1936.

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that Australia must rely mainly on air defence. Australia, he said, could not maintain an adequate navy, and any navy she had might be taken away from her shores if war broke out. "The Labour party's policy," he wrote, "is against participation in foreign wars and for the reservation of all Australia's strength for defence of the land in which we live".*

The congress of the Australasian Council of Trade Unions held in Melbourne in July last went further than this. It resolved to organise the masses against war; to oppose the rearmament policies of the British and Australian Governments; to support a policy of collective security through the League of Nations; and to oppose any resumption of compulsory military service (a measure which the Labour party had itself put into operation in 1910). Mr. Curtin was quick to repudiate these decisions; they would not be followed, he said, by the Australian Labour party.

In the debate on Mr. Lyons' speech of August 24 this year, Mr. Curtin repeated his previous statements.

I preface what I intend saying this afternoon by asserting the unswerving allegiance of the Opposition to the British Commonwealth of Nations, and also to His Majesty the King as the symbol of this most remarkable association of nations in what has been described by the Attorney-General (Mr. Menzies) to-day as an unhappy world. The Labour party will stand definitely to ensure the safety of the Australian people and the security of the territory of the Commonwealth. . . . We on this side of the House insist that in the final analysis this nation shall not be committed to warlike activities outside Australia without the absolute and established consent of the Australian people.† . . . No less than the Government will we make proper preparation to ensure the effective competence of Australia to defend itself against aggression or to repel invasion. . . . When all is said and done, that represents a definite contribution to the security of the Empire; because Australia is an important part of the Empire. Having regard to the realities of the situation, the imperative obligation has been placed on the people of Australia not to rely

* *Melbourne Herald*, July 30, 1937.

† This statement has had much publicity during the election campaign, being described as a proposal that a referendum be taken before Australia defends some vital interest outside Australian waters.

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upon assistance from Great Britain, which might or might not be available, but to take the most effective steps to contribute to their own capacity to be self-reliant in this matter.

He went on to advocate defence in the air rather than by the navy. The Lyons Government had so far provided eight squadrons, or 96 planes.

We can have fifty squadrons, or 600 planes, for a capital outlay of £15,000,000.* . . . On existing costs we can maintain and "replace" 50 squadrons for £5,000,000 per annum. . . . No man will say that powerful fleets of aerial bombers and fighters are sufficient to prevent an enemy landing on our shores, but it can be said, and every man knows it to be true, that in a country like ours, a country of vast distances between possible points of assaillment, it is our air-borne fleets that will most quickly arrive at the point of danger to combat enemy planes, to bomb his plane-carriers and troopships, and put up first resistance until land-borne men and guns arrive.

These, then, are the principal points in controversy. Are we to continue to give first place in our defence expenditure to the navy? Yes, say the Government; naval defence is the only defence that will safeguard our sea trade, that will assist in the general defence of the Empire, and will justify us in expecting that the Empire fleet will be available to ensure the safety of Australia by deterring an attack or dealing with it before our own shores become the theatre of war. No, say the Opposition; if we maintain the navy, it will be taken away from us when we need it in our own waters, it will involve us in wars that are no business of ours, and expenditure on it will make impossible an efficient air and land defence. To defeat Australia, say the Government, it is sufficient to blockade our ports. "If Australia's markets were closed, and her imports and exports stopped by enemy action, she could be forced to sue for peace without a single enemy soldier coming within sight of her shores."† No, says Mr.

* In reply the Minister for Defence said that Mr. Curtin had made no provision for ground establishments, and that the capital cost of 50 squadrons would be £30,000,000.

† Sir George Pearce, Minister for Defence, in a speech on September 25, 1933.

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Curtin; we are self-contained in food and clothing and most of our essential supplies, and in peace-time we could accumulate sufficient stores of those we do not produce.*

"So long as adequate Empire naval forces are in being," says Mr. Lyons, "the danger of the invasion of Australia is remote".†

An adequate fleet would proceed to Singapore in emergency. The necessary strength exists for this purpose, and it is obvious that the United Kingdom would not expend a huge sum on a fleet and a base at Singapore for the protection of its own vast interests if it did not intend to safeguard them should the need arise. The same fleet and base which are a shield to the interests of the United Kingdom also safeguard Australia and other parts of the Empire.

No, replies Mr. Curtin, and he quotes a member of the present Government, the war-time Prime Minister Mr. W. M. Hughes: "The British Navy is no longer able to ensure the safety of Australia". He cites Mr. Winston Churchill as declaring that Singapore was as far away from Japan as Portsmouth is from New York, and could not be regarded as in any way a menace to Japan. "I now ask," said Mr. Curtin, "how Singapore can be so far away from the Yellow Sea as not to be able to hurt it, and be a thousand miles further away from Sydney, and yet be able to protect it? I put that question to the naval experts on the Treasury bench".‡

It may perhaps be worth while to add, on the side of

* See a discussion of the effect of stoppage of oversea trade in *Japan and the Defence of Australia* by "Albatross" (Melbourne, 1935), pp. 38-45.

† Commonwealth Parliamentary Debates, August 24, 1937.

‡ The Treasury bench, if they had pursued this argument, could have called in aid a Japanese naval expert, Lieut.-Cmdr. Tota Ishimaru. In his work translated under the title *Japan Must Fight Britain*, discussing the circumstances in which Japan might attack Australia, he says (p. 178): "Japan at war with England could hardly hope successfully to carry out any plan she might have to invade Australia and New Zealand, unless she had first got command of the sea by destroying any British fleet there might be at Singapore. . . . So long as the British have a powerful fleet at Singapore, Australia and New Zealand are safe from invasion and their inhabitants can sleep in peace."

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Mr. Curtin, that in each of the last three years, to go no further back, there have been crises in international affairs in which the British fleet, at its existing strength, could apparently not have protected the Empire in Europe and the Pacific at the same time, and that it seems likely that some time will pass before the fleet could face such a task; and, on the side of the Government, that the lack of success of recent air attacks on warships and landing parties, both in the Mediterranean and in the Far East, may throw doubt on the power of defence in the air to prevent or defeat an invasion of Australia or even a raid.

III. SELF-RELIANT SECURITY

WHEN the details of the defence estimates were laid before Parliament it appeared that nearly £8,000,000 had been provided for services other than the navy, and that the Government attached great importance to the air force and was prepared for still larger expenditure on it. The total expenditure on defence, which during the three years 1934-35 to 1936-37 averaged £7,200,000, and in 1936-37 was £8,500,000, is to reach £11,500,000 in 1937-38. Of that sum, £2,500,000 will be raised by loan from the Commonwealth Bank in London and used for equipment purchased in England. The provision for the several services is as follows:

	1937-38 vote.	Increase over previous three years' average.
	£million.	£million.
Navy	3.6	0.6
Military force	3.3	1.0
Air force	2.7	1.6
Civil aviation	0.9	0.7
Munitions supply	1.1	0.5

Although the naval vote is increased and is still the largest, there is to be no new construction, save of small vessels for use in connection with port defences. The increase goes partly to rearmouring two of the present cruisers,

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partly to port defences; and Darwin is to be developed as a naval sub-base for co-operation with British forces based on Singapore and other bases in the East. The increase under the army vote is mainly for coastal and anti-aircraft defences. The air force is to be enlarged by several additional squadrons of improved types. The increase in the air force is much less than Mr. Curtin has advocated, and, it would appear, less than the Government will be ready to provide in the future; but it may be as large as the present organisation can absorb in one year.

Discussion of defence in the election campaign has thus not turned in the main on the claims of the navy and the air force. What has figured most in the headlines has been the Government's insistence on the importance of imperial unity in questions of defence. "We consider a policy of isolation from Great Britain suicidal," said Mr. Lyons in his policy speech. He emphasised also that Australia cannot expect assistance unless she prepares to take her share in defending other parts of the Empire, and that the Government must be ready to do so when the need arises. Mr. Curtin, on the other hand, has continued to advocate a self-reliant defence.

So far the fourth service, the most vital of all—munitions—has scarcely been mentioned. This has the lowest expenditure of the four; but, if we are to have the self-contained defence that all parties say we need, far more must be spent on government factories and on encouraging private industry. For the past year, statements have been made by the Minister for Defence of the great progress made in provision of munitions. During the Imperial Conference, telegrams from London kept the public informed of statements made by the Minister regarding the extent of Australia's equipment and its readiness to undertake to supply other parts of the Empire. In actual fact, the government factories are large enough to turn out, on a war scale, supplies of rifles, machine guns and small arm ammunition, and they are to be equipped with plant

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for making the Bren machine gun; but it seems doubtful whether in any other important requirement they produce more than a small part of the current supplies that would be required by the forces in war. As to co-operation with industry, and the multifarious preparations that would be needed to change commercial factories over to the production of munitions, there have been many complaints from manufacturers that little or no response has come to their offers of co-operation. But £100,000 is now being provided for experimental orders.

One step of the first importance has been taken—the establishment by a group of public companies of an aircraft factory at Port Melbourne,* which will shortly be in production; at its initial scale, however, it could supply only a small part of the wastage of planes that would occur in war. The Government has also given vigorous encouragement to the production of petrol from shale, and has made some provision for storage of fuel oil.

Without a self-sufficient munitions supply, navy and army and air force would soon have to cease fighting. The present expenditure must be enlarged if that possibility is to cease to be a probability. The Department of Defence has suffered from the lack of a public opinion strong enough to bring the Government to a more vigorous effort. What Australia needs is a self-reliant defence strong enough to justify a firm attitude in diplomacy and to deter a possible enemy from lightly undertaking an adventure against us. And the need will be as great in 1938 as it is likely to be in the 'forties.

Defensive preparations are indeed being made, but some of them in rather a leisurely way. The prominence of defence questions in the election campaign has, however, done something to focus attention, and it seems reasonable to hope for more vigorous measures in the future.

Australia, October 1937.

* See THE ROUND TABLE, No. 107, June 1937, p. 664.

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I. THE PROVINCIAL SCENE

SIGNIFICANT political readjustments are now taking place throughout British India. The country is awakening to a new awareness of its altered constitutional circumstances. Popularly elected Legislatures have superseded bureaucracies in the eleven provinces; and events have entered upon that trying period of transition separating the establishment of provincial autonomy from the creation of federation, which is the ultimate purpose of the Government of India Act of 1935.

Formidable difficulties are facing the new provincial Governments, particularly those formed by the Congress, but auspicious tendencies are not lacking. A mood of cautious optimism prevails. The first budgets have been presented, and show that the new Ministries are moving warily. The Congress party, holding office in seven provinces, recognises the wide gulf that lies between promise and performance. Although some legislative ventures have been undertaken in response to awkward pledges, there are ample signs that the Congress Ministers are alive to the responsibilities they have assumed. A spirit of hopefulness underlies all Indian political comment, and it may be asserted with some conviction that political thinking has undergone a radical change in recent months. The change implicitly admits that, in the provinces at least, Indians have come into their own.

Conditions vary throughout the country; the problems in Madras and Bombay are not the same as those in Bengal or the North-West Frontier Province. But everywhere the tone of political thought has been elevated to a new

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level. It is frankly admitted that the British Governors are cordially co-operating with their Indian Ministers. Behind the scenes in some provinces lie grave problems, particularly in those areas where extremist elements predominate, but there are no indications that Ministers will allow themselves to be stampeded into policies that will thwart the intentions of the constitution. The hostility to the Act that remains is directed almost entirely against its federal aspects. This hostility is intensifying throughout British India at a time when the Princes believe that they will soon be called upon to decide the question of their accession to federation. In the provincial sphere, however, it is obvious that the Ministries are giving the Act the fairest trial, desire to serve the people, and are anxious to foster legislative policies that will improve the social and economic status of their provinces.

Madras and the United Provinces are regarded as the key areas under provincial autonomy. Madras has a record of successful working of earlier reforms; in the United Provinces some peculiar problems call for solution, particularly in the rural sphere. It is generally thought that Madras will set the political tone for Congress Ministries throughout the country, and that the United Provinces will be the scene of Congress experiments in economic reform. Mr. C. Rajagopalachariar, Premier of Madras, is an ardent believer in Mr. Gandhi, staunch in his loyalty to the Mahatma, adroit as a politician, and capable in intellectual ability. The province is well equipped to develop provincial autonomy to its fullest expression. In the United Provinces the Premier, Pandit Govind Balabh Pant, is a socialist. Formerly deputy leader of the Congress party in the Legislative Assembly at Delhi, Pandit Pant follows the guidance of Pandit Jawaharlal Nehru, whose direction of affairs in the province is reputed to be paramount. The view is held that Madras will interpret the political philosophy of Mahatma Gandhi, the United Provinces that of Pandit Nehru.

CONGRESS MINISTRIES AT WORK

Less interest is shown in the other provinces, although each of them presents peculiar problems. In Bengal, Hindu discontent with the Moslem Ministry creates awkward situations. In the North-West Frontier Province, a Congress Ministry has displaced an earlier coalition of conservative complexion. In Bihar, the Congress Ministry is essentially moderate in outlook and policy, guided largely by Babu Rajendra Prasad, who is not in the Ministry, but wields strong influence among Congress men in the province and elsewhere. In the Punjab, a Moslem Ministry faces hostility from Sikhs and Hindus, but is solidly supported by a large majority. In the Central Provinces, moderate forces of Congress are in control. Bombay faces peculiar difficulties, deriving on the one hand from industrial issues and on the other from rural problems in Gujerat. The Assam Ministry has faced several defeats and, like that of Sind, is only now settling down to the experiences of office. Orissa is generally regarded as an area in which experiments will be retarded by financial handicaps, which indeed harass Ministries everywhere.

II. CONGRESS MINISTRIES AT WORK

WHILE acceptance of the responsibilities of office has had sobering effects upon the Congress Ministers, Left-wing elements are demanding more radical policies. Socialists within the party contend that by their prudence the Congress Ministers are inviting popular discontent against the Congress instead of the constitution. Such extremists regret that the party accepted provincial office, and claim that the organisation has virtually agreed to the constitution that it formerly condemned.

Such propagandists are proving embarrassing. In urging more drastic reforms in the existing social order, local Congress agents are striving to make the Ministers run when they are merely anxious to walk. In the villages,

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efforts are being made to arouse the political consciousness of the landless; in the towns, labour agitators are stirring up dissatisfaction. The Congress Ministers are endeavouring to steer an even course between conflicting political theories, seeking to implement their electoral obligations without disrupting either the social or the economic conditions of their provinces. Responsible Congress leaders have clearly indicated that it is neither desirable nor possible at the present juncture to embark on radical programmes which aim at altering the basis of society, and this realistic attitude is tending to modify the views of many who were formerly extremists. Even the Left-wing leaders realise that hostility to the Congress Ministers may seriously affect the prestige of the whole Congress organisation, and have definitely stated that loyalty to the new Ministries is a fundamental obligation at the present time.

Proponents of the democratic theory discern one grave defect in the provincial situation. This is the attempt that is being made by the upper hierarchy of the party to control the Congress Ministries. At a meeting of the Congress Working Committee in Delhi a special committee was established to supervise the Congress Ministers in office. Three zonal dictators were appointed to co-ordinate an inter-provincial policy, and their activities are regarded by some as the negation of democratic control. There is a strong tendency on the part of Congress Ministers to turn to Wardha, the headquarters of Mahatma Gandhi, and to Allahabad, the headquarters of Pandit Nehru, for political guidance; and the theories of both men are greatly influencing provincial activities. Mahatma Gandhi, in his own publication, *Harijan*, has very definitely outlined his ideas of how the Ministries should function, and these opinions are receiving the support of Ministers who are unwilling or unable to oppose them, even when they are unreal and inappropriate. Pandit Nehru still hankers after his socialist State, and, while

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appealing for loyalty to the Congress Ministries, continues to recommend more radical policies than the Ministers are at present prepared to endorse.

The plea that the Congress Ministries should be immune from criticism is not everywhere accepted. The lack of substantial Oppositions in the provinces where the Congress has majorities is regarded as a constitutional weakness. The weakness is aggravated by lack of Opposition newspapers, although some of the extremer Nationalist newspapers and such socialist publications as exist do not hesitate to attack the Congress party in office. Such attacks are, however, directed more against the constitution than against the new Governments, as they are based largely on the assertion that Congress in office has virtually replaced the bureaucracy it was intended to supersede. The critics believe, in effect, that the constitution should be more radical than it is and that the Congress party is failing in its functions if it does not attempt to liberalise the constitution along lines which the extremer elements desire. The Congress Ministries are for the most part subjected to no genuine constitutional opposition, their opponents being either split by divisions among themselves or too weak to record disapproval in a manner essential to the working of the democratic theory.

Nevertheless, (the Congress Ministries have not sought to override responsible public opinion in any serious degree. Indeed, in some cases they have shown admirable restraint when public opinion has gone ahead of realism. This was shown in connection with the release of "political prisoners". This has been a trying and difficult issue for several Ministries, although the non-Congress Ministry in Bengal has suffered most from public opinion because of its cautious handling of the problem. While the prohibition policy of Madras has been received with much scepticism in some quarters, it appears to be in consonance with the views of the electors in the area to which it is being applied. In Salem, where

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the experiment is being tried, reports state that Mr. Rajagopalachariar was received with enthusiasm when he inaugurated a tea bar to supplant a liquor shop. It is thus fairly clear at the present stage that the Congress Ministries are endeavouring to express the theories they have consistently preached, and that public opinion in the main is behind their attempt to do so.

III. A HOPEFUL OUTLOOK

WHILE the new constitutional situation in the country is not without dangers, there are tendencies that encourage optimism for the future. The chief difficulties surrounding the Congress Ministers are a heritage from the past. The period of transition from irresponsibility to responsibility has been reached; and it is recognised, even in Congress circles, that demands formerly made "to curb the vagaries of an irresponsible Executive will to-day, if pressed, have the effect of restricting the powers of a popular Government to carry out the will of the people". However much the upper hierarchy of the Congress party seeks to control the Ministers, the view is developing that they are primarily responsible to those who elected them. The Congress party undoubtedly derives its support in the country from its character as the focal point for nationalism and as the only organisation that has faithfully fought for the broad principles of political freedom. That campaign is no longer appropriate in the provinces where Congress men themselves now form the Governments. Indeed, several Congress Premiers have clearly announced the need for upholding the fundamental policy of law and order and observance of existing legislative enactments. This is no easy path for a party to follow which in the past has encouraged opposition to constituted authority. But the educational process has begun, and there are indications that it will be deepened and developed.

A HOPEFUL OUTLOOK

In the communal field also new theories are emerging. The non-Congress Ministries in the north, particularly those in Bengal and the Punjab, have had to face unexpected opposition from Congress men and the Congress press. In its anxiety to spread the Congress political theory, the Congress party has shown something less than fairness to those holding different views. Efforts to bring Moslems within the Congress fold have been assiduously fostered, although neither in mentality nor in outlook does the Moslem naturally take to the Hindu political philosophy. Congress opposition to the Bengal Ministry does not reflect any genuine appreciation of the majority view; in the Punjab, Sikhs and Hindus have shown a bitterness to the Moslem Ministry that is not warranted.

This attitude has, however, resulted in the clear promulgation of views that communal agitation will not be tolerated, and that newspapers which encourage it will be restrained. Similarly, in Congress-governed provinces the view has been officially expressed that communalism will be opposed by those in authority; granted the support of the press in this attitude, a new orientation may be given to the solution of communal difficulties. There is a growing opinion, shared by many leading Congress men, that communalism is mainly responsible for the defects in the new constitution; and realists are sincerely striving to eradicate the evil in the interests of a genuine nationalism. While the Moslems deny the Congress claim to represent the country as a whole, on every hand is evidence that national progress is stultified until mutual trust is engendered between the various communities.

It is generally thought that the testing time for the new Ministries, and particularly those manned by the Congress, will come when the next budgets are presented early in 1938. The pressure from extremists is certain to disclose itself then, and much will depend upon the way in which the Ministries will respond to it. The new constitution has had the effect of making extremists more extreme.

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The Left-wing elements of the Congress party are tending more and more towards communism, which even in the Congress ranks is regarded as a political danger. The socialist theories of Pandit Nehru find no popular support in the organisation he leads, partly because it is financially supported by vested interests. But the peasant movement is developing, and its leaders are primarily socialists. Political extremists and ethical idealists are urging contrasting policies upon the Congress Ministers, and there is a strenuous tussle between conflicting political and economic theories.

While moderate opinion pins its faith to the sobering effects of responsibility, it is recognised that the Ministries have few financial resources. So far as financial assistance from the Government of India is concerned, the prospects are auspicious. The proposals of the Niemeyer Report * are almost certain to be implemented. So long as provincial Governments do not recklessly abandon existing sources of revenue—and there is a tendency to do so—fruitful sources may be tapped from the Centre. But the money supplied by the Centre will prove inadequate if it merely acts as a substitute for revenue discarded in the provinces. This situation has dangers for the future, unless the Ministries are prepared to take a stand against extreme policies which are now being urged upon them.

IV. PROSPECTS OF FEDERATION

WHEN the Constitution Act became law, Congress spokesmen contended that the Act was wholly unacceptable to Indian opinion and that the Congress intention was to combat the constitution with a view to ending it. The decision to assume responsibility suggested that the actualities of provincial autonomy had proved too strong to justify the continuance of intransigent policies, and much of the criticism formerly directed against

* See THE ROUND TABLE, No. 104, September 1936, pp. 807-809.

PROSPECTS OF FEDERATION

provincial autonomy has lately been silenced. This is not so in regard to federation. Opposition to the federal aspects of the scheme has been greatly intensified throughout British India. Congress men oppose federation on the ground that affiliation of the Indian states with British India predicates the subservience of the democratic to the autocratic idea; the claim is made that the nominees of the Princes in the federal Legislature will merely reflect an ultra-conservative attitude, which will greatly handicap responsible government.

Moslem opinion is also opposed to federation, though for different reasons. Moslems maintain that the establishment of federation will mean the creation of a Hindu oligarchy at the Centre. Thus scarcely any organised body of opinion favours federation, which the Princes themselves regard with no great enthusiasm as an inevitable consequence of their own original proposal at the first Round Table Conference.

At the same time, the politicians of British India are not opposed to the idea of federation, but only to the form of federation that emerged from the Government of India Act. Mahatma Gandhi, in the agreement negotiated with Lord Halifax in Delhi in 1931, accepted the idea of federation as the political and constitutional goal; even Pandit Nehru has admitted that federation is the ultimate solution. What British Indian politicians would prefer at present is a federation of the provinces, to which the Princes could ultimately accede after they had liberalised and democratised their own governmental systems.

Mr. S. Satyamurthi, a Madras representative in the central Legislative Assembly, contended in a recent speech in that House that there is no "rule of law" in the Indian states and that the states' peoples have no fundamental rights as a prerequisite to popular government. He argued that it was essential that the Princes' representatives in the federation should be elected as representatives of the people, and not as nominees of vested interests.

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The diarchy that was being eliminated from the provinces was being perpetuated, he claimed, in more extreme form in the proposed federal Centre. These views are widely endorsed throughout British India, where every effort is being made to prevent the federation from being brought into existence.

It is clear, however, that the British authorities in Delhi and London are endeavouring to expedite the inauguration of federation under the existing Act. Lord Linlithgow, the Viceroy, in a recent address to the central Legislature at Simla, admitted the existence of opposition to federation, but indicated that none of the criticisms now made had been overlooked when the Joint Select Committee, of which he was chairman, considered the whole question in London before the passing of the Act. He accepted the argument that the federation would inevitably consist of disparate units, but emphasised the value of the political and economic unity that would result from its creation. In his view two factors outweighed all others: "first, that the early establishment of a constitutional relationship between the states and British India is of the utmost importance from the point of view of the maintenance of unity in India; and, secondly, that the existence of a central Government capable of formulating policies affecting the interests of the sub-continent as a whole is of direct and immediate relevance to the economic circumstances of the India of to-day". No one disputes the existence of anomalies in the proposed federation; but the political and economic unity of the country, which federation will bring about, in no way hinders the removal of such anomalies in the future. It is clear that normal political evolution will redress many of the grievances which British-Indian politicians allege exist in the Indian states to-day.

The general view is that federation will in due course be inaugurated under the terms of the Act. The inevitability of federation is accepted, both in British India and

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in the states. There is great suspicion that the Princes are still seeking to obtain greater privileges than the Act permits them; this is being trenchantly criticised in British India, where the belief is held that the Princes have already safeguarded their rights to the fullest extent. In objecting to association with the Princes in federation the Congress party is emphasising its adherence to the democratic idea. The party claims that the Princes will be a brake on democracy, although it is equally likely that through association with British India the Princes will in time modify their autocratic theories.

V. AN IRRESPONSIBLE ASSEMBLY

THE constitutional changes effected on April 1 have greatly altered the political outlook. This was reflected in the recent session of the Legislative Assembly at Simla. The unreality of the Assembly was thrown into sharper silhouette than usual by the fact that provincial Legislatures, wholly elected, were also in session in the plains. The weaknesses of the central Legislature have never before been so clearly disclosed. The Congress party, forming a homogeneous Opposition, frequently defeated the Government without obviously affecting the Government policy. This was in striking contrast to conditions in the provinces, where Congress Ministries were putting their political and economic theories into effect and carrying out policies which, in the past, have found their ablest exponents at the Centre.

No fewer than five Congress Premiers were supplied from the central Assembly, and other Congress men who are now Ministers in their provinces served their apprenticeship at Delhi-Simla. This exodus of talent from the Centre to the provinces greatly weakened the Congress benches, although it scarcely affected the results in the lobbies. Congress men realised their weakness constitutionally, and frequently emphasised with some bitterness

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the curious position in which they found themselves—futile representatives of the people in hopeless opposition to an irresponsible Executive.

The case for the early inauguration of federation thus found ample justification in the central Assembly. While it is true that much of Congress opposition derives from political bias, it is equally true that Congress men without responsibility can scarcely be expected to play a legitimate rôle in politics. In dealing with such subjects as defence, Indians overseas, the railways, and policy on the North-West Frontier, the Congress Opposition is naturally unrestrained by the realities underlying these problems. But that they have ideas on all of them is obvious; that their ideas frequently influence policy more than is imagined is not always appreciated.

The Congress party at the Centre is convinced that nothing proposed from its benches affects the Government, with the result that much that is so proposed could not possibly be accepted by a Government acting up to its responsibilities. The fault therefore lies with the system. Whatever weaknesses the proposed federal Legislature may have, it will not be rendered futile by the constant rejection of the majority view. The nominees of the Princes may on occasion prove embarrassing to the elected members, but they will not be able to stem the tide of democratic policy to the extent possible under the existing system. That Congress men in office are alive to their responsibilities is being clearly shown in the provinces; it is a fairly sound assumption that responsibility at the Centre will have a similar sobering influence.

Provincial autonomy has proved conclusively that the existing central Legislature is an anachronism. On several important issues during the past session the Government was defeated, but was under no obligation to resign; nor was it even bound to modify the policies that were condemned. Congress men were ready and willing enough to give realistic consideration to measures in which

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they and the Indian people were concerned; such was the case of the Insurance Bill, which was passed. But on matters in which they had no responsibility they fell only too readily into the channel of unconstructive criticism. Serving in a house which normally should be the most important constitutional chamber in the country, they found their views carrying less weight than those of their fellow Congress men in the provinces. The Assembly has itself been shorn of much of its influence over provincial affairs. Thus leaders of the Opposition were in the invidious position of sponsoring causes in which they could achieve no success, while members of the same party in the provinces were carrying out Congress policy in the name of the electors.

This changed position is appreciated in the country, and the demand for the early realisation of federation is almost certain to be developed, if only to enable the Opposition to obtain such power as the new Act concedes. While Congress men would like to see central responsibility granted to British India alone, it is extremely unlikely that the British Parliament will revert to that proposal, at one time considered and discarded. Strong opposition will continue to be engineered against the federation, but the tide of events is almost irresistible. The Princes are awaiting their Instruments of Accession, before giving final consideration to their attitude. Everywhere in India it is anticipated that accession will only be a matter of months. While the Princes still have doubts and hesitations, they recognise that their own political salvation lies, to no small extent, in allying themselves with the forces that have endowed India in recent years with wide opportunities for political expression.

India,

October 23, 1937.

GREAT BRITAIN

I. THE LABOUR PARTY

POLITICS do not sleep while Parliament is on vacation, but they change their costume. International troubles take no holidays, and it is they, rather than legislative and administrative problems at home, that have chiefly occupied the minds of the public and the front pages of the newspapers in the three months since *THE ROUND TABLE* last went to press. Meanwhile, politicians have gathered up their energies, the slower forces of economic change have made themselves politically felt, and the current political sentiments of the country have been sifted through the funnel of the party conferences. Both the Conservative and the Labour parties conferred at the beginning of October, but to the outside observer the Labour meeting was by far the more interesting of the two. The decisions of the Labour conference rank as authoritative expressions of party policy, to be carried out by an executive elected by the conference itself, whereas the Conservative conference merely enables the constituency workers to let off steam, by passing resolutions which the leaders may ignore. A more topical reason is that the Conservative party to-day faces no critical issues either of internal organisation or of public policy, in regard to which it has been for the most part content, since the India controversy was liquidated, to follow with occasional protests in the footsteps of the Government.

It is quite different with the Labour party. Its relation with its own Left wing, and its attitude towards the prime issue of rearmament, have been matters for intense feeling and momentous votes. The movement for a "united

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front" from Labour Leftwards had two aspects. On the one hand, it was inspired by a genuine anxiety among the "intellectuals" of Labour, led by Sir Stafford Cripps, to bring together all the forces of the proletariat in a common effort against capitalism, fascism and reaction. On the other, it was at the same time an opportunity for the communists to pursue their objective of infiltrating and eventually dominating the Labour movement, broad-based as it is upon the trade unions. The leading unions, and the majority of the Labour party, seem to have seen it in the more sinister light. The expulsion of the Socialist League (Sir Stafford Cripps' organisation) from the party, and its subsequent dissolution,* were part of a heresy hunt which demonstrated the strength of the Right-wing leaders, but left a good deal of soreness behind it. The "united front" movement, as an attempt to link Labour with the communists and the Independent Labour party (Mr. Maxton's group), was given up, but was replaced by a "unity campaign" within the Labour party itself. Certain leaders of the unity campaign, Sir Stafford Cripps, Professor Laski and Mr. G. R. Strauss, M.P., recently took umbrage at the refusal of the party executive to endorse the candidature of Mr. William Mellor, another "Crippsite", for the parliamentary seat of Stockport. The national executive did not consider, they said, that Mr. Mellor (who had twice stood for Parliament in the Labour interest, and had been for five years editor of the Labour paper, the *Daily Herald*) "would make a suitable candidate on behalf of the party". The three protestors thereupon withdrew their help from the Labour "crusade" to capture new members.

The question of the unity campaign was closely bound up with that of the relations between the trade unions and the constituency Labour parties. The latter are the medium, of course, of the "intelligentsia" of the party, and are therefore the usual mouthpiece of dissent from the unadventurous

* See *THE ROUND TABLE*, June 1937, No. 107, p. 637.

policies supported by the trade union majority. They had been the chief instrument of the unity campaign, and Sir Stafford Cripps was among their most prominent spokesmen. Even the trade union leaders, however, regarded it as anomalous and frustrating that the most lively element in the party, the element on which directly rested the task of securing a Labour majority in Parliament, should have an utterly subordinate representation in the executive body of the party. It was the executive itself that put to the party conference a motion increasing that representation from five in a body of twenty-three to seven in a body of twenty-five. A second motion gave both to the constituency parties and to the unions the right to elect their own representatives, instead of having each sectional group elected by the whole conference (as the women delegates still are). The latter motion was easily carried, the former only by a small majority which in effect depended upon Mr. Ernest Bevin's union, the Transport and General Workers. Mr. Bevin, whose favour had been carefully cultivated in the debate, compromised by supporting the change but opposing its introduction for a year. The dissentient unions, however, spoilt their own noses to spite Mr. Bevin's face by turning round and voting for immediate adoption of the reform. In consequence the new executive was elected on the revised basis, and the chosen representatives of the constituency parties include Sir Stafford Cripps and Professor Laski. With Major Attlee at its head, and with such men as these, or as Mr. Hugh Dalton, Mr. Philip Noel-Baker, and Mr. Wedgwood Benn, on its executive, the Labour party is much less proletarian in leadership than it is in popular support.

From the point of view of the party majority, the election of Sir Stafford Cripps to the executive was a paternal blessing upon the prodigal son. The previous day he had been obliged to eat husks when his unity campaign suffered an overwhelming defeat at the hands of the conference. The voting against the reference back of the

relevant section of the executive's report was 2,116,000 to 331,000. The minority was little more than half the highest vote recorded by the same forces at last year's conference; hence Labour unity has advanced, not from the end from which it was being proclaimed, but in the opposite direction. Moreover, the voting was not on the lines of trade unions *versus* local parties; for the latter, by a majority of three to one, voted against the unity campaign, which was supported by a number of smaller unions, chiefly those of the black-coated workers. The Labour party has therefore made up its mind: it wants the courage, energy and originality of Sir Stafford Cripps, the political enthusiasm and intellectual ability that find their home in the constituency parties; but with the communists and their erstwhile allies (though now, being tainted with Trotskyism, their enemies), the Independent Labour party, it will have nothing to do. The decision may also be taken as recognising implicitly that a party run by and for the trade unions has little hope of securing that middle-class and rural vote which is essential for the gaining of a majority in Parliament.

Decisive as was the vote against the Left wing, it was not so overwhelming as that in favour of rearmament. Only 228,000 votes—less than 10 per cent. of the whole—were cast against the official policy of support for strong national and imperial defence. The minority included, not only the true pacifists, but also those who bar Labour support for rearmament under a non-socialist Government—along which road, argued Mr. Aneurin Bevan, “is endless retreat, and at the end a voluntary totalitarian State with ourselves erecting the barbed wire”. It was not this view that gained the day, but the view expressed by Mr. James Walker, M.P., who summed up for the executive in a speech of almost truculent patriotism. He made it plain that the Labour leaders, like those of other parties, think in terms of the defence, not of Great Britain alone, but of the whole British Commonwealth. Rearmament has become, in the space of two years, a national policy in a

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sense that was hardly true even of pre-1914 armament policies. The tiny proportion of pacifists in the Labour movement, in which alone they find a political home, is perhaps sufficient commentary on other events that have caught the eye of foreign countries—the claim of the Peace Pledge Union to have a membership exceeding 100,000, and the election of its late leader, the deeply mourned Canon “Dick” Sheppard, to the honorific Lord Rectorship of Glasgow University. These, too, are significant, but what they signify is, surely, that the mass of British people realise there is no middle course between pure non-resistance and ability to beat the devil of war at his own game. The Labour party has made up its mind decisively, and no longer falls between two stools.

II. THE POLITICAL SCENE

IT is possible that, with its ranks more obviously closed, and its policy on the first issue of the day no longer blurred, Labour will increase its appeal as an alternative Government. The course of by-elections and local elections has been quite encouraging to its cause. At Springburn (Glasgow) the widow of the late Labour member held the seat, on a greatly reduced poll, by much the same proportionate majority as her husband had in 1935. At Islington (London), which had returned a Conservative with a majority of 3,385 at the general election, Dr. Haden Guest won a majority of 1,296 for Labour, again on a far smaller total poll. The municipal elections of November 1 showed a further consolidation of the Labour position. In the provinces, Labour lost 105 seats but won 121, and in Scotland its net gain was 24 seats. It now controls 57 town councils in England and Wales, roughly one-fifth of the total number. But its outstanding success was in London, where it lost only 4 seats while gaining 58, and now controls 17 out of 28 boroughs. On the national, county and municipal scales, London is now

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second only to the mining areas as a Labour stronghold.

A number of fascist candidates stood for the borough councils of London and other towns, but were all ignominiously defeated. The fascist movement, though deprived of its picturesque appeal by the law against political uniforms, has managed to keep in the public eye by reason of several incidents. The ban on political marches in the East End of London, on the north side of the Thames, was twice extended by the Commissioner of Police, and in consequence the demonstration planned by the fascists for October 3 was diverted to Bermondsey, south of the river. The change was hardly a success from the point of view of public order. A hostile crowd blocked part of the route, at some points erecting impromptu barricades. The police were obliged to make baton charges, and a leavening of hooliganism caused considerable disorder and the arrest of over a hundred people. It was a discouraging episode for the fascists, but even more so for the peaceable citizens of south London, whose private liberties were sacrificed in order to maintain the principle of political liberty for rival minorities who would destroy it without compunction if they had the power. Even more regrettable was the incident on October 10, when Sir Oswald Mosley was knocked unconscious by a stone when addressing an audience in Liverpool from a loud-speaker van.

Apart from Labour's triumph in London, the provincial municipal elections also showed a tendency for the party to gain in the south what it lost in the north; two of the three big boroughs that have swung to Labour are Bristol and Coventry, both rising industrial towns, south of the Midland coal-border, which have prospered under rearmament. Political as well as social changes may therefore be assumed to be following the shift of industry southward. The Survey of Industrial Development for 1936 showed that of the 551 new factories established in Great Britain during that year no less than 261 were in Greater London, and 25

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more in southern and eastern England. To offset the 286 new factories and 92 factory extensions in these areas, 166 closures of factories were recorded. In the rest of England, while 99 factories were extended, 203 were closed against only 235 new factories started. A Royal Commission, under the chairmanship of Sir Montague Barlow, has been set up

to inquire into the causes which have influenced the present geographical distribution of the industrial population of Great Britain and the probable direction of any change in that distribution in the future; to consider what social, economic, or strategical disadvantages arise from the concentration of industries or of the industrial population in large towns or in particular areas of the country; and to report what remedial measures, if any, should be taken in the national interest.

It is, perhaps, unfortunate that the issue should have been prejudiced for the Commission by the restriction of their enquiry to the *disadvantages* of recent industrial changes.

Nevertheless, while it is easy to think of economic and even social advantages, few people would concede any strategic advantage to the compression of enormous sections of the population into huge towns, the greatest of them in that corner of the country which lies closest to the continent of Europe. The vulnerability of the civil population to air attacks has been causing considerable anxiety, which will not be relaxed until the public are assured that the Government are pressing forward with this side of national defence at least as rapidly and energetically as with other sides. It was, to say the least, depressing to the ordinary citizen, who does not want to be gassed or burnt or blown to pieces, to learn that progress had been delayed by a financial squabble between local and central authorities. Early in November the local authorities rejected the Government's "final" offer, which was to assume complete financial liability for the setting up of a central organisation and the supply of respirators to the whole civil population, of protective clothing to air-raid precaution services, of decontaminating material, and of most

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of the other equipment needed by such services; and to bear a varying proportion of other expenditure, including the cost of structural alterations in public buildings, the provision of public refuges, and the recruitment and training of personnel for decontamination, emergency fire-fighting, rescue and repair work. The proportion would range from 60 to 75 per cent., according to the financial capacity of the different authorities, with special adjustment whenever their burden should exceed a penny rate. The local authorities have made it clear that, even though they may protest, they will co-operate once Parliament has decided.

An Air Raids Precaution Bill was the first Government measure to be given a second reading in the new session of Parliament. The King's Speech, delivered by His Majesty in person, foreshadowed a long programme of legislation, including Bills for the unification of coal royalties, for the better distribution of electricity, for stimulating the production and consumption of milk, extending the provision of free meals and medical care for young persons, amending the financial grants for slum clearance, providing better agricultural housing, liberalising the penal laws and accelerating the course of civil justice, for prolonging and amending the film quota system, checking "share-pushing" and regulating conditions of labour in road transport. The Labour amendment to the Address did not deny the need for these measures, but attacked the Government for its "weak and vacillating policy in foreign affairs" and for the "lack of any constructive and fundamental proposals for raising the standard of life of the people or for establishing economic prosperity upon a just and enduring basis".

The chief argument of the Opposition, on the foreign policy issue, was that the Government had betrayed both the legitimate Spanish Government, which stood for democracy over against fascism, and the vital interests of the British Commonwealth by furthering a policy of non-intervention when everyone knew that as far as help to

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General Franco was concerned non-intervention was a mockery. Mr. Lloyd George was in fiery form in his attack on the Government's cautious and conciliatory tactics with the dictators. The official spokesmen of the Labour Opposition were careful, in their criticisms of the Government's attitude towards the Far Eastern conflict, to avoid demanding coercive economic or other action against Japan, a policy that is desired only by a minority of the party and appears to be more favourably regarded in Liberal than in Labour quarters. The high-light of the whole debate was the Foreign Secretary's speech on November 1. It was on this occasion that he borrowed Lord Baldwin's phrase, proposed to be "appallingly frank", and amid loud cheers proceeded, apropos of Signor Mussolini's support for the German demand for colonies, to deny "the right of any Government to call upon us for a contribution when there is no evidence to show that that Government are prepared to make any contribution on their own account".

There is an inclination (he said later) to threaten, to issue orders from the house-tops, to proclaim what is virtually an ultimatum, and to call it peace. Such methods will never have any response here.

These sentiments were in tune with feelings on both sides of the House, but the substance of his speech was hardly tasteful to the Opposition; for it frontally assaulted their argument that non-intervention had been a gift to General Franco. He argued that the non-intervention system, by implying a denial of belligerent rights, had kept open the seas for the side that was navally inferior, that is to say the Valencia Government, and he showed how invaluable that maritime access had been in securing supplies from abroad, including aeroplanes and other munitions. In another memorable passage, defending himself from the charge of throwing over the League in the China crisis, he declared that he would travel not only

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from Geneva to Brussels, but from Melbourne to Alaska in order to get the full co-operation on an equal basis of the United States Government in an international conference. It was a frank and courageous speech, which added a cubit to Mr. Eden's parliamentary stature.

III. THE ECONOMIC OUTLOOK

ON the economic side, the gist of the Opposition's attack was the charge that the Government was failing to provide for and guard against a possible business recession. The Liberal amendment likewise regretted that the King's Speech contained no indication that the Government was taking adequate steps to provide against a possible diminution of employment occurring either on the completion of the process of rearmament or through a period of commercial depression. The Liberals' proposal was to reduce the barriers to world trade, in concert with the Dominions, the United States and other countries; to promote the fuller development of backward regions of the Empire; and to prepare definite plans for the construction of capital works of national importance and the utilisation of national resources at present neglected. Labour accepts these points, and adds—the programme is that voiced by Mr. Bevin at the Trades Union Congress in September—the creation of "an up-to-date credit machine", the formation of a national development fund while we can afford it, and the improvement of the social services, unemployment pay, and pensions. "We only seem to be in full work either when there is a war or when we are preparing for war", said that mogul of trade unionism. "The view seems to be gaining ground that a slump is inevitable. It will be if we leave things to drift on."

The Government's reply is, first, a defence of its actual measures to sustain the economic and social life of the country—the £80 million spent on roads in six years, the slum clearance programme (which now covers over 400,000

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houses), the help to agriculture and shipping, the rationalisation of the coal, cotton and electricity industries, and the increased social services, the fuller use of which is being fostered by a national campaign. The second half of the reply is to deny the imminence of a business recession. Industrial production, Mr. Chamberlain told the Conservative conference, still showed an astonishing resilience, and there was no visible sign of the oft-prophesied slump. It is, no doubt, wise for any Government to avoid economic pessimism in public, but the more cautious of the National Government's supporters may feel a certain anxiety at their leaders' tendency to stake their reputation on the indefinite continuance of industrial prosperity.

Although there has yet been no evidence of an actual setback in trade, there have certainly been signs of a lag in the former advance, and of a possible retreat before long, which might, of course, prove only temporary. Unemployment, after falling by over 20,000 in August, rose by 81,000 in the eight weeks ended October 18. The figure is nevertheless still about 166,000 less than a year ago, and the number of insured persons in employment has risen in twelve months by 464,000. The good employment figures have enabled the unemployment insurance fund to put by a surplus of about £60 million, after paying £5 million a year towards the extinction of its outstanding debt. The existence of reserves like this has contributed much to the maintenance of cheap money, and is some comfort to those who fear a strain upon the financial and fiscal system if and when trade recedes. The unemployment insurance statutory committee has expressed the view that some £30 million of any surplus accumulated by the fund in fat years should be kept as a reserve to enable benefits to be maintained over the lean years. The disposal of the remainder may cause bitter controversy. The Treasury is naturally inclined to favour either a reduction of the outstanding debt or the extension of the numbers of the unemployed who receive insurance benefits as of right,

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instead of government-provided allowances under the means test. Labour, equally naturally, presses for higher benefits.

The rising cost of living has already caused an agitation in favour of higher benefits and allowances. The only concession so far announced is that the unemployment assistance board, having taken into consideration the change in the price of commodities and the approach of winter, has instructed its officers to deal with any cases of hardship arising from these circumstances. There is clearly much in the Labour plea that all alike are faced by dearer food and wintry weather, and that the concession, once admitted as necessary in some cases, should be made universal. The food component in the Ministry of Labour's cost-of-living index, which was 83.1 (base, 1929) in September 1936, had risen to 92.9 in September of this year.

This rise in living costs has been accompanied, though probably not equalled, by increases in wages. The most striking of these was the restoration of the remaining fraction of the cuts imposed on railwaymen in 1931. A minimum basic rate of 40s. a week was granted by the tribunal, which rejected, however, the claims for a 50s. minimum, a fortnight's holiday with pay (instead of a week) for drivers and firemen, and a 36-hour week for railway clerks. The award was accepted by both sides, though not without grumbling on the part of the unions. The companies have obtained, as an offset, an increase of all fares outside the London suburban area by 5 per cent.

It is the combination of rising costs with falling world prices that causes a certain amount of anxiety about the economic future. In some ways (including the height of taxation) a depression would find the economic structure less able to withstand attack than it was in 1929. In others, however, it is better prepared, and in no respect more so than in our greater understanding, born of experience, of the causes and symptoms of economic disorder and the means to set it right.

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I. CANADA AND NORTH AMERICAN LABOUR TRENDS

FEW questions have attracted greater attention in Canada in recent months than that of the relations between employers and employees. A series of events has brought it to the fore: evidence given to the so-called Price Spreads Commission* of the existence of unduly low wages in certain major industries, the Privy Council decision† against the constitutional right of the Dominion to pass maximum hours, minimum wages and unemployment insurance legislation, the epidemic of industrial disputes following the more rapid rise since 1934 of prices than of wages, and last but not least the repercussions of the industrial unrest in the United States.

Up to the present, Canada has enjoyed comparative immunity from major industrial troubles. While the beginnings of the country's industrial development go back to Confederation (in 1867) and beyond, up to the turn of the century the great majority of the plants were small, the employers were close to their employees, and the maintenance of acceptable conditions of employment presented no great difficulty. Moreover, labour was for the most part markedly mobile, and if conditions were not satisfactory in one employment it was usually possible to shift to another. The only important industries in which any serious attempt was made to organise trade unions were transportation and building. Since 1900 there has, of course, been a substantial development of large industries, but even to-day the percentage of small

firms whose labour relations may be said to be on a personal basis is strikingly high. Thus of the 3,500 members of the Canadian Manufacturers' Association, representing some 80 per cent. of the country's total secondary production, 72 per cent. employ fewer than 60 persons, and 83 per cent. employ fewer than 100 persons.

During the last thirty years there has been a steady, if slow, growth of trade union organisation. The membership of the various classes of organised labour bodies increased from some 130,100 in 1906, to 322,400 in 1936, the "peak" being 378,000 in 1919. Of the 1936 total, 174,000 belong to international unions (that is, unions having their headquarters in the United States), 83,000 to purely Canadian federations, 45,000 to the National Catholic unions of the province of Quebec, and 19,000 to various independent organisations. The entire trade union membership would not exceed 10 per cent. of the total number of persons gainfully employed. It will be observed that the chief strength of Canadian trade unionism centres in the so-called international unions, which operate chiefly in the transportation, building, printing, coal-mining and pulp and paper industries. From time to time attempts have been made to break down the international type of organisation and to set up a purely Canadian body, but the obvious advantages of internationalism in the way of greater financial and bargaining strength have always enabled it successfully to withstand the attack.

Canadian employers concede the right of employees to join any lawful union, but deny the right of those who wish to join to coerce those who do not, and also deny any obligation on their part to deal with anyone except their own employees. Generally speaking, employers do not concern themselves as to whether their employees are trade union members or not. In recent years various types of employee representation plans, sometimes known as "company unions," have been instituted in the larger industries, but in the smaller establishments not even this

* See THE ROUND TABLE, No. 99, June 1935, p. 589.

† See THE ROUND TABLE, No. 108, September 1937, p. 755.

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kind of organisation has been demanded or, apparently, needed. At all events, employer-employee relations have been regulated with comparative freedom from serious conflict and disturbance. It is only too true that extremely low wage conditions have from time to time been brought to light; nevertheless, the right of labour to a decent living wage is generally recognised by employers, as part of the democratic tradition of the country. Thus there is much more reluctance than in some other countries to reduce wages immediately profits shrink. The growing tendency has been first to exhaust every possible means of increasing efficiency. This tendency has, moreover, been accentuated by the North American doctrine, so vigorously preached by Mr. Henry Ford, that it is in the interests of employers to pay the highest possible wages in order to provide their employees with the highest possible purchasing power.

Another contributing cause of the freedom from serious industrial trouble in Canada has no doubt been the arbitration and conciliation legislation that has been enacted in the last thirty years. Chief among these measures is the Dominion Industrial Disputes Investigation Act, better known as the Lemieux Act, under which, since 1907, strikes and lockouts have been prohibited in transportation, mining and public utilities, pending an investigation and report by a board of conciliation representative of both sides, with an independent chairman. In only 39 cases, out of the 866 applications for boards that have been made since the inception of the Act, was the threatened stoppage not averted, or the strike that had been entered upon not ended, as a result of board procedure. The reasoning behind this type of measure is, of course, that it is not merely the right but the duty of the state to forbid strikes or lockouts in great public services in which a stoppage of work causes direct loss and injury to large sections of the public; and there is a move to extend the same principles to the larger industries.

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Another factor is the legislative trend of recent years towards so-called industrial standards measures, which provide for the enforcement on a whole industry of wages and hours agreed upon by a representative number of employers and employees engaged in it. By way of supplementing these measures, Acts have been passed setting up tribunals to fix minimum or fair wages in industries that do not negotiate agreements under the industrial standards enactments. It seems likely that the industrial standards laws will tend to encourage, and the minimum and fair wages laws tend to discourage, unionisation.

Three different methods of regulating employer-employee relations are, in effect, competing with each other today. The labour unions are making a strong drive for increased unionisation; the politicians are experimenting with legislation; and many employers are exploring more energetically than in the past the possibilities of co-operation between the employees and the management of individual establishments. With which of these methods or with what combination of them the future lies it is, of course, impossible to say, but it is obvious that the purely industrial question must be considered not by itself but as bound up with the future social and political development of the working class. This brings us to a consideration of the remarkable and, some would say, revolutionary events that have recently taken place in the United States in the field of labour. For North America, though divided politically, is largely one industrially. Canadian trade unionism and working class movements generally have always been strongly influenced, directly and indirectly, by American developments. The key to what is likely to happen in Canada must therefore be sought, in part at least, in the United States.

American labour started with the "ideology" of the Declaration of Independence in 1776. Intended as a justification of a political revolution, the Declaration was worded as an expression of faith in a social revolution.

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The doctrine that all men are born free and equal seemed, to the pioneer American farmer, to have grown directly out of experience. So it appeared, two or three generations later, to the young workmen when they, for the first time, achieved political consciousness. It was from a combination of the principles of individual rights, individual self-determination, equality of opportunity and political equality, expressed or implied in the Declaration, that the first and most persistent American labour philosophy derived. Labour read into the Declaration of Independence a condemnation of the wage system as a permanent economic dispensation; sooner or later, in place of the wage system, there was to come "self-employment". Just as no true American could take orders from a king, so he could not consent for ever to remain under the orders of a "boss". This social ideal played a part only second to that of the changing economic environment in moulding the American labour programme. It supplied, for example, the driving force behind the demand in the 'thirties for a "republican" system of education; a political and social democracy must, it was realised, be based on an educated and intelligent working class. In the 'forties, the labour programme centred on economic democracy, on equality of economic opportunity. This took the form of a demand for a grant of public land, free of charge, to everyone willing to brave the rigours of pioneer life. The Government, it was urged, should open to the worker an escape from the wage system into self-employment by way of free land. The same cry was taken up by the western states, eager for more settlers to build up their communities, and the Homestead Law of 1862 was passed. The hopes that a republican system of education and free land would substitute self-employment for the wage system were, however, falsified. The United States was already, in the 'sixties, becoming an industrial country, and it became apparent that neither the industrial worker nor the farmer would realise the ideal of self-employment and equal opportunity without capital. This was the

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origin of the movement known as "Greenbackism", which for nearly twenty years had the enthusiastic support of the overwhelming majority of the industrial worker and farmer class. The bizarre inflationary scheme of converting the Civil War Debt bonds into legal tender, while nominally a programme of currency reform, was, in reality, an attempt to take away from bankers and middlemen their control over credit, and, by furnishing credit and capital to the producers of physical products, to make possible a real system of self-employment. In other words, it was an attempt to establish industrial democracy.

It soon became clear, however, that the working man could not expect to attain self-employment as an individual, but that it had to be sought, if at all, on the basis of producers' co-operation. This was the purpose of the Knights of Labor, an organisation which was founded as early as 1869 but did not become influential until the middle 'seventies. Its purpose was nothing less than "to lead the American wage-earning class out of the bondage of the wage system into the Canaan of self-employment". Similar to the Rochdale system of England, in that it proposed to start with an organisation of consumers, it departed radically from its English prototype in that it aimed, not primarily at saving money for the consumer, but at creating a market for the productive establishments that were to follow. Consumers' co-operation was to be but a stepping stone to producers' self-employment.

Nor was the movement purely economic. Realising only too well that neither the Republican nor the Democratic party would voluntarily make an issue of a scheme for assisting the wage-earner to become an independent producer, the leaders turned to political action and sought to create an independent labour party. The National Labor and Reform party of 1872, the National Labor Congress of 1876, and the Greenback-Labor party of 1878 all had as their aim, in one form or another, the achieving of social and economic reforms by political means. The

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movement reached its culmination at the time of the great strikes of 1877, which by their wide extent and violent character impressed contemporaries as being nothing short of social revolution. In the Congressional election of 1878 the Greenback-Labor party polled a vote of a million, and fourteen Representatives were sent to Congress. But a change for the better in the industrial situation cut the ground from under the movement's feet, and the redemption of greenbacks in gold in January 1879, together with the very great increase in the volume of the currency which took place at that time, made greenbackism on its financial side a dead issue. The common grievances that had brought farmer and wage-earner together largely disappeared with the lifting of the long depression of the 'seventies, and the project of an independent working class party was abandoned.

This episode was followed by a pronounced swing to militant trade unionism, with the limited objective of increasing the bargaining power of the wage-earner and using it to obtain a better price for his labour. The new leaders, Strasser and Gompers, consciously adopted the British unions as their pattern, and turned their back on the "native" American trade unionism, which still hankered after self-employment and producers' co-operation. If its philosophy of pure wage-consciousness was narrow, the new unionism's concept of labour solidarity was narrower still, being virtually limited to the loose federation of autonomous craft unions of skilled workers. Whereas the Knights of Labor held that the bargaining strength of the skilled craftsman should be used as a lever to raise the status of the semi-skilled and unskilled worker, the leaders of the new unionism accepted and built upon the group selfishness of the craftsmen, caring little for the lesser breeds without the crafts, whom, they considered, experience had shown to be undesirable allies. On the other hand, the autonomous craft unions showed that they could win strikes where the centralised, promiscuous Noble Order of the Knights of

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Labor merely floundered and suffered defeat after defeat. With the failure of the great Knights of Labor strikes in 1886 and 1887, the struggle between the two rival programmes and methods of organisation was virtually decided in favour of the close-knit, autonomous craft union. Given the absence of working-class homogeneity and solidarity, and given the traditional individualism of the American, the limited-objective, non-political unionism was the only form of organisation that could produce results.

Whether conditions have changed sufficiently in the last forty years to make possible and desirable today what was found impossible in the 'nineties and has never really been tried since, is the question that is sharply dividing American labour at the present time. Undoubtedly great changes have taken place. With the marked expansion of mass-production industries there has been an enormous increase in the numbers of semi-skilled and unskilled workers who are not eligible for admission to the craft unions. While the latter, during the war, accepted large numbers of unskilled workers, the period 1921 to 1933 was marked by a serious decline in membership, and by 1933 the American Federation of Labor numbered fewer adherents than at any time since 1916. The National Recovery Act of 1933, with its guarantee of the right of the workers to bargain collectively, seemed to foreshadow a revolutionary increase in the strength of trade unionism; Mr. William Green, President of the Federation, spoke of enrolling 25 million workers. But the guarantee proved a broken reed, and it looked as though the old conservative craft-union organisation was incapable of taking advantage of conditions that were more favourable to labour than they had been for a generation.

So, at least, it seemed to Mr. John Lewis, head of the powerful Mine Workers Union. After failing to persuade the Federation to change its ways, he launched his Committee for Industrial Organization, based on the industrial, as distinguished from the craft, union. The semi-skilled

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and unskilled were to be enrolled, as well as the skilled. Great progress was made during 1936, principally in the steel, rubber and automobile mass-production industries, and to-day the C.I.O. boasts a membership of more than 4½ millions, slightly higher than that of the Federation. Moreover, Mr. Lewis, departing from the traditional Federation policy, openly turned to political action. He made no secret of the fact that he had "delivered" the labour vote to Mr. Roosevelt at the presidential election of 1936, and expected to receive his *quid pro quo*. How the movement will develop it is impossible to conjecture; but the fact that discussions looking to reconciliation are now in progress between the C.I.O. and the Federation suggests that it is too soon to conclude that a social and economic revolution is in sight.

What of the repercussions of these American developments on Canadian labour? The "ideological" conflict between craft and industrial union means little in Canada, where both types of union have existed side by side for years; and Canadian labour leaders are endeavouring to compose the differences between the two contending camps in the United States. When, however, the C.I.O. "sit-down strike" technique seemed likely to be introduced into Canada in connection with the unionisation of the Canadian branch of General Motors, Canadian labour leaders were scarcely less emphatic than the Minister of Justice and the Premier of Ontario in condemning it. A number of industrial plants have indeed been unionised by the C.I.O., and the movement is likely to continue, but it is doubtful if it will assume anything comparable with its American proportions.

It is not merely that Canada has proportionately fewer mass-production industries; the gulf between skilled and unskilled, which is such an important factor in the United States, does not exist in Canada. In the United States the skilled workmen are for the most part of English-speaking origin and are well-paid, while the unskilled are

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largely of foreign origin and are comparatively ill-paid. In Canada, there is no such line of demarcation either of blood or of pay; there is a large foreign population, but only a small part of it is employed in industry. Hence the enormous industrial proletariat, which offers a favourable soil for the growth of revolutionary ideas, and which makes conceivable the rise in the United States of a working-class political party, has no real counterpart in Canada. In spite of the substantial increase in the numbers of the industrial workers, there is no sign of the creation of a class-consciousness sufficiently strong to form the basis of an independent working-class party. Working men of ability and character can, and do, "climb up the ladder", and it is no accident that most trade union leaders in Canada are not Canadian-born.

In both countries it has great significance that the political party system is older than the formation of modern economic classes. Each of the old parties represents, at least in theory, the entire American or Canadian community regardless of class; and the working man is generally just as much attached to the old party label as is the average employer or professional man. Never until the last presidential election was it possible to "deliver the labour vote" in the United States, and judging from recent Canadian elections it is still impossible in Canada. The industrial labour class is relatively much smaller than in the United States—the population is still fifty per cent. rural, as compared with twenty-five per cent. in the United States—and there is as little sign as ever of joint political action by farmers and labour. Even if the American labour movement gave a lead towards class-conscious political solidarity, the Canadian movement would follow, if at all, *longo intervallo*. But no such development seems probable. Despite the undoubted existence of a considerable socialistic element in the C.I.O., the objective still appears to be the limited one of securing better conditions within the existing economic and political

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system. And if this is true of the American, it is doubly true of the Canadian, movement, which in recent elections has turned a deaf ear to the socialistic programmes of the League for Social Reconstruction and the Co-operative Commonwealth Federation. If reasonable progress is made in mending the capitalist system, there seems little likelihood, in either half of the continent, that the working class will seek to end it.

II. POLITICS IN ALBERTA

THE political scene in Alberta has again been agitated. In a special session of the legislature, from August 3 to August 6, laws were enacted purporting to place the banks in the province under the control of the provincial Government. One Act barred access to the courts to test the validity of any enactment of the legislature of Alberta. Within a fortnight, these Acts had been disallowed by the federal Government at Ottawa. From the platforms of Social Credit it was immediately proclaimed that the Government of Canada had joined "the financial interests" in frustrating "the will of the people"; from all other platforms it was protested that a lawless provincial legislature was challenging the constitution of Canada. In a later special session, from September 24 to October 5, further controversial Bills and resolutions were hastily accepted by the Social Credit majority. At the prorogation, three Bills were reserved by the Lieutenant-Governor for the assent of the Governor-General in Council. The effect of legislation restricting civil liberties and ignoring the constitutional law of Canada has been to rouse a vigorous opposition to Mr. Aberhart's Government.

The legislation of August marked another false start toward the fulfilment of the promise of monthly dividends. The chartered banks, rather than provincial credit-houses, were now to be the instruments of Social Credit. The strategic plan for the recent legislation has been attributed

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to Major Douglas, acting through representatives in Alberta. Their presence in the province may be explained by events earlier in the year. In April, toward the close of the regular session of the legislature, a feud developed within the ranks of the Social Credit party. Private members, who were impatient with the delay in carrying out the party policy, revolted against their leader and refused to pass the budget. In order to placate the insurgents, Mr. Aberhart consented to set up a Social Credit Board of five private members to make recommendations for legislative action. Any member of the Board might visit any part of the world to procure technical experts. The Chairman, Mr. G. L. MacLachlan, promptly left for London. There relations with Major Douglas were restored. In June, two of his lieutenants, Mr. G. F. Powell and Mr. L. D. Byrne, arrived in Edmonton to advise the Government. They won the allegiance of the party caucus; on August 3, fifty Social Credit members signed a secret pledge, since revealed in the press, "to uphold the Board and its technicians", while they devised means "whereby the will of the people of Alberta shall prevail throughout its institutions of production and distribution". Members promised to vote consistently for the Government while it introduced legislation in accordance with this objective. Naturally, the Opposition has denounced "the absentee Government of Fig-Tree Court", which is alleged to direct the motions of mere automatons in the legislature.

The disallowed Acts were three—"An Act to provide for the Regulation of the Monetisation of the Credit of the Province", "An Act to provide for the Restriction of the Civil Rights of Certain Persons", and "An Act to Amend the Judicature Act". The first Act required the licensing of all bankers by a "Provincial Credit Commission"; it also set up local directorates, with majorities appointed by the Social Credit Board, to control the business of banking. Under the second Act, "any person who is an employee of a banker and who is required to be licensed

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... shall not while unlicensed ... be capable of bringing or defending any action in any Court of Civil Jurisdiction in the province which has for its object the enforcement of any claim either in law or equity". The third Act inserted in the Judicature Act of the province the following proviso : "No action or proceeding of any nature whatsoever concerning the constitutional validity of any enactment of the Legislature of the Province shall be commenced, maintained, continued or defended until permission to bring or maintain or continue or defend such action has first been given by the Lieutenant-Governor in Council".

The identical preambles to the first two Acts suggest that the framers of the legislation expected its constitutional validity to be questioned. The preambles attempted to compress the legislation within the property-and-civil-rights clause of section 92 * of the British North America Act. They declared that "the extent to which property and civil rights ... may be enjoyed depends upon the principles governing the monetisation of credit and the means whereby such credit is made available to the province and to the people of the province", and that "it is expedient that the business of banking shall be controlled with the object of attaining for the people of Alberta the full enjoyment of property and civil rights in the province". Section 91 of the B.N.A. Act, on the other hand, places banking within the exclusive legislative authority of the Parliament of Canada. In his report recommending disallowance, the Minister of Justice said :

These Statutes were apparently enacted upon the assumption that the authority of the provincial legislature to legislate in relation to property and civil rights in the province is unrestricted by the terms of the British North America Act. This is not the case. Under the constitution of Canada, the provincial legislatures are empowered to legislate in relation to property and civil rights only to the extent that the power to legislate in relation to this subject matter has not been assigned to the Parliament of Canada.

* This section recites the exclusive powers of provincial legislatures.

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This was also the view of the Attorney-General of Alberta, whose opinion concerning the constitutional invalidity of the legislation had led to his dismissal.

The Alberta legislation was received in Ottawa on August 10. The Prime Minister of Canada promptly proposed to Mr. Aberhart that the Acts be referred to the supreme Court of Canada, and meanwhile that the Government of Alberta should take no steps towards their enforcement. On August 16, Mr. Aberhart rejected Mr. King's proposal. The next day, the federal Government disallowed the three Acts.

To the federal power of disallowance there has been no resort for thirteen years. Federal Governments have preferred to leave the question of constitutional validity to the courts. The prevailing practice and the reasons for the present exception were thus stated in Mr. Lapointe's recommendation for disallowance :

While no project or policy of a provincial legislature should be interfered with by exercise of the power of disallowance merely on the ground that measures to promote such project or policy are of doubtful constitutional validity, a distinction is to be made where the legislature deliberately attempts to interfere with the operation of Dominion laws and to substitute laws and institutions of its own for those legitimately enacted and organised by Parliament; and this is particularly true where the legislature has denied recourse to the courts of justice.

The Prime Minister also stressed the importance of the refusal of access to the courts :

That kind of remedy is denied since the citizen, according to Mr. Aberhart's reply, cannot get access to the courts unless it suits the policy or discretion of his Government to permit such access, and only after compliance with requirements which are *prima facie* beyond the competence of the province to enact. To take away the right of any citizen of Canada to appeal to the courts of the land against the exercise of arbitrary power is opposed to the whole spirit of our institutions.

Meanwhile Major Douglas had congratulated Mr. Aberhart. His wire read :

Great work. Rush appointments bank directors. Pass Press Act.

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Mr. Aberhart chose to challenge the disallowance. On August 26, in a long letter to Mr. King, which was rather an appeal to the rural constituencies than a reasoned criticism of the action of the federal Government, he stated that

while awaiting the outcome of any negotiations that might be entered into, we must in the meantime proceed most rapidly to end poverty and starvation in this province. In order to accomplish this, we are going to implement immediately the legislation passed at our last session and which you purported to disallow. . . . We have gone fully into the matter of disallowance and find that you have now not such powers.

The argument is that the declaration of the Imperial Conference of 1931, that the King on the advice of his British Ministers shall not exercise the prerogative of disallowance over Dominion legislation, extends also to the federal power of disallowance of provincial legislation in Canada. It has been repeated in more dangerous form by some of Mr. Aberhart's followers: "since the Statute of Westminster, the province is a sovereign State". The challenge, however, was one of words until the eve of the September session. In the interval between sessions, the Government took no important action except to proclaim a new moratorium to prevent the payment of debts to banks and to insurance and mortgage companies. "Purchasing power" was to be kept within the province. On September 22, an order-in-council forbade clerks of the court, without the consent of the Lieutenant-Governor in Council, to enter any proceeding that sought to challenge the validity of any Act of the provincial legislature.

From the session of September 24 to October 5, many Bills and resolutions emerged. One resolution denied the federal power of disallowance and expressed the intention to implement the disallowed legislation, but approved the intention of the Government to refer the question of disallowance to the courts—an unconvincing gesture, since there is no doubt about the federal power of disallowance. The Act of August for "the Regulation of the Monetisation of the Credit of the Province" was virtually re-enacted

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with changes in the preamble and without the requirement of licences for bank employees. The other two disallowed Acts did not reappear. Another Bill provided for the registration and licensing of all persons engaged or employed in any business. A single Minister might refuse a licence if he considered it in the public interest to do so. The Bill was greeted outside the legislature by a howl of protest against "dictatorship", and amendments at the end of the session greatly reduced the list of occupations to which the measure is to be applied. A Bill "to ensure the Publication of Accurate News and Information"—the Press Act referred to by Major Douglas—roused far-flung protest. It required newspapers to publish any statement provided by the chairman of the Social Credit Board concerning the policies of the Government. The statement was not to exceed one page in a daily paper or one-tenth of the space in any other paper. Any newspaper might be required to disclose to the Government the source of any published information. As penalty for contravention of the Act, the publication of anything written by a specified person might be forbidden and the newspaper might be suspended. There were also heavy money penalties.

Another Bill increased the taxation of the banks from approximately \$230,000 a year to an estimate of \$2,000,000. According to Social Credit members, taxation really costs the banks nothing, since they create credit with the stroke of a pen. Nevertheless, they rejected a resolution to apply for a Dominion charter to create a provincial bank. A further Bill repealed an early law of the Aberhart régime authorising the recall of a member on a petition from two-thirds of the electors in any constituency. The Recall Act had been thought unworkable, but it had recently been invoked with possibility of success in Mr. Aberhart's own constituency. The retroactive repeal confirmed the taunt of the Opposition that the present Government observes none of the rules of the political game. The legislature also resolved to give notice to end the agreement of 1932

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with the federal Government whereby the Royal Canadian Mounted Police assumed the duties of the previous provincial police. A further resolution decided that no representations on behalf of the Government of Alberta be made to the Royal Commission on federal-provincial relations. Mr. Aberhart had already objected to the personnel and terms of reference of the Commission.

To the new Alberta Credit Regulation Bill, to the Taxation of Banks Bill, and to the Bill to ensure the Publication of Accurate News and Information, the royal assent was reserved at the end of the session.

The proceedings in the two special sessions have sharply accentuated the conflicts of opinion in Alberta. Social Credit supporters depict the battle as one between financial interests and an oppressed people. They evade, whenever possible, the constitutional issues. Although remote voices have been heard to utter the word "secession", the leaders repudiate any such intention.

The Opposition emphasises the conflict between the federal and provincial Governments. Whether the way to social improvement lies through a policy of Social Credit or not, it demands that advance be made only by constitutional means. It resents the methods of dictatorship; it abhors the lawlessness of the majority of the provincial lawmakers, and demands respect for the constitution of Canada. It deplores the secret pledges and the domination of alien "experts".

The Opposition has become much more articulate. Great mass meetings have been held in the cities. Mr. Aberhart's is no longer the only political voice regularly heard on the radio. Among the rank and file of citizens there is a strong demand that the old-line parties unite their forces in order to enable the province to return to "sanity". How far the politicians are meeting this popular demand is still a bit of a mystery. There was united support for Mr. E. L. Gray, the new Liberal leader, in the Edmonton by-election of October 7. Although there was no Government candidate,

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the by-election was regarded as a successful demonstration against Social Credit.

If assent is refused to the three reserved Bills, Alberta may expect further special sessions or perhaps a general election. The probable outcome of an election is a matter of debate. It is generally believed that, in the urban centres, no substantial body of opinion retains respect for the Aberhart Government. The situation in rural Alberta, which commands the majority of seats, is more obscure. Although Alberta is by no means in the sad condition of drought-ridden Saskatchewan, there are still drought areas, farmers with heavy debts, and a large number of people on relief. It is not unnatural that many of the distressed should still regard an Aberhartian miracle as their only hope. Moreover, through the broadcasts of the Prophetic Bible Institute, Mr. Aberhart has built up a loyal, religious fraternity. The effects of his teaching that economic distress is the work of personal Satans dramatised as "big-shots" or bankers are not quickly dispelled. There are many who still look to the dividend to pay the mortgage; others, who have lost faith in the promises of 1935, still cherish the illusion that Mr. Aberhart has governed well.

Canada,

October 1937.

AUSTRALIA

I. NATIONAL INSURANCE

EARLY in August the Commonwealth Government received a report on National Unemployment Insurance from Mr. G. H. Ince, chief insurance officer of the British Ministry of Labour, but so far nothing has been done. Mr. Ince suggested three methods of financing the scheme, none of which proved acceptable to the Federal Government, who, however, put forward a scheme of their own very similar to the second of Mr. Ince's suggestions. It embodies equal contributions from employees and employers on a flat rate, and a contribution from the Australian governments amounting to some £2,000,000 per annum. In addition, the various governments would have to subscribe as employers of labour. The benefits would be uniform throughout Australia.

It was to be expected that the views of the states should vary because of their differing unemployment problems and the provisions they already make for unemployment relief. South Australia and Western Australia were in favour of the first of Mr. Ince's proposals—that the matter should be one entirely for the Commonwealth, except in so far as the state governments made contributions as employers of labour. Queensland already has an unemployment insurance scheme operating, and sees no reason why it should be changed. New South Wales and Victoria seem likely to accept any reasonable scheme that will relieve the state finances from any part of the burden of unemployment relief.

Considerable opposition was aroused, principally among employees. The Labour Council of New South Wales,

THE REPORT OF THE BANKING COMMISSION

for example, cannot bring itself to agree to the extraction of contributions from employees. But the chief obstacle to the adoption of any scheme seems to be the difficulty of securing the support of the various state governments, without which it cannot hope to succeed.

The Federal Government also received in August a report from Sir Walter Kinnear, controller of the insurance department of the British Ministry of Health, regarding a compulsory national health, widows', orphans' and old age pensions scheme. Here again the scheme was to be established on a contributory basis, with contributions from all employees over 16 years of age, and an equal contribution from their employers. In addition, heavy annual subsidies, amounting to about £11,000,000 by 1977, would be required from the Commonwealth Government. The benefits suggested would cover medical attention, sickness and disablement benefit and pensions for widows and orphans and for old age. This report was somewhat overshadowed by the report on unemployment insurance, and discussion regarding the desirability of national social insurance has not been as general as the importance of the subject would seem to warrant.

II. THE REPORT OF THE BANKING COMMISSION

THE Royal Commission appointed to inquire into the Australian monetary and banking system reported in July. Controversy has largely centred round the view expressed in Chapter VI (par. 530) of the report that where there is a conflict between the Government and the Board of the Commonwealth Bank regarding "what is best in the national interest", it should be the duty of the Bank to carry out the policy of the Government. The Commission was of opinion that "full and frank discussion" between the Board and the Government would "in most cases . . . ensure agreement on a policy to be carried out by the Bank which it can reconcile with its duty to the community, and

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which has the approval of the Government". Failing such an agreement the Government should "give the Bank an assurance that it accepts full responsibility for the proposed policy, and is in a position to take, and will take, any action necessary to implement it".

The Commission made perfectly clear their view that this was not to be taken to mean that the Government should interfere in the administration of the Bank. But holding, as they did, the view that "the Federal Parliament is ultimately responsible for monetary policy, and the Government of the day is the executive of the Parliament", the majority of the Commissioners were bound to conclude that in a dispute involving the national interest the Government must prevail.

Critics have argued that the Commission were in error in stating that the "Government of the day is the executive of the Parliament". To these critics, the recommendation of the Commission involves abrogating the constitutional powers of Parliament and vesting them in the Government. They contend that the Government should be compelled to submit for the approval of Parliament any proposals involving fundamental changes of financial policy, since, whatever its majority in the House of Representatives, it might find difficulty in convincing the Senate. On the other hand, supporters of the Commission's view have argued that the Government has, in fact, during recent years, decided important economic issues and monetary policy without reference to Parliament, and that Parliament has acquiesced.

The recommendation of the Commission that the Commonwealth Bank should not only make greater use of the powers it already possesses, but should also be given even wider powers to control banking and monetary policy, read in conjunction with the constitutional issue discussed above, has also been seized upon as leaving the door open for political interference with private banking. On the other hand, it is contended that the modern tendency for

THE STATUTE OF WESTMINSTER

Parliament to give a quasi-independent status to *ad hoc* bodies threatens the whole structure of democratic government, and that to make the Commonwealth Bank superior to the Government on matters of financial policy would be to take another important step in this direction. To those who argue on these lines, a political dictatorship is preferable to the administrative dictatorship that might follow from permitting the Commonwealth Bank to control the monetary and banking system without reference to the financial policy of the Government.

The Commission approved the general principles of the banking and monetary system of Australia, although it criticised many points of detail. With one dissentient, it recommended against the nationalisation of banking. It made several suggestions regarding the powers and government of the Commonwealth Bank, but these have as yet called forth little comment except from bankers who, in general, "advise caution" and "careful consideration".

III. THE STATUTE OF WESTMINSTER

TOWARDS the end of August, the Attorney-General introduced into the House of Representatives a Bill "for the adoption of such sections of the Statute of Westminster for which Commonwealth consent is still required". Hitherto Australia has adopted the attitude that the Statute was undesirable because "it reduced to cold legal form a relationship some of the supreme value of which has been its vagueness and elasticity". The preamble to the Statute itself in effect recognised Australia as having the status which the Statute envisaged. In these circumstances the introduction of the Bill has aroused little comment, the Labour party having asked that it be passed as quickly as possible in order to make room for more urgent business.

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IV. THE FEDERAL ELECTIONS

ON October 23 the Lyons Government will face the electors under the handicap of having been in office for six years. The policies of both parties as expressed by the Prime Minister, Mr. Lyons, and the Leader of the Opposition, Mr. Curtin, have three main features—defence, finance and social policy—and it seems generally agreed that of these the main issue will be defence. The differences between the Government and the Labour party on this issue are discussed at length in another article in this number of THE ROUND TABLE.*

On the financial side, Mr. Curtin has found in the report of the Banking Commission evidence to support his view that, far from being an effective instrument to control the Australian monetary and banking system, the Commonwealth Bank has not made sufficient use of its existing powers in the past, and may need wider powers. Accordingly the Labour party proposes to extend the trading functions of the Bank in order to make it an effective competitor of the private banks, and proposes also to give it a much wider control over credit, interest rates and investment than it already possesses in its capacity as a central bank.

On the other hand, Mr. Lyons regards the Commission's report as a substantial vindication of the existing monetary and banking system; and he therefore promises merely to adopt the recommendation that a mortgage bank be established, as a department of the Commonwealth Bank, to make loans to primary producers and people desirous of building homes; and further to create a department of the Bank to lend money at a low rate of interest to small secondary industries that show promise of development. Any further changes in the banking system must await "careful consideration" of the report by the Government. Labour's policy on its social side is notable chiefly for

* See above, p. 125.

THE FEDERAL ELECTIONS

the fact that it has specifically decided against contributory unemployment and social insurance schemes. In their place Mr. Curtin proposes to set aside £6,000,000 per annum for the relief of unemployment, and additional amounts for the provision of health, widows' and old age pensions. These matters are to be taken out of the hands of the states and vested in the Commonwealth, which is to finance them from heavier taxation of the higher incomes. Every endeavour is to be made to ratify the proposal for a uniform 40-hour week; and Mr. Curtin promises that if he cannot secure the support of the states for his social policy he will approach the people directly through referendums.

Mr. Lyons, on his part, has declared in favour of contributory schemes and has undertaken to introduce them as soon as possible. He promises further investigation into the proposal for the 40-hour week; increased motherhood endowment, with the object of arresting the decline in the birth-rate; a scheme of immigration which will not result in any hardship to Australian workmen; and various other plans for ameliorating the condition of children, the poorer classes at large and the working classes in particular.

Australia,
October 1937.

SOUTH AFRICA

I. THE UNION, AFRICA AND THE COLONIAL PROBLEM

IN a recent article on South Africa's defence policy,* reference was made to the Union's increasing realisation of its opportunities and obligations as a leader in the affairs of southern Africa. Events in the past three months have emphasised this tendency to look beyond the frontiers and take a wider view of Africa's needs and problems. Two matters in particular deserve mention—Mr. Pirow's "goodwill flight", and recent pronouncements by Union leaders on the German colonial problem.

Time-saving is the essential advantage of flight. In Europe, where distances are relatively small and surface transport by rail or road comparatively quick and easy, air travel is a convenience: in Africa it is almost a necessity. In vast areas of central Africa long-distance surface travel possesses still something of the quality of pioneering and adventure. Such are the natural difficulties of the continent, so sparse and uncertain its communications, that the journey, for example, from Capetown to Khartoum by land and river may run into months, and even by the normal sea and rail route takes nearly four weeks. Air travel reduces the time to five days, and when, before long, night flying becomes the rule the journey will be one of less than three days. The more difficult and undeveloped the surface communications of a territory, the more rapid, in all probability, will be the development of its air services; and as far as long-distance travel and transcontinental communications are concerned Africa seems likely to give the railway era a miss and to link its extremities, not by a Cape-to-Cairo railway, but by

* See THE ROUND TABLE, No. 107, June 1937, pp. 556-565.

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air lines which can serve an immensely greater area in a fraction of the time.

The past year has seen big developments in this direction. The new Imperial Airways flying-boat service to Durban brings Natal within a week's journey of England; South African Airways, which cover the Union and South-West Africa, and have till now operated as far as Lusaka in Northern Rhodesia, have introduced a considerably augmented service connecting the chief centres of the Union, and have lately extended their operations as far as Kisumu in Kenya; and in August Mr. Pirow, Union Minister of Defence, started on what was termed his "goodwill flight" round the neighbouring territories of central and southern Africa. The ultimate object in view is an ambitious scheme for linking up by a network of air services all the territories of central and southern Africa. The development of a circular route embracing the Union, South-West Africa, Angola, the Belgian Congo, Kenya, Tanganyika, the Rhodesias and Nyasaland will, it is hoped, create closer contact and promote trade between the Union and its nearer and further neighbours. The immediate object of Mr. Pirow's tour, which covered the proposed route, was to establish contact and initiate discussion with the governing authorities of the territories concerned and to survey the difficulties and possibilities of the scheme. Obviously, if plans of such wide scope are to be achieved an immense amount of preliminary work is necessary, both in negotiation with other governments and in the elaborate ground organisation required for the smooth functioning of such a service. A subsidiary object of Mr. Pirow's journey was to meet Lieut.-Col. Muirhead, British Parliamentary Under-Secretary for Air, who was visiting Kenya in the course of a tour round Royal Air Force establishments in Africa and the Near East. Mr. Pirow seized the opportunity to discuss with him the working of the new flying-boat service down Africa, and matters requiring co-ordination between Imperial Airways and South African Airways.

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The tour, which covered 7,000 miles, was a distinct success. In addition to his technical staff, Mr. Pirow had with him Col. Stallard, leader of the Dominion party, though Dr. Malan thought it wiser to refuse a similar invitation. Mr. Pirow met with an encouraging reception wherever he went, and returned to Pretoria well satisfied. What passed between him and the colonial authorities he met is left discreetly vague, as are also the details of his conversations with Col. Muirhead. The latter, however, on his return to London stated that, although no comprehensive agreement had yet been reached in regard to the future development of air lines on the African continent, he considered that the prospects for the co-ordination of new development were good. Mr. Pirow stated that the proposed circular route was feasible and that in principle all the territories affected welcomed it, and he added that "there is a feeling that, without disturbing existing trade relations to any extent, Africa south of the Equator can be much more self-sufficient than has been the case so far".

More striking than any immediate arrangements is the indication that this tour affords of South Africa's increasing activity and leadership in African development. The Union Government clearly recognise that the peace and prosperity of central and southern Africa demand the political and economic co-operation of all the territories concerned. Air development is a primary means to this end, and in this the Union is able and anxious to take a lead. Secondly, it is hardly possible to suppose that considerations of defence do not enter into the matter. At all times, and particularly with an election pending, Ministers have to beware of admitting any plans for co-operation with British authorities in arrangements that might further imperialist designs. The idea, therefore, that the goodwill flight of the Minister of Defence had any connection with matters of defence is officially discounted; but if, as Mr. Pirow himself has said, the security of the northern territories is a direct concern of the Union, we clearly

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cannot afford to wait until attack is imminent to make the necessary preparations for the transport and maintenance of fighting forces beyond our frontiers or to establish understanding with the friends we shall sorely need in such an eventuality. Thus, in spite of denials, we may at least suppose that the Government would think it no positive disadvantage, in a military emergency, if the air routes of central Africa were well charted and well provided with landing-grounds. Our Government may be compelled by political considerations to do good by stealth, but it is not blind to the fact that, imperialist interests apart, our fortunes both in peace and in war are inevitably linked with those of our northern neighbours.

There is, however, one element in the situation which to South Africans is increasingly disturbing, namely, the growing insistence of Germany's colonial demands. Upon the vision of peaceful co-operation in southern Africa under the shelter of a new Monroe doctrine (a phrase that Dr. Malan himself has used), there intrudes the possibility of the re-establishment of German rule in Africa—and to South Africans this means South-West Africa. The Union Government last December made the most categorical statement on the subject, affirming the Union's determination to retain the mandate and the administration of South-West Africa in its own hands.* The statement was welcomed at the time as tending to diminish the possibilities of disaffection in the territory by ending the uncertainty that had fostered it. It is beginning to be realised, however, that such a unilateral declaration does not settle the future beyond dispute—that the destiny of South-West Africa is only part of a bigger problem whose solution may ultimately be found, not in a statement from Pretoria, but in international action. Thus the recent reiterations of German colonial claims have evoked from South African leaders of varying political colour opinions widely divergent.

* See THE ROUND TABLE, No. 106, March 1937, p. 446.

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Of these pronouncements the one that attracted most comment was Mr. Te Water's indiscretion at Montreaux where he was at first reported as expressing himself in favour of an early attempt to settle German colonial claim by round table conference. By adding the qualification "if it costs the Union none of its security", and stating subsequently that South-West Africa was "quite a different question", the High Commissioner brought himself more or less into line with the views of his own Government. But the alarm caused in England, and the quickness with which Berlin grasped at this straw, impelled a hasty attempt to explain away the sentiments expressed as being only those of a private individual on holiday. Pretoria remained reticent; but the expression of views by a diplomatic representative, whether on duty or on holiday, cannot avoid provoking attention, and the Te Water interview started a spate of discussion in the Union regarding the future of the mandated territory. There is little doubt that South Africans as a whole are behind their Government in regarding control of South-West Africa as essential to Union security, and in rejecting the idea of surrendering once more to Germany the administration of a territory nearly all of whose inhabitants are Union nationals—more than half of them settlers from the Union—a territory, moreover, whose growing prosperity has been fostered by Union loans.

As to the Nationalist view, or views, the question presents Dr. Malan's party in its electioneering campaign with both an opportunity and a dilemma. What better weapon against the Government than to represent the Union as having been duped into conquering South-West Africa "for England", and the present Government as continuing to add fuel to an inflammable international situation by refusing to contemplate any contribution to its appeasement by consideration of German claims? On the other hand, it might be unwise to face the electorate with a policy that proposed to satisfy Germany by the time

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surrender of Union nationals. Some confusion of thought is therefore noticeable in the Nationalist ranks. At the recent Transvaal Nationalist congress, Advocate Strydom, in supporting a motion favouring discussion by European Powers with Germany and Italy with a view to solving the colonial problem, committed himself to the remarkable observation that

the policy of the Nationalist party is not to give back South-West Africa to Germany, but we say that we will not lift a finger to prevent Germany taking it back if she insists on it.

In other words, the Union will neither serve her own interests by a determined effort to retain South-West Africa, nor endeavour to conciliate a powerful adversary by a graceful surrender of what she does not intend to defend. Flabby thought could not go further.

Dr. Malan, who last session had insisted in Parliament that South-West Africa's destiny lay with the Union, saw the necessity of an attempt to reconcile this startling utterance both with his own previously stated views and with some degree of common-sense. Speaking at Klerksdorp, he said that

in view of the fact that the majority of the people in South-West come from the Union it would create a new and serious racial problem in South-West if we should return that territory to Germany. . . . We must try to obtain the co-operation of Germany with a view to a friendly solution under which the future of South-West Africa will be vested in the Union. We must, through the League of Nations and by other means, give our moral support to a scheme that will satisfy Germany's colonial needs.

The word "moral" is illuminating. The Union, on this plan, will endeavour to retain the territory by persuading Germany to cut South-West Africa out of her colonial claims, and whilst making a "moral" contribution to this end will leave the material sacrifices to Great Britain and the other colonial Powers.

Pronouncements on this question, whether for the Government or the Opposition side, are interesting as

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showing that, as the menace of German colonial ambitions and the possibility that they may involve international complications increase, the Union is beginning to have the uneasy feeling that the future of South-West Africa is not after all a closed question. Either we must be prepared in the last resort to defend our position there, or we must be ready to negotiate about it in common with other holders of mandates and colonies—and any sort of negotiation must imply readiness to consider concession in part or in whole. There are few South Africans who do not wish to retain control of South-West Africa, but there are likewise not many who at present are prepared to face the dilemma of armed resistance or graceful concession. The Union would prefer to adopt, as a basis for discussion with Germany and the colonial Powers, the convenient principle of “heads I win, tails you lose”.

II. THE COMING GENERAL ELECTION

CAMPAIGNING is now afoot for the general election, which is to be held in the earlier part of next year. South Africans, especially in the rural areas, love politics and revel in the turmoil of a general election, which feeds the passion for sensation of a very politically-minded people. They give to politics the same zest as they give to sport, and will follow Ministers in lorry-loads from dorp to dorp, extracting much pleasure from the election of rival chairmen and the moving of motions of no-confidence.

The delimitation of constituencies now in progress is adding considerably to the uncertainties; for as all the provinces have to give up seats to the Transvaal, on account of the phenomenal increase of population on the Rand, there is such a reshuffle that hardly a constituency is left intact, and some have changed beyond recognition. Besides the very great increase in size of the urban areas, the rural areas will also be directly affected, for there the supporters of the respective parties often live in blocks. In

THE COMING GENERAL ELECTION

one particular case, where a voting district containing some 338 voters was transferred from one constituency to another, only about 7 belonged to one party and all the rest to its rival. Where majorities are small and personalities count for a good deal, such peculiarities of distribution add considerably to the anxiety of members.

The urban areas are still suffering under the provision in the Act of Union that rural areas may have 15 per cent. fewer voters than the quota, whereas the urban constituencies can have 15 per cent. more. Although the Delimitation Commission is allowing a play of only about 10 per cent. either way, the United party, which finds its stronghold in the urban areas, benefits less than the Opposition by the increase of population. Thus the rural areas will still be the deciding factor.

Although the Government seems assured of a substantial working majority, the Opposition parties have the great advantage that they are fighting a very big party—119 out of a House of 150—which, from its very size, is slow in its movements, and which includes factions of appreciable strength which, on certain points of policy, for instance the Jewish question, are very much in sympathy with the Opposition.

That the Government party is to-day more strongly organised than ever before is evident. It can maintain, moreover, that it has given “bread and butter” to all and has carried out a constructive policy which not even the most vehement Opposition can challenge. In South Africa, however, general elections are not commonly fought on bread-and-butter issues, and the Opposition parties will doubtless build their electoral platform upon topics that have already proved their vote-catching worth—racialism, colour prejudice, Empire relations and high politics in general.

The Dominion party enjoys very limited and localised support. It finds an audience mainly in those who regard themselves as Englishmen in South Africa rather than as

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English-speaking South Africans, and its strongholds are limited to those areas, such as Natal and the eastern districts of the Cape, which are predominantly English-speaking. There is little to be expected from the electioneering of the Dominionites except constitutional hair-splitting and the questioning of issues generally regarded as settled. Tactics such as these serve no particular purpose save to inflame the secessionist nationalism of the party at the other extreme. The Nationalists are always ready to regard the expression of any imperial sentiments by the English South Africans as a dark and sinister influence lurking within the ranks of the United party, because the latter includes such a very considerable section of the English.

It is doubtful whether the Dominion party will manage to make any appreciable advance on its present membership of 6 in Parliament. It is armed in the election with issues that are commonly regarded as settled and closed by the passing of the Statute of Westminster and the Status of the Union Act. Nobody today questions the position of Simonstown as a British naval base, except the Nationalists, who would rather have Simonstown ceded to Great Britain than that the Union be called upon to defend it in time of war and thus jeopardise her neutrality. Further, the question of British nationality, although generally regarded as settled by the last Imperial Conference, will be used in an endeavour to rally wavering supporters and gain others.

The Nationalists, on the other hand, have a very much wider appeal; for beside dabbling in sensationalism they are proving themselves astonishingly deft in suiting all tastes. But where there are so many wheels within wheels somebody's coat is bound to be caught, and there are several factors that will militate against them.

The republican ideal has a wide and honest appeal, but it will never become practical politics as long as even the party that professes to propound it hesitates to express itself in its favour in unequivocal terms. The Cape Nationalist leaders have managed to pilot through their congress a

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resolution which is more of an apology than a policy. It recognises the right of the people to change their form of government by constitutional means and asserts the conviction that a republican form of government suits best the traditions and aspirations of the South African people. It recognises, however, that a republic can be established only on the broad base of the people's will, and affirms that this constitutional change will not be effected without a special and positive instruction from the people.

Honest republicans feel that their ideal is being shelved, and everywhere their leaders are being pressed to give an undertaking to proclaim a republic as soon as the Nationalist party gets into power, an assurance they flatly refuse to give. More than half of the party executive in the Transvaal have resigned, thus causing a split in the province where the hopes of the party were highest. This attempt to blow hot and cold at the same time is having a dulling effect both in the Transvaal and in the Free State, where Nationalists feel themselves deprived of the keen edge of their faith.

The Nationalists' attempt to secure the support of labour by frontal attack has destroyed whatever chances they had of capturing seats in mining and industrial areas. They unwisely fostered on the Rand a new organisation, "Die Afrikaanse Mynwerkers Bond", in direct opposition to the existing African Mine Workers' Union, the membership of which, as it is, is overwhelmingly Afrikaans-speaking. They have put up the back of labour and have only succeeded in driving it into the Government camp.

But, whereas the United party has not much to fear from republicanism or the Labour party, it seems as if the Opposition will try to stampede the electorate with bogeys of a more ephemeral nature. It is now being preached from all Nationalist platforms that South Africans will have to decide at the coming general election whether they are going to be neutral or not if Great Britain is involved in a war, and that the only way to guarantee neutrality is to turn out the Government. The latter is accused of so involving

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itself with Great Britain by tacit understandings and secret undertakings that it is sure to land the Union in a war.

The force of this cry lies in the unsettled state of Europe and the part Great Britain is forced to play in European politics: South Africans would all feel very much relieved if the Empire's centre of gravity could move a little further away from Europe. Even the Premier, in his first speech after the last Imperial Conference, made the following very categorical statement:

Let South Africa continue her membership of the League but let her never forget that she is not a part of Europe. . . . South Africa's co-operation with Europe, either in peace or in war, is at present a question which South Africa and South Africa alone must decide.

Anti-semitism, too, is looming up on our political horizon, and this election will see an unprecedented use of the Jews as a scapegoat for all the ills of our national life. Up till quite recently anti-Jewish agitation was maintained solely by what everyone regarded as a foreign political importation, the Grey Shirts organisation. But the Nationalists realised the political value of anti-semitism during the provincial council elections held last year, when the S.S. *Stuttgart* arrived during the election campaign with a few hundred German Jewish immigrants aboard. The Nationalist party raised loud anti-semitic cries and reaped a rich harvest. The leader of the Nationalists, who was, until a few years ago, an unequivocal champion of the Jews, has stolen the thunder of the Grey Shirts and is now leading the campaign of anti-semitism, which is proving a most effective move in present conditions in South Africa. The farming community has been driven by scarcity of land and hard times into sending its quota of man-power to the mining and industrial areas, only to find trade and industries in the hands of "foreigners", especially the Jews.

Dr. Malan therefore won applause when he stated at a recent National party congress that the European conflict of communism *versus* fascism had its repercussions in South

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Africa. He declared that the Labour party had shifted over to communism, alleging that in Capetown there were no fewer than eleven trade unions consisting almost entirely of natives and coloured workers and led by communistic Jews. The inference to be drawn was that the Jews were organising the rising black tide. It is a measure of the growing anti-Jewish feeling that Jews have been excluded from Nationalist party membership in the Transvaal and Orange Free State.

Finally, colour prejudice has received fresh impetus from the recent native riots at Vereeniging, and Mr. Hofmeyr (Minister of Mines, Education, Labour and Social Welfare), the only perceptibly liberal member of the Government, is being made a target for violent and unscrupulous abuse.

Thus the neutrality issue, anti-semitism and colour prejudice are in the forefront of the political fray at the moment. In regard to the neutrality issue, the Government is on fairly strong ground. It can reply to Nationalist criticism that the people of the Union possess the full right to decide for themselves the issues of peace and war, and it will carry the majority of the people with it in its policy of friendly co-operation with Great Britain as the only policy consistent with sense and safety. In regard to the other two matters it is on less safe ground. In spite of the recent Aliens Act it has, in regard to the Jewish question, no clearly defined policy with which to meet the criticisms of those of its own supporters, as well as the Nationalists, who find in the Jews, whether financial magnate or village store-keeper, the explanation of every economic ill. Nor on the colour question is its position too secure. There are known divergences of outlook within the Cabinet itself. Its native policy is anathema to negrophiles, whilst to negrophobes, both inside the Nationalist ranks and beyond, its failure to go the whole hog in repression seems lamentably weak.

In all these three matters, therefore, the Government is to some extent on the defensive, and in two of them its policy offers ground, however unreasonably, for charges of

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indecisiveness or weakness. In the heat of an election these complaints may cost the United party some votes, but the loss is not likely seriously to impair its present overwhelming majority in Parliament. The number of votes polled by the Nationalist Opposition, however, will be a pointer to the future. The United party, if it is ultimately to retain its commanding hold on the country, will have to be more sure of itself in regard to such matters as the Jewish and native problems, the colonial problem, and the British connection. In its commendable endeavour to hold together the majority of both races in South Africa, it tends inevitably to sacrifice unity to comprehensiveness and, in slurring over differences of outlook, to avoid clear-cut definitions of policy. In South Africa, unfortunately, what is not clear is sinister, and everything that is sinister is an electioneering weapon of the first importance.

III. THE VEREENIGING RIOT

ON Saturday, September 18, a small body of police made a liquor raid in the native location at Vereeniging, a town situated on the Vaal river some forty miles from Johannesburg. Some of the natives attacked them with stones and other missiles and the police had to retire without achieving their object. The head constable at Vereeniging thereupon asked for reinforcements, and on the following day, Sunday, a larger force drove into the location on a "pick-up van", an enclosed motor vehicle used on patrol work in which natives arrested by the police patrol are collected and conveyed to the police station. Some of the inhabitants were apparently driven by the police into the central square of the location. A large number of the natives rapidly assembled and fell upon the police, overturning their van. When their ammunition was exhausted the police retired, leaving a few of their comrades behind in the location. On returning later with reinforcements they found all quiet and were able to remove their dead and

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wounded. The police casualties were two Europeans and one native killed and one European and two natives injured.

This tragic occurrence caused a considerable stir in the country, particularly among the Afrikaner community, from whose ranks the European police have of late been mainly recruited. Public meetings at Vereeniging and elsewhere in the northern provinces passed excited resolutions which revealed the racial hatreds and fears that are so easily brought to the surface in South Africa. The Government was asked to sanction an air force demonstration over the Vereeniging location and the use of tear-gas bombs, in order that the chief culprits might be compelled to hand themselves over to the police. A policeman, so it was further demanded, should be allowed in future to shoot to kill if a native rushed towards him. Other resolutions—here the cloven hoof of the politician begins to be visible—expressed dissatisfaction with the Union's native policy in that it did not sufficiently accentuate the division between European and native, and asked the Government to put an immediate stop to communist agitation and the propagation of "the liberalist doctrine of equality between black and white".

Immediately after the riot the Government announced that the guilty would be dealt with according to law, but it also stated, through the mouth of General Smuts, that it would not tolerate the lynch law that certain Europeans had shown themselves ready to apply. A number of natives are at present standing their trial. The attorney who is appearing for the accused stated in court that he had received from a committee appointed at a public meeting held at Vereeniging a warning not to defend the natives. He has twice asked for the protection of the court in view of certain threats addressed to him.

Both the leading members of the Cabinet have made reference to the riot in public speeches. General Smuts, after warning his European audience not to indulge in loose talk about the occurrence until the full facts were known,

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went on to suggest that native grievances were largely the creation of "people in this country who pretended to be the friends of the native and who persuaded him that he was an oppressed, down-trodden creature, that the white man was his enemy and exploiter and that his conditions were little better than slavery". The Prime Minister, General Hertzog, declared that the Vereeniging riot was the culmination of a series of incidents * which served "to strengthen the conviction of the European population that there was a deep rooted and far-reaching hostility, perhaps organised, among the natives towards the white man".

Until the report of the commission of enquiry into the causes of the Vereeniging outbreak becomes available, it will be wise to suspend judgment on General Hertzog's statement. But in the meantime a few preliminary comments may be made. It does not help clear thinking to lump together all cases of assault by natives on Europeans. Assaults to commit robbery are obviously in a different category from attacks on the police. That the latter have been increasing of late is a fact to which a recent commission on the Union's police forces has drawn attention. It is a fact for which we must try to find some explanation. Weighty evidence was given before the police commission that the relations between the police and the natives were degenerating, and that the native was tending more and more to regard the policeman as his enemy. The way in which the police handled natives was held to be partly to blame for this. It has been admitted by the police themselves that the natives have conceived an intense hatred of the pick-up van. The police commission comes to the conclusion that in the training of policemen "physical accomplishments" are stressed at the expense of "moral and intellectual attainments".

It is perhaps understandable that such a type of training should do little to moderate an attitude of mind towards the public

* "Numerous cases of robbery and assault on Europeans by natives during the last few months."

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generally on the part of the younger and more inexperienced members of the force which is sometimes reflected in conduct leading to a certain amount of friction . . . and which sometimes expresses itself in harsh, tactless treatment coupled on occasion with an overbearing and offensive manner.

The Commission finds "an inaccurate outlook towards the urban native" among our young country-bred policemen, and recommends that "the necessity for tact and consideration in handling the urban native population" should be impressed upon them.

Large numbers of natives are annually arrested and gaoled for offences created by statute, such as failure to produce their tax receipts, going about without the requisite pass (or passes), or being found in possession of liquor. The part that the police have to play in the administration of these statutes does not add to their popularity among the natives. Let us take, for example, the liquor law, which seeks to enforce total prohibition in respect of natives, except in a few large cities where municipal brewing and sale of Kaffir beer are permitted. The attempt to detect breaches of the law involves constant raids in the urban locations, in the execution of which the police may enter native dwellings without a warrant. (In the Vereeniging location, according to the evidence of the head constable, raids sometimes took place once a week.) It is fairly generally admitted today that the law cannot be enforced as it stands, and that it has been responsible for a great deal of the native ill-feeling towards the police. In future, if the municipalities carry out the intention of Parliament as expressed in the recent Native Laws Amendment Act, the native is to have his beer—under municipal supervision. It is to be hoped that, before the Government resorts to the stern measures and stricter control which General Hertzog threatened in the speech already cited, it will try the effect of an amelioration of our native administration.

Union of South Africa,
October 1937.

NEW ZEALAND

I. NATIONAL AND IMPERIAL DEFENCE

THE ovation that Mr. Savage received on his return from England on July 28 was only what was to be expected by any of our political leaders, regardless of party, who had represented the Dominion at the Coronation and the Imperial Conference. Mr. Savage narrated in a very naïve manner the reactions of the New Zealand delegates both to the Coronation itself and to the whole Empire association. These must have been entirely satisfactory even to the minority which had professed to fear that the Labour party in office might lack some of the loyalty and enthusiasm for co-operation that have come to be expected of New Zealand. There had been some misgivings lest the Labour Government should not be prepared to take a constructive view of Empire defence as a whole, and even of the narrower question of New Zealand defence, which had suffered so much by drastic economies during the depression. The insight afforded to our delegates into the difficulties of world politics at several points of danger has, however, convinced the Government of the need for firm action and wholehearted co-operation.

"We made it plain," said Mr. Savage, "that we were concerned, not only with the defence of our own shores and our own people, but also with the defence of the whole British Commonwealth." The New Zealand delegates went to the Conference armed with the conviction of their party that they must put the economic foundation right before they could hope to erect a firm structure of peace.

I found great difficulty in getting the people to see that (he added), although it looked simple to me. All those attending

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the Conference representing New Zealand thought that if we lifted the standard of life of the people of the world we would largely remove the causes of war. We would be using the surplus that we are trying to thrust on to others. The Conference did ultimately agree that it was a good thing to lift the standard of life, but they did not seem inclined to agree that it was the low standard of life that was largely the cause of war. I suppose one can't blame them for it.

The Prime Minister was much impressed by the helpful expert advice of the British officials and by their anxiety not to try to "force on any Dominion Government a policy which might not be acceptable to the Government, Parliament or people of that Dominion". This wise attitude made it possible for the New Zealand delegation to enter freely into the discussions and so place itself in a position to make recommendations to suit our needs. It was reassuring to hear Mr. Savage say :

If Britain were in difficulties tomorrow I don't think there would be much division. I think about the same thing would happen as happened last time. That doesn't relieve people in high positions from the responsibility they have.

Even before the delegation left New Zealand, the Government had taken some steps in defence which met with the surprised approval of people who feared a lukewarmness in this respect. After all, the Labour party was not responsible for the suspension of the system of universal training, which produced such fine results in the New Zealand youth of twenty years ago. That went by the board as a measure of economy when the Liberal party was in office in 1931. It was, however, too much to expect a Labour Government to restore compulsion except in special circumstances and after the voluntary system had again been tried out. Mr. Savage and his colleagues have not been converted on that point, but they have now enunciated a policy of rearmament which ought to satisfy all reasonable criticism and has been generally approved.

Speaking at Dunedin, Mr. Savage said :

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The Government's job is to defend New Zealand and to play an intelligent part in fitting the system of defence into the defence of the British Commonwealth. Defence is a Dominion problem, and the Government is going to face it as such. There was only one thing the Conference was united upon in every detail. That was the fact that the British Commonwealth of Nations would have to sink or swim together. We cannot set out on our own in New Zealand to have a foreign policy or to set up a defence system which would be effective against any part of the world should we get into difficulties.

Mr. Savage says he confessed to the Imperial authorities that "if we had to defend New Zealand alone we could not develop sufficient strength to pull a herring off a gridiron".

This hardly does justice to the Government's own action. It had already provided, in 1936, for a considerable increase in our naval strength and training of personnel, and with the advice of an officer lent by the Royal Air Force had taken steps to reorganise the air arm. The facet of our defence still requiring attention was the territorial force, which is expected to furnish the bulk of the infantry and non-technical branches. That has now been dealt with. In a statement on August 21 the Minister of Defence (Mr. F. Jones) detailed the Government's proposals. Like the naval division and the air force, the territorials will now be controlled by a board (consisting, in this case, of the Minister of Defence, the chief of the general staff, the adjutant and quartermaster-general, and the army secretary). Co-ordinating the three boards will be a council of defence, consisting of the Prime Minister, the Minister of Defence, such other members as may be appointed by the Prime Minister, the three chiefs of staff and the secretary. This council will be responsible for advising the Government on broad matters of policy and for co-ordinating the various branches of defence, but "the Government will be entirely responsible for policy and for the provision and control of the funds to carry out its policy". This system of control brings New Zealand into line with Great Britain and the other Dominions.

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There will be active mechanisation of the force, more training in the open (including four week-end bivouacs each year in place of the old-fashioned indoor drill imparted after working hours); six days' annual camp (ten days for the artillery); three months' continuous training for coast defence; and a school for the higher training of officers. In order to make service more attractive there will be adequate pay, rations and accommodation, and a more showy parade uniform; badges, colours and regimental alliances will be retained and "traditions will neither be broken nor discarded". The Government hopes that these conditions will bring to the colours a sufficient number of young men to keep the ranks full.

The general officer commanding the New Zealand forces is not quite so certain. In his annual report, just presented to Parliament, General Duigan remarks:

It has become even more apparent to me that the success of a voluntary system of defence depends largely on the support and encouragement it receives from the Government, the employers and the general public. . . . Since the introduction of voluntary service there has been difficulty in finding adequate numbers to fill the establishment.

When compulsory military training was in force there was no difficulty in filling these establishments. . . . The strength of the territorial force is 7,900, and the attempt to carry out realistic training with such small numbers in a divisional organisation has led to unreal situations, and has been discouraging to the officers and n.c.o.'s with so few men to lead. It is also discouraging to the men themselves.

There can be no complaint about the reception of the plan by the public. The only criticism is that the Government may be tempted to use its power of appointment to swamp the professional element in the council. Many newspapers express a doubt whether the voluntary system of enrolment will attract enough men, but all appeal to the public to make some sacrifice and endeavour to infuse into defence some of the enthusiasm—almost religious in its devotion—which the average New Zealander shows towards the game of Rugby football. It is all to the good

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that the question of defence is being treated in a non-part spirit. Compulsory service is the one point upon which New Zealand parties have differed traditionally, but they are agreed that the voluntary system must again be given a fair trial. If it fails, then we have at least one Liberal newspaper admitting that "only one recourse will be left—revival of the compulsory measures which, without causing any warranted heartburnings, fulfilled a more than useful purpose in the past". *

In connection with defence, Mr. Savage announced after his return from England that an organisation had been set up to deal with any national emergency that might arise. He instanced the case of the Hawkes Bay earthquake a few years ago, "when we had to start and do things quickly and get some sort of organisation together to meet the position".

We have arrived at a time (continued Mr. Savage) when these things have to be anticipated, and when we have to be prepared for them. If it did come to a declaration of war, everyone would have some idea of what would happen to our export trade. It would mean the reorganisation of our internal economy, and we have to have a machine ready for action to accomplish this. Apart from any considerations of war, we have our economic life to maintain. The objective is to be in a position to deal with any form of crisis—epidemics, earthquakes, or anything else. We don't want to have to run round and get an organisation together in the middle of a crisis.

II. THE MARKETING ISSUE

NORMALLY Parliament would have met towards the end of June. It was postponed, however, primarily on account of the Coronation, and also in order to await the return of Mr. Walter Nash, the Minister of Finance and Marketing, who had gone to England last October to inaugurate the Government's marketing policy. It is obvious that the future prosperity of the Dominion must

* *Evening Star*, Dunedin, August 23, 1937.

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depend largely upon the reception given to the Government's plan by those in Great Britain to whom we sell our products; and consequently Mr. Nash's activities were followed in New Zealand with great interest. Reaching Auckland on August 14 by way of Canada and the United States, the Minister delivered himself upon his arrival of an interesting account of his stewardship.

Mr. Nash in effect took to Great Britain the offer of a national barter agreement. New Zealand proposed to utilise in the purchase of manufactures and raw materials from the United Kingdom the whole of the credits resulting from the sale of our primary products in that country, after providing for shipping charges, invisible items, debt services and a proportionate sum for the reduction of New Zealand loans outstanding in the United Kingdom. If agreement was reached, it was proposed that the United Kingdom should be given the complete market in New Zealand for special manufactures and that British producers desiring to instal plants in New Zealand should have a preference. In his statement, Mr. Nash said the British Government was reluctant to admit expanding imports into the United Kingdom, as desired by New Zealand. New Zealand recognised the rights of the producers of the United Kingdom and the difficulty that might be occasioned by falling prices on a glutted market, but "felt that we could not agree in general to the restriction or reduction of the production of any product that was necessary for human welfare". With that reservation, New Zealand was willing to co-operate with the United Kingdom in such a way that the United Kingdom farmer would receive the same treatment as the New Zealand Government was determined to give its own farmers. Agreement was reached on the marketing of beef, mutton and lamb, and bacon and pork; but after long negotiation the question of dairy products was deferred until the United Kingdom had developed its own policy. The levy to assist English producers has not yet received its quietus, but as the result

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of the visit New Zealand will be free from the levy on mutton and lamb for the future. Our quota of mutton and lamb for 1937 is the highest on record—4,010,000 cwt. Of beef we can send 56,200 tons of all types: for the first time for some years no restriction is imposed.

The Minister had a very cordial welcome home, but there was a general impression that the results of his tour were negligible. In view of the improvement of the market in the last year or so, a section of the press and certain farmers' organisations frankly hoped that Mr. Nash might not succeed in his major object of reaching an exhaustive separate trade agreement with Great Britain. Meanwhile, farmers' representatives were loudly clamouring that the guaranteed price for dairy produce should be considerably higher than it was last year. The deficit which the country has to make good on last year's realisations of dairy produce will be about £650,000.

Speaking at a very friendly luncheon tendered to him by the Wellington Chamber of Commerce, Mr. Nash said:

We have got to start new industries here because there are 25,000 unemployed in this country, and it is unfair to anyone who is competent and willing to work to be denied the right to work. If the United Kingdom determines to limit the importation of the products that we can produce in surplus from our soil, then there is nothing for our people to go to work at other than the manufacture of commodities that we today import.

That the Minister's stay in Europe had not, however, been barren was evident when Parliament met on October 6 to receive a series of customs resolutions implementing a trade agreement between New Zealand and Germany. On his return to New Zealand Mr. Nash explained that, when his negotiations in Great Britain had exhausted every avenue of expanding trade, he had discussed with Ministers there the advisability of opening negotiations with foreign countries that might offer an outlet for our surplus produce. The agreement with Germany is one of the results of this policy. Under it Germany agrees to use the credits

resulting from our purchases of German commodities entirely in the purchase of our exports. Generally speaking, Germany sells to us each year more than we sell to her. She now undertakes to correct the balance, and we are reducing duties to facilitate the equal exchange, always maintaining, however, the preference in favour of British imports. The agreement appears to be an excellent bargain for New Zealand, especially as it provides explicitly that a certain proportion of the purchases shall be butter and apples. To those who feared that British trade would be adversely affected, Mr. Nash explained that the United Kingdom Minister concerned and the Board of Trade fully concurred in his proceedings and were even anxious that such agreements should be made. The resolutions were agreed to without a division. This treaty is on the lines of agreements already in force between Canada and Germany and agreements made by New Zealand some years ago with Japan and Belgium.

III. THE GUARANTEED PRICE

PENDING the return of the delegation and the assembling of Parliament, the farmers' organisations held their customary annual conferences. At the Farmers' Union conference in July there was a consensus of opinion that farm costs had been unduly increased as the result of last year's legislation. The president (Mr. W. W. Mulholland) complained that the Government, having increased farming costs, had

very leisurely pursued what had been announced as the first part of its policy—the raising of farmers' prices. . . . The separation of the marketing proposals from the inflationary proposals was sound. The prevention of the violent fluctuations to which farmers' markets are subject is an objective which will be viewed sympathetically by every farmer. If these fluctuations can be successfully ironed out it will be regarded by most farmers as a splendid achievement. The Primary Products Marketing Act is very ably devised to make the attempt.

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Mr. Mulholland made the point, however, that the guaranteed price could succeed in the long run only if adequate reserves were built up in good seasons to meet losses incurred when prices were bad. A Government, being subject to political influences, could not build up such reserves; consequently it would be advisable to hand back the control of marketing to the industry itself. He made the further suggestion that the Union, which for the forty years of its existence has been non-party, might now become political, or form a farmers' political party which could tone down the extremes of the two main parties, or else it could affiliate with the National party.

The decision of the conference, however, was to continue "to place principles before party; to support no political organisation but to reserve the right to criticise the legislation of any political party". On the question at issue it resolved to give its support to co-operation in farmers' finance and marketing, but "where a Government makes co-operation compulsory the Union denies the right of the state to take control out of the hands of the farmers". The conference reaffirmed its old platform of opposition to state ownership and control of the means of production and exchange, while admitting that certain public services which are of a monopolistic character (for example, posts and telegraphs, railways and electric power) should be operated by the state.

The dairy farmers had to await with some impatience the return of Mr. Nash in order to hear what the guaranteed price would be for the season that opened on August 1. The Cabinet devoted a long meeting to the subject on August 28, and afterwards announced that the Government would purchase all butter manufactured during the current season at 13½d per lb (compared with 12½d last year) and all cheese at 7½d per lb (compared with 6½d last year). Though the Government had the advice of a committee in arriving at this price it declined a persistent demand to publish the report. A committee set up by the Farmers'

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Union for the same purpose came to the conclusion that costs had risen by 3·385d per lb of butter-fat since the introduction of the guaranteed price a year ago. Other groups of farmers made varying calculations, one organisation in Southland demanding 1s. 6d per lb as the minimum at which they could make ends meet. With such ideas abroad it is not surprising that the announcement of 13½d was the signal for a chorus of disappointment. A leading Opposition newspaper remarked naively that "the Minister has named prices that promise no better than the overseas market may be expected to give".* Replying to the Southland demand, the Minister said: "The Government did not respond to other demands than the demands of reason. There wouldn't be any dairy industry at all in three years if such people had their way."

A few days later regulations were gazetted fixing the prices at which butter is to be sold wholesale on the New Zealand market, namely: first-grade creamery butter, 1s. 2½d per lb net wholesale; second-grade, 1s. 1½d; whey butter, 1s. 1½d. This scale will call for an increase of 1d per lb in the retail price in New Zealand. The director of internal marketing has controlled the sale of butter in the Wellington district since May of this year, the Government having bought out a well-known distributor and appointed him director. This control is shortly to be extended to the rest of the Dominion for both butter and cheese. In one district at least (Hawkes Bay), the co-operative dairy interests desired to do their own marketing, and the Minister has entrusted to a company formed for the purpose the sole distribution in that area, transferring to it the business that the Government had taken over.

When feeling was supposed by a large section of the press to be running high against the Government's guaranteed price, Mr. Nash addressed a large meeting at Stratford, in the centre of an important dairying district which voted solidly against Labour at the general election

* *New Zealand Herald*, August 30, 1937.

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of November 1935. The Minister is entitled to take comfort from the fact that no expression of opinion, either favourable or hostile, was passed by way of resolution; "his replies seemed to meet with general satisfaction"; and he received a hearty vote of thanks.

The Southland dairy farmers are protesting against the guaranteed price, and preparing a petition for presentation to Parliament, on the ground that the net return to the dairy farmer on the new price will be lower than the wages paid to skilled workers, though the farmer is said to work from 60 to 70 hours a week, compared with the skilled worker's 40. No mention is made of special conditions in Southland that might justify this plea, such as the higher cost involved in winter feeding of cows; this factor is in fact probably offset by the generally lower burden of interest in this Cinderella province, which woke up late to a realisation of its wealth and has happily avoided the excesses of boom periods.

IV. WAGE FIXING

A DECISION that may vitally affect the clerical workers of the Dominion was delivered in the Court of Appeal on August 2, when it was laid down that clerical work does not constitute an industry within the meaning of the law, since it is not an occupation in which both worker and employer are engaged. Consequently the award made by the Arbitration Court in the case of the Otago clerical workers, implementing an important part of the Labour Government's policy, was declared invalid. Believing that they were obliged to form unions under the Act of last session, the clerks proceeded to organise themselves. Certain categories, such as clerks in banks, insurance companies, and stock and station agencies, who were already organised in guilds, wished to register separately, apart from the general clerical workers' union. The Minister of Labour contended that clerical workers should

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organise as an industry and form one union, a class of organisation that is the *bête noire* of employers' associations. He had, however, given his sanction to separate registration of several of the guilds. The present decision rather took the ground from under the Minister's feet; but a Bill has already been introduced to make the Government's intention clear.

Another interesting decision was delivered in the Arbitration Court at Auckland in September, determining the standard wages for casual unskilled and skilled labour. This being in the nature of a test case, elaborate analyses of the cost of living were put in by various interests concerned. The court was presided over by Mr. Justice O'Regan, who forty years ago was a very promising figure in Liberal politics and has since appeared frequently as a barrister in industrial disputes. The decision of the court, delivered on September 8, fixed the standard wages, apart from special considerations, as follows: skilled labour, 2s. 9d an hour; semi-skilled labour, 2s. 5d to 2s. 7½d an hour; unskilled, 2s. 4d. These are intended to be general standard minimum rates for casual labour, and are not necessarily applicable where employment is regular throughout the year. On the other hand, higher rates might be warranted, the court says, where the work is specially unpleasant or arduous.

V. THE POLITICAL ARENA

THE long recess of about ten months has enabled the parties in opposition to the Government to do some solid organising, and today there are signs of a definite alignment of two parties, in place of the three or more that have persisted for the past thirty years. Though styled "Labour" and glorying in the epithet "socialist", the Government has laid claim to be the successors of the continuous Liberal administration of Ballance, Seddon and Ward, 1891 to 1912. In a batch of five new members

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appointed to the Legislative Council a few days ago (including the national secretary of the Labour party) the only one not of the Labour party was the Hon. Jonathan Trevethick. He was a prominent official of the old Liberal party, and as such was first appointed to the Council by the United (Liberal) Government in 1930. The decision of the Government to assist in the erection of a memorial to Sir Joseph Ward is another gesture of its assumption of the mantle of Seddonian liberalism and an appeal to the orthodox liberal school of thought.

A prominent Liberal organ in the far south recently advised the Labour party to keep its more advanced wing in check and to seek its strength in an accession of followers from the moderate Liberals. The *Southland Daily News* wrote on July 6:

One result of the activities of the National party has been to demonstrate that in all the cities of New Zealand the old Liberal-Labour sentiment still survives as a vigorous plant. The time has arrived when a return to the Seddon tradition is indicated. The natural alliance is not between Reform and Liberal, but between the democratic forces which have dissipated their strength in internecine warfare, each seeking an independent triumph. . . . If the enemies of the Labour Government are casting their lot with one another, those who are giving the Government moral support should be induced to transmute their tentative sympathy into a definite alliance. . . . Already it must be evident to Ministers that they cannot keep up the pace set by this comparatively insignificant but amazingly articulate group which would make a "killing" at any expense to the country. We always had these extremists with us; but their opinions were never permitted to turn the Ballance, Seddon or Ward Governments from a policy dictated by sanity.

The National party seems to be well forward with its electoral arrangements and is having encouraging success in the country, though it remains to be seen whether it is gaining new adherents from Labour or merely bringing into its fold anti-Labour voters who supported the third party (Democrats) in 1935. Even that would reduce Labour's parliamentary majority.

The census taken on April 1 was followed as a matter of

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course by a readjustment of electoral boundaries to correspond with the movement of population. The commission sat in July, and as a result of its deliberations the South Island loses one parliamentary seat (which happens to be an Otago seat held by a Labour member). The transference of this seat to the North Island is effected by a general shuffle and the creation of new constituencies in the vicinity of Auckland city and Wellington city. The South Island now has 28 seats in Parliament and the North Island 48. The four Maori members make up the full House of 80.

The decision of the Government to go to the country at the end of 1938 was not unexpected. The Labour party had consistently opposed the extension of the life of Parliament from three years to four except on the express mandate of the electorate. Its objection was really to the method of carrying out the change, the effect of which was to extend the life of the last Parliament and Government by a year. Having registered its protest against the change, Labour now considers itself obliged to revert to the three-year term. Commenting on the matter Mr. Savage said:

The Labour party objected to the coalition Government's extension of the normal life of the last Parliament by one year. The present law will be repealed this year, and thereafter any change made by the Government in the term of Parliament will be made with the consent of the people.

Parliament was opened on September 9. A week later the Leader of the Opposition (Mr. A. Hamilton) moved an amendment to the address-in-reply. The amendment, consisting of eight or nine clauses, declared "that the Government's persistent encroachment upon the right of private ownership and its bureaucratic method of control of industry have created a serious lack of confidence in the development of New Zealand's industrial enterprise, which is jeopardising the sound progress of the Dominion". The Government was further charged with failing to honour its election pledges to absorb the unemployed,

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to raise the standard of living of the dairy farmers, to remove the sales tax and prevent increase of taxation, and to reduce the cost of living. The division, which took place on September 23, resulted in a Government victory by 52 to 17. Two Independents voted for the Government and one against.

This debate out of the road, the country awaited with its usual uneasiness the appearance of the budget, fully believing from the persistent statements of the Opposition press that there would be a drastic adjustment of taxation, especially on higher incomes, to meet the rapidly mounting cost of social services. The Opposition was not entirely to blame for this uneasiness. Mr. Savage in particular had referred on several occasions to taxation, and had announced that a commission had been sitting during the recess with a view to making the incidence "more equitable from Labour's point of view". Contrary to general expectation, the budget, presented on September 28, provided for no new taxation at all. A record figure of £64,600,000 for our exports to June 30, due both to higher prices and to increased output, enabled the Minister of Finance to give a happy account of the Government's financial position, unmarred by threats of higher taxation. The revenue from wages tax indicated that salaries and wages increased in the year by £12,000,000. Mr. Nash claimed that "there is general agreement amongst those qualified to judge that the marketing operations during the past year have been entirely successful. The administration has proceeded smoothly, and dairy factory companies have been enabled to pay uniform butter-fat prices to their suppliers at a higher level than would have been possible under the old system of marketing." The amount to be provided for public works this year is £17,367,000, of which £3,700,000 is for highways and roads and £4,295,000 for railway construction. Last year the total revenue was £31,147,000 and the expenditure £30,675,000, giving a surplus of £472,000. On the general estimates the Minister budgets

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this year for a revenue of £34,778,000 (including £3,400,000 more from taxation), and expenditure amounting to £34,728,000, leaving an estimated surplus of £50,000. The expansion of social services under last year's legislation will bring the cost up to £12,168,000 in the current year, compared with £9,913,000 last year. Our defence expenditure will amount to £1,600,000, compared with £1,192,000 for 1936-37. The touchy question of the use of credit Mr. Nash dealt with in his peroration:

There is much unreasoned criticism with regard to the use of credit. Money and credit are means to an end. It cannot be too strongly emphasised that more production and better services are the essentials of security and of higher living standards and that money or credit is useful only when it serves this end. This means that the Government, to succeed, must have the full co-operation of workers in all fields—on the farm, in the factories, on our roads and in commerce.

The broadcast of the budget speech was quite an unexceptionable use of radio by the Government, and much more effective than the old method of telegraphing the whole speech to every local newspaper in the Dominion.

Public resentment against the action of Japan in China was expressed by a refusal of the waterside workers at a number of ports to load cargo in Japanese steamers. For some years past, Japan has been taking an increasing amount of our exports; in the half-year just closed her purchases totalled £2,700,000. The purchase of scrap metal has been regarded with suspicion for some time, and when the hostilities broke out the unions were moved by their sympathy with China to refuse to work cargo for Japanese ships. The Government lost no time in intervening. "There is only one body in a position of authority in New Zealand," said Mr. Savage, "and that is the Government. We are not going to have five or six different organisations standing up and telling us with which countries we are going to trade." The Minister of Labour consulted with the unions, and the men agreed to resume loading Japanese ships on the understanding that no scrap

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metal was included. The Government accordingly gazetted an order-in-council on October 7 prohibiting the export of scrap metal to any country.

New Zealand,
October 1937.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about Imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

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THE AIR AND THE CITIZEN

I. THE DANGER

IF any thoughtful person in Great Britain were asked what was the most urgent national problem of the moment, he would surely reply: the need to prepare ourselves, as far as science and political organisation make possible, against the menace from the air. So much else turns on that need. Strategically, our ability to defend ourselves or to act in concert with other Powers anywhere in the world is qualified by our weakness at our most vulnerable point. Politically, our influence for world peace is at a minimum when we dare not run risks through our unpreparedness against the weapon that every civilian dreads most. At home, social and economic advance is possible only under conditions of security, which are but a dream while our defence of this weak joint in our armour is so disproportionate to the power by which it might be threatened. Such relative weakness has been realised abroad, and has played its part in the deterioration of international relations since 1931, and more especially since the advent of the national socialist régime in Germany in 1933.

We have on our side important advantages in the air arm. We produce probably the best aeroplanes, certainly the best aero-engines, in the world. The air force is keen and trained to the highest standards. Our scientists and inventors are among the ablest anywhere. Our great and varied industrial capacity is a vital strategic asset in an era of mechanised warfare. But against these advantages must be set a vulnerability which constitutes the greatest single menace to the security of the British Commonwealth and the furtherance of its interests and ideals.

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That vulnerability can be simply stated. Approaching one-third of the population of Great Britain lives in the south-eastern corner of England, east of a line drawn from Southampton to the Wash. The zone includes two naval bases (Chatham and Portsmouth), two great ports (London and Southampton) where vital overseas supplies are landed, and many centres of munition and other industries vital to the conduct of a great war. No part of it lies more than 320 miles from the nearest frontier of Germany. London, which with its suburbs houses ten million people, is well within that limit. Of course, Germany has her own vulnerable points, and so has France; the Rhine industrial area, for instance, from Emmerich to Karlsruhe, is an exposed target of critical strategic and industrial importance, within little greater bombing distance of England than London is of Germany—assuming that Belgian neutrality did not compel a long north or south detour. But that area comprises many smallish towns, no one of which is easily sighted from the air in war conditions, or liable to mass panic through inability to escape from itself, like the Great Wen, as Cobbett called London. The contrast, however, lies not merely in the degree of vulnerability, but even more in the progress made in defence against possible bombing.

II. GERMAN, FRENCH, AND BRITISH MEASURES

THAT contrast must have been borne in upon Mr. Geoffrey Lloyd, the Under-Secretary of State for Home Affairs, when with grimly Gilbertian courtesy the German authorities showed him, during his visit in January, the preparations made for defending their civil population against air attack. He found a highly centralised system under a special department of the Ministry of Defence. Government-produced gas-masks are on sale at low prices to the public. Every new factory has to build a gas-proof and bomb-proof shelter for its employees, and older factories are gradually

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equipping themselves in the same manner. Every factory employing more than 100 persons has to provide shelter of some kind. In many towns, Brown-shirts have organised the inspection and clearing-out of attics to reduce the risk of fire from incendiary bombs. Every factory, every public office, in the exposed area knows its air-raid routine, and the same may almost be said of every householder. Berlin, as well as smaller cities, has had several experimental black-outs, combined with realistic tests of the searchlight, anti-aircraft artillery, fire-fighting and other organisations. No less than twelve million people, it is reported, including large numbers of women, have enrolled in the civil corps for air-raid defence. These are additional to the conscript and professional army and other defence forces, the labour corps, munition workers, public service employees and others who would have duties of their own in time of war or emergency. As might be expected, the element of compulsion is not lacking. If a citizen is requested by the state police to become an air warden he cannot refuse, and if he selects a member of a household to be responsible for fire-fighting or giving first aid he, too, is obliged to accept.

When he went to France, Mr. Lloyd found a system more akin to the British in its reliance on local authorities. The following account was given by the *Times* Paris correspondent on the occasion of Mr. Lloyd's visit. The state meets the cost of protecting communications, of public shelters, gas detection services and first-aid posts, while the *départements* pay for the preparation of plans, especially those for the dispersion of the population, and the *communes* are responsible for the local watch service, warning signals, the extinction of lights, extra fire-fighters, demolition and decontamination squads. First-class industrial concerns, including all those engaged in national defence work, must organise their own protective measures. The supreme responsibility is, on paper, more divided than in Great Britain, where the Air Raids Precautions department of the

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Home Office has the whole matter of civilian defence in its hands. Besides the military *Défense Aérienne du Territoire*, several departments of the Ministry of the Interior play their different rôles. But this division is counterbalanced both by the unity and authority of the supreme defence command, and by the complete control of the Ministry of the Interior over the local authorities, through the centralised system of prefects and mayors.

A number of extremely strong shelters have been constructed at key points in Paris. These, however, can only serve for a comparatively few people, and cellars in private houses have been inspected and scheduled as useful shelters if they are strong enough. Every visitor to Paris is familiar with the notices in entrance halls and lifts indicating where the nearest such shelter can be found. There is probably cellar accommodation for about half the population of Paris, and plans have been completed for the dispersal of the remaining two millions, and of the population of other large towns liable to air attack. Advice concerning the strengthening of walls and ceilings and the storing of gas-masks, water, fire-fighting equipment and so on has been circulated, though it is reported that the average citizen has not paid much attention to it. Gas-masks may be bought here and there, but are not generally available.

In Great Britain, the Air Raids Precautions Act was passed before Christmas after a long financial squabble between the Government and the local authorities. The Act makes it compulsory for city councils and the other larger local authorities to prepare precautionary schemes. The Government pays for the central organisation and the supply of respirators to the whole civil population, for protective clothing and decontamination material used by the air-raid precaution services and for most of their other equipment. It also bears a proportion, up to three-quarters and in some cases more, of other local expenditure, including the cost of structural alterations in public buildings, the provision of refuges, and the recruitment and training of

GERMAN, FRENCH, AND BRITISH MEASURES

personnel for decontamination, emergency fire-fighting, rescue and repair work. It has established a central training school at Falfield, through which pass the instructors charged with teaching air-raid wardens their duties. A general training school for air-raid precautions officers appointed by the local authorities is to be started in London, and we are promised a special government training school for dealing with incendiary bombs. There have been experimental black-outs at Leicester, Southampton and the Medway area, and a similar exercise is contemplated for London. The Air Raids Precautions department of the Home Office is organised on a service footing under an inspector-general, Wing-Commander Hodsoll.

In the debates on the A.R.P. Bill, the Home Secretary and the Secretary of State for Air were able to cite some outwardly impressive particulars of the work already done. About 200,000 volunteers had already been trained in anti-gas duties, 10,000 doctors and a similar number of nurses had passed through a special course, 500 factories had been visited by organising officials of the Home Office. In particular, 20 million gas-masks were already available for the civil population, including 9 million in London, and they were being produced at a rate of 650,000 a week. This achievement in regard to gas-masks is unparalleled in any other country. No masks will be permanently distributed until the moment of acute emergency, though it is intended to issue samples temporarily to all households; the supplies are being stored in regional depôts, where they are "canned like fruit", as Wing-Commander Hodsoll put it, in order to preserve their material. If and when the time comes, they will be distributed free to all.

But when we turn to the local schemes the achievement is far less heartening. Great cities like London have so far, to the public's knowledge, no complete scheme at all. The first local scheme in the London area, promoted by one of the suburban boroughs outside the county boundary, was reported early in February. In other parts of the country,

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the rate of progress varies but is generally far from sufficient to overtake the procrastination of earlier years.

As yet not a single city or town in Lancashire has schemes (a fire-brigade scheme and a general scheme) fully approved by the Home Office department, and the schemes and practical measures already taken are at widely differing stages, according to the local circumstances (at Accrington the subject has never even been before the town council) and local needs.*

Admittedly it is unwise to judge probable future results by the present state of affairs, which is a legacy of years of apathy and neglect capped by a very considerable and zealous effort by the Home Office and the more energetic local authorities. But one factor seems common to nearly every area, and is all too likely to be prolonged beyond the present preparatory phase. That is the shortage of personnel. In Manchester, for instance, when a scheme was brought before the general purposes committee of the city council, providing for the adaptation of certain schools as base hospitals, the provision of a permanent first-aid centre, of 14 area depôts and 16 temporary first-aid posts, a decontamination service, an auxiliary fire-brigade service, a street-warden organisation and anti-gas training centres, at an estimated preliminary cost of £300,000, it was reported that at least 4,000 street wardens were required, but that only 800 had so far volunteered for service,† and that only 60 auxiliary firemen had been engaged, although as many as 2,500 were required. A series of articles on "A.R.P." in the *Times* of January 10, 11, and 12 stressed other present shortcomings. Above all, they drew attention to the lack of contact between the precautions programme and the individual householder or business man. People clamour to know "what they are to do", and often can find no one to tell them, or are given useless, conflicting or unauthoritative instructions.

* Quoted from one of three articles on "Lancashire's A.R.P." in the *Manchester Guardian*, February 7, 8, and 9.

† By February the number had increased to 1,100.

III. UNIVERSAL NATIONAL SERVICE

UNDER both those heads—specialised personnel and individual duty—the precautions scheme must reach the private citizen, every private citizen, or it will fail in its purpose. The present system gives some people the wrong jobs, leaving the majority with none at all, but loading on others a pyramid of duties which they cannot possibly support in time of war. Among other industrial employers, shipbuilders and steel-works managers, for instance, are frequently pressed by the local and central authorities to give their workpeople facilities for joining the territorials, for becoming air wardens or emergency fire-fighters or otherwise participating in air-raid precautions. Yet they know well, and the authorities must know as soon as they pause for thought, that every one of those men will be needed, in the event of war, to work overtime building ships or making steel. This is not mere speculation. In the last war, many skilled workmen from key industries, who had been recruited into the armed forces, had eventually to be withdrawn, and restored to industrial work, at great expense of time, effort and money. That kind of thing would be repeated on a far greater and more dangerous scale in any future war unless every man—and woman too—had been assigned his place in a co-ordinated scheme of national effort. We do not know how or when the emergency may come, but we can be sure that if it comes at all it will come suddenly. Improvisation will be impossible. Another cogent reason for assigning every citizen his task and training him for it is that of morale. As the *Times* A.R.P. contributor wrote: "Ignorance and the feeling of helplessness are the causes of panic; the mere fact of having instructions to follow, duties to carry out, preparations to make is the best antidote to fear".

It is not only a question of air-raid precaution services. Another duty that would fall on the civil population in the

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event of war would be special policing to guard against sabotage, to patrol the lines of communication for dispersing city inhabitants or for military movement, and to control the black-outs during night air raids. But clearly the task is even wider than that. Industry, including distribution and public utilities, is the mainstay of defensive power, and if it is paralysed, either by damage or by lack of man-power or materials, then armies or navies cannot win a war. The population must be fed and clothed; millions, perhaps, will have to be removed from danger zones, and new lines of distribution built up for them. Some industries, such as munition works, aircraft factories, shipyards and their supporting industries, must expand vastly in the event of war, while others, less essential for the national effort, must be rationed or curtailed. Here is involved a great distribution of man-power, comparable in scale with the mobilisation of a great continental army, and every whit as important. Every nation has its military mobilisation plans laid well in advance; our equally vital industrial mobilisation must be planned in detail now, and the plans periodically revised.

Nothing less than universal national enrolment, with compulsory training or service for those whose appointed duties in an emergency require it, is adequate to the problem. The international political crisis, with its grave strategic implications, has run far ahead of our political and defensive preparedness, and we must make a supreme effort to overtake it while there is yet time.

The Englishman's instinct and all his traditions are against conscription. It smacks of militarism and fascism, calls up historical memories of the press-gang, and makes him think of unwilling cannon-fodder herded to death on alien battlefields. None of these things is implied in universal national service of the kind here contemplated. If we were never to send a large-scale expeditionary force abroad again, it would be none the less necessary. It does not even conflict with the conscience of the true religious

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pacifist. Men who would sooner themselves die than knowingly compass the death of a fellow-man would gladly enrol in services designed to save the lives of non-combatants attacked from the air, or accept their allotted rôles in a re-direction of internal economic life.

What the British citizen must realise, if he is to see his country safe, is that war is no longer an away match, a professional affair in which the private citizen need have no direct concern. There is no such thing as a private citizen in totalitarian warfare, nor in the totalitarian States which conduct themselves in peace-time in constant readiness for war. The dictatorships have great advantages over the democracies in the clash of power, whether that power is active or passive. Unless the democracies prove by their efforts that a strong national defence can be built up within the frame of freedom of expression and representative government, both they and democracy will perish.

Universal national service is to-day the most effective contribution Great Britain can make to future world peace. It cannot and will never be an instrument of aggression or a temptation to war. Its whole purpose is to make war obviously unprofitable for those Powers which most threaten the peace of the world, and thus to push war further and further into the background. Nor should it be a party issue, any more than conscription is a party issue in democratic and socialistic France. Rearmament is no longer a party issue in Great Britain, and universal service is the keystone of rearmament. In the disturbed and dangerous world we now live in, our influence for peace and justice, as well as our chance of surviving as a free commonwealth, depend on our strength, with that of our friends, against those who would assault us and our ideals. Our strength, in turn, is the strength of our most vulnerable point. Few will question where the weak point lies, and perhaps the time will soon come when the mass of people in Great Britain will cry out for that essential means of strengthening it which to-day seems far from practical politics.

THE IMMORTAL HERITAGE

WHICH of us who had even a fragmentary glimpse of the devastation wrought in the battle-areas of the war could ever forget it? It was something beyond all previous conception, that pounding and crushing of everything that had been distinct and individual in an ordered countryside into an utter shapelessness and namelessness. The villager returning to his village after the war doubted his own memory. And then the thought would come: what of the men who fought and died in their multitudes on those battlefields? What of those whose bodies, because of repeated bombardments, could not be recovered for burial or rest where they were buried? Earth in time would flower and grow green again, men would rebuild and restore their homes. But what memorial, what symbol of repose would there be for those who had suffered a yet more terrible obliteration? Each of the myriads of dead was a separate individual man. War bulletins would report their disappearance in abstract figures, as fractions of anonymous masses; but to someone at home each was a still-living memory, with a remembered voice, smile, gesture; and the human desire for a personal commemoration was strong.

As early as 1917, in the middle of the war, this need, recognised already, was acknowledged by authority. Sir Fabian Ware's proposal that an imperial organisation should be set up to care for and to maintain the graves of the fallen was officially approved. Now, after twenty years, Sir Fabian's report * on the work of the Imperial War Graves Commission has been published. Mr. Edmund Blunden,

* *The Immortal Heritage*; an account of the work and policy of the Imperial War Graves Commission during twenty years. Cambridge University Press.

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in an introductory note, points out that the Commission "has carried out its task with a vivid sense of the individual grave". And indeed, as one reads these pages, one is conscious of the warm human feeling that has inspired and pervaded these long labours and through so many years has not grown cold—the sympathetic comprehension of the natural desire of relatives that their dead, even though their bodies were never found, should be commemorated on the battlefield, or near it, where they laid down their lives. Of the many memorials of the missing, the Menin Gate at Ypres, the first to be built, commemorates by name nearly fifty-five thousand officers and men.

And still the work goes on. How many people in England realise that bodies found on the battlefields are still being buried? That even now they are coming to light at the rate of twenty to thirty a week? Yet thousands and thousands have never yet been found.

In reading this report one is first impressed with the formidable magnitude of the task of the Commission. We talk glibly of millions nowadays, but a million is an immense figure. The report cites a broadcast talk which made the figure live: if the Empire's million dead were to march four abreast in a continuous column, when the head of the column reached Whitehall the tail of it would still be in Durham. And these dead fought and fell in how many different parts of the world! Some 1,850 cemeteries and graveyard plots have been constructed, the largest of which contains 12,000 graves. The headstones are alike for each; there is no distinction of rank.

Next, looking through the illustrations in this little book, one is impressed with the comeliness and dignity of the cemeteries and memorials. Mr. Blunden writes of "these lovely, elegiac closes (which almost cause me to deny my own experiences in the acres they now grace) as being after all the eloquent evidence against war". At the outset there was the question of how to secure the best designs for the memorials. Should there be a public competition, or

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should one or two eminent architects be invited to decide on the general principles? In the winter of 1917-18 Sir Frederic Kenyon was asked by the Commission to advise; and he proposed that the designing of the cemeteries "should be entrusted in the first instance to young architects who had served in the war, but that principal architects of note, each in charge of a definite area, should be appointed to supervise and approve their work". The proposal was successfully carried out. A certain freedom and variety were thus ensured, the memorials being designed by architects for their own comrades-in-arms. Again there is the note of sympathetic understanding.

But it was not merely a question of design. There were often abnormal difficulties in the way of construction to be faced, as in the water-logged region round Ypres, which required the aid of the most skilled engineers in making foundations. Other problems were caused by climate and its effect on building materials. Throughout, the Commission has felt itself responsible in the first place to the relatives, anxious that the graves of their dead should be permanently preserved.

Not less important than the work of construction is the work of maintenance. The Endowment Fund, to which all the participating governments contribute, maintains a large staff of gardener-caretakers, and the Dominions are represented in the personnel roughly in proportion to each government's contribution. The welfare of these men and their families is the constant care of the Commission, a special committee dealing with the education of their children.

Sir Fabian Ware's simple narrative, so eloquent in its facts, is a record of patient labour, imaginatively conceived and carried out, of which he and his fellow-workers may indeed be proud. Apart from its material achievement, the work of the War Graves Commission is memorable for a signal success in securing co-operation among the partner nations of the Empire, a co-operation of which the tablets

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set up in cathedrals abroad are a visible symbol. "These cathedral tablets", says Sir Fabian, "are the first and only memorials to express in sculptured form the union of the partner nations in the British Commonwealth under one Crown".

Nor has this co-operation been confined to the peoples of the Empire. In all the lands, whether of those who were enemies or allies, in which men from all parts of the British Empire are buried, the Commission has been formally recognised as having authority to take charge of the British graves and cemeteries. And in the end it has been able "to unite France, Germany and the British Commonwealth in an organised movement of common remembrance of the dead of the Great War". International agreements have been made at various dates, under which committees of mixed nationality have been established. The latest of these is the Anglo-German-French agreement of 1936, creating a committee which also represents the German Government in all matters relating to German war graves in British territory and in British cemeteries in France. All this has meant long negotiations, but to achieve a success so inspiring for the future was worth much labour. The history of Europe is full of tragedies caused by failure to unite for a good end through insistence on small issues and the cherishing of prejudice. Here was a different spirit.

We cannot do better than quote Lord Trenchard's words, when he welcomed his French and German colleagues. "I believe", he said, "that the formation of this Committee may prove to be, in its way, a turning-point in human affairs. We have already, each in the manner which seemed to us most fitting, honoured our fallen comrades. May it not be that in this wider remembrance of them all, and in common and constant recalling of their heroism and their sacrifice, we may be permitted to hear their voice speaking for themselves and guiding our feet into the way of peace?"

JAPAN'S CHALLENGE TO THE WEST

THE first aspect of the China war that captured the mind of the British public was its effect upon the collective system of world peace—another blow to the anti-war pacts, another nail in the League of Nations' coffin. Later, Japanese bombing shifted attention to the horrors of air warfare and to the victimisation of the Chinese people. More recently still, attacks on foreign life and insults to foreign flags, culminating in the *Panay* incident, together with Japanese acts of interference with the customs and with the authority of the Shanghai Municipal Council, have turned the limelight upon a third aspect—the threat to foreign rights and interests in China and in the Far East generally.

I. JAPAN'S TWO VOICES

IN Japan itself the prospect of a collision with the Western, and particularly the English-speaking, nations has been discussed, in certain quarters, with a singular lack of reticence.

Now at last (wrote the *Japanese Times*) the vital interests of Japan have come to a complete clash with those of the great Western Powers. Japan must expand, but Japan cannot expand . . . without effecting such a complete change in China as is bound to challenge the interests and prestige of Great Britain and America.

Admiral Suetsugu, who three years ago was naval commander-in-chief and is now the Minister of Interior and a member of the inner ring in the Cabinet, has put the issue

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on a broader racial basis. In an interview printed in the Tokyo magazine *Kaizo*, he is represented as saying that the coloured races must be freed from the bondage of the whites, and as suggesting that Japan's "peace-stabilising" mission will imply the ejection of the white races from East Asia.

General Matsui, the commander-in-chief at Shanghai, uttered a milder but more immediate warning in an interview on January 29.

I am afraid (he said) that if Great Britain goes beyond a policy of simply defending her interests in China, and makes a determined stand to maintain her political and economic relations with the Kuomintang, a conflict of a very serious nature may arise between our country and our former ally. Britain's support of the Kuomintang régime is emphasised by the steady exchange rate of China's currency since the outbreak of hostilities and also by the large amount of arms and ammunition supplied to this régime. Considering the growth and development of our country it is inevitable that Japan should expand in China. Lack of appreciation of this situation on the part of Britain may, I am afraid, lead to unnecessary conflict between the two countries.

These are utterances by persons in authority. For what is said when the official lid is off, we may perhaps turn to a report * in the *Hinode* magazine of a discussion it had organised among a number of retired senior officers on the subject "If Britain and Japan Should Fight".

In the present affair (said Vice-Admiral Moriyama), China is of course the ringleader, not Britain, but I think . . . the hostilities would not have started had not Britain been inciting China all along. . . . The British idea of trying to preserve for eternity its interests in the Far East, especially in China, is a fundamental mistake.

The Vice-Admiral was followed by Lieut.-General Itami, whose epithet for Great Britain's rôle in the China conflict, with some of his other remarks, the magazine did not think fit to print. He had returned from England in 1923, he said, with the conviction that Great Britain would collapse

* Quoted in the *Trans-Pacific* weekly, Tokyo, which described the *Hinode* magazine as "read widely by the masses".

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during his grandson's generation; after the Manchurian "incident", he had amended his forecast to his son's generation; but now that he saw Great Britain behaving like "a madman or one who is half sick" he regarded her as bound to collapse in his own generation. He was "all for giving Great Britain a painful little blow so it will realise Japan means business". Some of the participants in the discussion pooh-poohed the notion that Great Britain might "show fight", but Lieut.-General Watanabe questioned the wisdom of running such risks while Japan was in the midst of a fight with China.

Are there not many less awkward ways of punishing Britain? The logical conclusion of what we have said so far is that, as the ringleader in the China incident is Britain, the purpose of our operations in China must be first to awaken China and then to sweep from China the influence of Britain, as the instigator of the trouble.

This view was supported by Vice-Admiral Masataka, who, after remarking that "unless Japan peels off the thick skin of the British for all Orientals, especially the Chinese, to see, eternal peace will not dawn in East Asia by a defeat of the Chinese themselves", continued:

I believe a policy of gradual and persistent pushing would be the most effective. In other words, we should turn the tables on the British by using China to dislodge British influence from China. . . . We should respect fully the economic rights and interests of Britain in China and let its burgher (? *bourgeois*) spirit be satisfied to the full. Meanwhile, we should bring pressure on it politically so that it will withdraw on realising the losses it is really suffering.

Official statements from Tokyo, by contrast, have been full of soothing assurances. Addressing the Diet on January 22, the Foreign Minister spoke of misgivings in Europe and America as to an intention on the part of Japan to expel foreign interests from China, and went on to say:

Let me state explicitly that not only will Japan respect to the fullest extent the rights and interests of Powers in the occupied

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areas, but she is prepared, for the purpose of promoting the welfare of the Chinese people, to leave the door wide open to all Powers and to welcome their cultural and economic co-operation there.

Apart from the fact that similar "open door" assurances, freely given in regard to Manchukuo, have been proved largely illusory by the experience of the last five years, the sharp discrepancy between Mr. Hirota's correct phrases and the bellicose tones of Japanese military spokesmen when addressing their own people is a forcible reminder that Japan's policy is always in danger of passing out of the control of the more moderate statesmen into that of the young officer class, who are determined to make Japan supreme in the Far East. The outlook is, in any case, serious enough to call for careful study. It may be well to begin by examining the foreign interests involved, especially those of Great Britain, in order to see wherein they consist and to estimate their importance.

II. GREAT BRITAIN'S STAKE IN CHINA

THAT British interests in China are purely commercial has been almost a set formula in speeches and public pronouncements on the subject of Sino-British relations during the last ten years. Even if this truly represented the facts before the existing conflict began, it certainly does not hold good in the light of the new developments. It will be useful, nevertheless, to take the commercial stake in China as the starting point of our present examination.

British economic interests fall into three categories, investment, trade and shipping, which, although they are closely interlocked, can be treated under separate heads. A census of foreign investment in China is difficult to make, but thanks to a comprehensive investigation carried out a few years ago by Mr. C. F. Remer, an American economist, we can form a broad picture of the facts. Out of a total of foreign investment in China of something in the region of £500 million, the British investment is

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reckoned at roughly £225 million, that is to say only a little short of one-half. The United States and France follow next, but a long way behind, with about £40 million each (the French investment being largely comprised in the single asset of the French-owned Yunnan railway in the far south-west of China). No certain comparison can be made of our investment in China with our foreign investment as a whole, owing to differences in the definition of "investment" and in methods of computation, but according to Mr. Remer's calculation the proportion is approximately 6 per cent. Roughly one-fifth of the British investment in China takes the form of Chinese government loans, of which railway loans are an important portion; the rest, grouped under "business investment", consists of trading concerns, shipping and banking, manufacturing and mining, real estate and public utilities in the treaty ports. In order of importance, the trading concerns come first, forming one-quarter of the whole, followed by real estate (21 per cent.) and manufacturing (18 per cent.). Investment in Chinese government loans is spread among a large number of British bondholders. In general, however, the interested parties in British investment in China are a rather limited class, including several "family" firms which have built up widespread and prosperous businesses in the course of several generations, and a small number of real estate millionaires, some of Asiatic extraction, whose permanent home is China.

The export trade of the United Kingdom to China was valued in 1936 at about £9 million, which was 1.3 per cent. of total exports, and roughly double that percentage of exports to all *foreign* countries. Its character has been undergoing a notable change in recent years. The great Chinese market for Lancashire cotton goods has been rapidly dwindling, but its place has been taken by a large and expanding market for engineering products, of which British manufacturers have secured a considerable share.

GREAT BRITAIN'S STAKE IN CHINA

China's exports to Great Britain exceed her imports of British goods in value; by far the largest item is that of eggs and their derivatives, which are of interest mainly to the confectionery business. Of the other British Commonwealth countries, those most closely interested in trade with China are Canada and Australia, as suppliers of the foodstuffs—wheat and flour—which China imports in great quantities in years of poor harvests or disturbed internal conditions.

The United States, though so far behind Great Britain in the amount of her vested interests, leads easily in trade. In 1936 she took more than a quarter of China's exports and provided one-fifth of her imports. Germany's interest in the China trade has grown fast in the last two or three years, the German share of Chinese imports (16 per cent.) already surpassing that of the United Kingdom, though her share in the export trade is still considerably less ($5\frac{1}{2}$ against 9 per cent.). These three countries and Japan, which comes next in order to the United States, account for well over one-half of the total China trade, the only other single country with an important share being the Netherlands East Indies, which, like the United States, does a large business in petroleum oil.

In a country so dependent as China on ocean, coastal and river-borne trade, the shipping interests are naturally very great. The customs returns of vessels entering and leaving the so-called "open ports" show that slightly over a quarter are Chinese, while nearly 40 per cent. carry the British flag. Apart from Japan, with 17 per cent., no other individual country has any substantial share. In the domestic trade the British interest is mainly confined to a few large companies, with their headquarters in China or Hong Kong, which own, beside their fleets, valuable properties in the shape of wharves and docks at those ports. The dominant position which these companies have created for themselves in China's domestic carrying trade is an important British asset, but an asset

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that was already visibly threatened by the growth of Chinese national sentiment. Of the ocean shipping business—comparatively unaffected by the progress of Chinese competition—more than one-third was under the British flag in 1936. As several of the big British shipping lines include China in their itinerary, the effects of any permanent interference with British shipping running to Chinese ports would be felt widely in what may fairly be termed Great Britain's major industry.

British commercial interests in China comprise, then, an investment that adds, in a normal period of peace, £5 million to £10 million a year to the British national income, and provides employment for a large number of the 13,000 British subjects living in China; secondly, a trade in commodities which in the past has furnished a livelihood for many thousands of Lancashire operatives, and, if allowed to develop naturally, might be expected to do the same for similar numbers of workers in other branches of manufacture; and, lastly, a valuable field of activity for British shipping.

The existence of these interests is closely linked up with the so-called "treaty-port system". The system owes its origin partly to special privileges and territorial concessions accorded in the past to foreign Powers by the Government of China, and partly to the peculiar trading methods adopted by foreign merchants in order to cope with the unique conditions under which trade was conducted in China in earlier days; these included the language obstacle, differences in manners and customs, the difficulties involved in negotiating with Chinese officials, the complications of Chinese currency, and above all the absence, in the interior of China, of security afforded by law and order. Out of these conditions there grew up the treaty ports, administered with various degrees of foreign control, of which Shanghai is incomparably the most important. In the treaty ports there have been established, for the handling and financing of the trade,

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large foreign agencies, consisting of banks and business houses equipped with a specialised organisation and personnel. On this structure—of which the colony of Hong Kong must be accounted an integral part—foreign commercial interests in China have been very largely built up, and upon its continuance they very largely depend. Their dependence further extends to another product of the early days of the Western "impact" on China, namely, the Chinese Maritime Customs, which, under the terms of international agreements, is administered by an Inspector-General of foreign (British) nationality, assisted by a partly foreign staff.

The treaty-port system and its connection with British interests in China have a particular importance when we come to consider the vulnerability of those interests. The fact that trade passes through the "bottle-neck" of the treaty ports, and that its nerve centres are bunched together, so to speak, at those ports, lays it open to attack by any hostile authority exercising control on the spot. The holders of Chinese government bonds, for instance, are intimately concerned with the administration of the customs, the revenue of which constitutes the security for a great part of the loans; being collected at the ports, it is obviously exposed to interference by a foreign Power exercising *de facto* control. Again, a considerable part of the private industrial investment takes the form of foreign-owned factories, nearly all of which are in the treaty ports, principally Shanghai; real property holding is almost wholly limited to these areas, and the same is true, of course, of the banks, import and export houses, packing factories, insurance companies, shipping and cable offices and so forth which are essential links in the chain of Chinese commerce.

This makes them a particularly easy victim for any Power that might acquire a position of direct or indirect control over the local administrations in the treaty ports, and might wish to undermine the interests of other foreign

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countries. If this same Power were further able to dominate the actions of the central Government of China, or of whatever regional Governments might have taken its place, it would have, of course, still greater opportunities for damaging foreign interests through the manipulation of the customs tariff, the encouragement of discriminatory practices in the public services (including ports, posts and telegraphs, railways and airways), the creation of state monopolies, the enactment and application of company laws and tax regulations, and a score of other methods.

III. THE PACIFIC EQUILIBRIUM

THE above picture of British interests is a circumscribed one, limited to the commercial stake in China. It is now necessary to look further afield, and to consider the political factors, which stand out prominently in the light of the new situation in China. For more than a century, Great Britain has held a recognised position as one of the great Powers in the Pacific, and up to the present time she has had an important voice in all the major political arrangements that have been made for that area. To what does she owe this influential position in so distant a part of the globe? To three things in particular: first, to the strength of the British navy; secondly, to the existence of the three countries of the British Commonwealth lying in, or bordering on, the Pacific, and of Great Britain's string of colonial possessions stretching across the tropical belt of that ocean; and, lastly, to the prestige that she derives from her position in China and Hong Kong. It is, above all, the last of these three assets that has enabled her to play a leading rôle in Far Eastern politics for the past hundred years, and more intensively since the conclusion of the Anglo-Japanese alliance in 1902. Without the status thus afforded, Great Britain would have had no adequate claim to take the part that she actually took in bringing about the Washington

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agreements. Without it she could never again hope to exert effective influence in establishing political equilibrium in the Far East, or indeed in the Pacific area. If Mr. Stimson is right in his view that the Five-Power naval agreements were themselves indissolubly connected with the China provisions of the Washington treaties, it is arguable that only Great Britain's recognised interests in the eastern Pacific enabled the naval ratio to be established. In any case, the liquidation of those interests—which would mean that the fate of China would cease to be a direct British concern, and that British prestige in the Far East would vanish—could not fail to alter profoundly the standing of this country in all Pacific affairs.

IV. JAPAN LOOKS SOUTH

IN considering the Japanese challenge to the West, one cannot stop short at the threat to the interests of the Western Powers in China itself. It is common knowledge that, in opposition to the protagonists of continental expansion, there exists in Japan to-day a body of opinion, generally described as the naval or the "southern" school, which maintains that Japan must seek new fields to exploit among the tropical islands and archipelagos of the Pacific.

The lure of expansion to the south is naturally great. From the point of view of emigration, the southern territories offer the warm climate in which the Japanese colonist flourishes best. From the point of view of raw materials, they offer abundant quantities of the oil and rubber and, in a lesser degree, the ores for which Japan's industries and arsenals are crying out, and which she lacks in her own territories. It is common knowledge that the authorities in the Netherlands Indies have had fits of nervous apprehension of possible Japanese aggression during the last few years. Even Australia has not been free from such qualms. At the moment it may appear that Japan has too much on her hands for her to undertake

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fresh adventures, but we must not lose sight of the fact that, if the Western Powers should attempt to restrain Japan in China by economic sanctions, and if Japan should hit back, the natural form of retaliation would be an attack on their colonial possessions in the Pacific Ocean.

The magnitude of the British interests at stake in the event of such an attack needs no emphasis. From Singapore to Port Darwin, the chain of Dutch and British islands forms a protective barrier for our lines of sea communications with the Australasian Dominions, and provides the necessary stepping-stones for the air lines which are becoming more and more important as strategic and commercial links of the Empire. As regards economic value, the Malayan countries and Borneo, besides their supplies of oil, provide one-half of the world's rubber and one-third of its tin; in the rubber plantations alone, British investments are reckoned at £90 million. As a market for British goods these countries rank ahead of China, taking more than 2½ per cent. of total British exports.

While the defence of this area is a vital concern for the Netherlands, for Great Britain and for the British Commonwealth as a whole, it is only a degree less important for France, who could not expect to retain her position in Indo-China if she was outflanked by Japan to the south. Nor can the United States disinterest herself in the fate of the Pacific islands so long as she has on her hands the defence of the Philippines—so long, that is, as the American navy retains its base at Cavite.

The wider strategic considerations lie outside the scope of the present article. But before we leave the subject it will be well to examine a little more fully the position of Hong Kong. Although often classified as a "strategic outpost", Hong Kong's military value in war time, except as a factor in any delaying tactics, has become at the best very questionable. The island would be extremely difficult to hold against Japanese naval and air forces with

bases as near to it as Formosa, or very much nearer still if Japan remains in occupation of certain islands and places on the mainland, in and around the Pearl river delta, where her troops are reported to have landed in the course of the recent hostilities. In the event of the temporary loss of the colony, to count on its being retrievable at a later stage would be cold comfort in view of the destruction that war operations, followed by enemy occupation, would certainly inflict on the buildings, shipyards, docks, factories and other valuable properties that congregate thickly round the harbour of Hong Kong; these, with the business interests attached, represent a British investment of nearly £20 million. Nor can we ignore our responsibility towards the many thousands of British subjects, most of them of Chinese origin, in the colony, for whom the alternative to slaughterous bombardment might be surrender to the mercies of a Japanese occupation.

Although Hong Kong as the pivot for China trade has been gradually "losing out" to Shanghai over several decades, its political and commercial importance has been greatly heightened by recent developments in the course of Chinese economic reconstruction, particularly by the completion of a railway system which now links central China with Canton and Hong Kong, and by the industrial exploitation of the southern provinces themselves, a field in which, if progress can be resumed, British capital has every prospect of playing a leading part. Any threat to Hong Kong must be viewed in the light of these considerations, with an eye, that is, to future prospects as much as to present conditions.

V. THE HEART OF THE DANGER

HAVING ranged over the whole wide area of British interests in the Far East, we must now weigh up as precisely as we can the danger with which they are faced. For an object lesson of how foreign interests fare under a

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régime controlled by Japan one turns naturally to Manchukuo. Since 1932, a number of well-established foreign firms have been obliged to withdraw from that country either by legislative action, such as the creation of state monopolies, or by less obvious forms of pressure. The list of such firms includes the two great oil distributors, the American Standard Oil company and the British Asiatic Petroleum company, the Czechoslovakian Skoda steel works, the German Siemens-Schukert and the British Jardine Engineering company, the last being a subsidiary of the great trading organisation bearing the same family name. Meanwhile there have been very significant changes in the direction of Manchurian trade; the British share has halved since the Japanese conquest, and the American share has decreased by almost the same proportion, whereas the Japanese share has increased until it now embraces approximately three-quarters of the whole trade of Manchuria.

Although these facts are highly suggestive of the treatment that foreign interests have to look for within Japanese spheres of influence, it must not be too readily assumed that Japan would apply in China the same economic policies as are current in Manchukuo, even were she to achieve her ambition of a Japan-Manchukuo-China economic bloc. The difference in scale logically demands a radical difference in policy; for whereas Japan may hope to exploit Manchuria mainly, if not entirely, out of her own resources, and consequently to reserve its markets to herself, economic development in China on any far-reaching scale would be manifestly beyond Japan's capacity to finance, and would need the co-operation of the money markets of the West. Furthermore, it is certain that, if such a development were brought about, and if Chinese purchasing power were consequently raised, the resulting increase in China's trade would be greater than Japanese industries could cope with.

If one could count, then, on Japan's being guided in

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her behaviour in China by considerations of mere economic advantage, there would be no good reason to expect that she would make the elimination of foreign interests a direct object of policy, or would do more than give her own industrialists and traders the greatest possible degree of preference in the fields where they compete. At the first glance her record to date might seem consistent with such an assumption. Before the present conflict began, Japan, notwithstanding her claim of veto on foreign transactions with China, had not openly interfered with foreign commercial rights or foreign participation in China's economic reconstruction. By deliberately paralysing the preventive forces of the Chinese Maritime Customs for the benefit of the smuggling trade into North China, she had indeed inflicted severe loss on the foreign merchants in China, but apart from its cash profits the principal aim of this manœuvre had been to exert pressure on the Chinese Government itself.

After hostilities began, cases of interference with foreign rights and interests naturally multiplied. The difficulty has been to draw any clear line between acts of aggression that were a natural concomitant of war and acts that might be interpreted as a deliberate attack on the position of other Powers in China. The Japanese, in the territory under their control, are reported to have put an embargo on the release of maritime customs revenue for the free use of the Chinese Government, while permitting, in principle at least, the remittance of the quotas of funds needed for the service of China's international loans. A more serious threat to foreign interests is the recent application, by the new puppet Government in the north, of a revised customs tariff, which, in the selection of the classes of goods to be subjected to high or low duties, strongly favours Japan at the expense of other nations—a foretaste, it may well be, of the kind of discrimination that would become general throughout China under Japanese political dominance. In Shanghai, the cases of interference with

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the authority of the international municipal government have the appearance of being due to instigation by local military commanders intolerant of any restrictions on their freedom of action. The demands that have been made for an increased share in the administration of the Settlement are not themselves proof of Japan's intention to challenge the international status of the area, since the Japanese have been pressing for larger participation in the municipal government for the past several years.

It is when we come to the series of "incidents", ranging from the attack on the British Ambassador's party and the bombing of the *Panay* to acts of physical violence against individual soldiers, policemen, diplomats and private citizens, that the essential danger appears. To suggest that the major incidents were deliberate, in the sense of having been planned by persons in high authority in pursuit of a definite policy (such as the ruin of foreign prestige in the eyes of the Chinese), would be almost certainly wrong. The behaviour of the Japanese Government over the question of apology and satisfaction is hardly compatible with any such theory. But it is almost equally certain, on the evidence to hand, that the individual members of the Japanese military forces who were responsible for the incidents acted deliberately and with hostile intent against foreign nationals and foreign flags. These men, so far as the outside world knows, have remained unpunished.

The situation here is strikingly similar to that which existed in the early period of intercourse between Japan and the West in the middle of last century. During the three years after 1859, when Sir Rutherford Alcock went to Japan as the first British Minister, murderous attacks were made on separate occasions on members of the British, French and American Legations, and Alcock's successor, Sir Harry Parkes, was himself attacked when on his way to an audience with the Emperor, and was lucky to escape with his life. Attacks on private individuals

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in the same period were too numerous to mention in detail; one need only refer to the murder of Richardson outside Yokohama in 1862, which led to the bombardment of Kagoshima by British warships. On every occasion the Government of the day was profuse in apologies, but completely inert in action, and it became clear to the world that the *samurai* and their followers, who carried out or provoked the assaults, were for practical purposes beyond the Ministry's control.

In this sinister parallel between present conditions and those first critical years of Japan's contact with the West, and in the signs of the powerlessness of responsible statesmen in Japan to control the "patriots" whose attitude towards both Chinese and foreigners expresses itself in bombs and machine guns, lies the chief cause for fear that, unless the Western Powers are prepared to surrender almost completely their position in the Far East, they may find themselves facing decisions graver than any they have yet been obliged to take since Japan launched herself on her present hazardous career.

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I. WHAT STABILISATION MEANS

EVER since the end of the war, it has been generally and rightly assumed that world progress and prosperity require the re-creation of an ordered international monetary system such as existed in 1914 and was broken to pieces by the war. Strenuous efforts towards this end were made in the 'twenties and great progress appeared to have been made. But the crisis of 1931 threw everything once more into confusion. It taught the world how profound for such a civilisation as ours must be the monetary disorder caused by a world-wide war and its aftermath, and that to restore order demands a period of time to be reckoned almost in generations rather than decades. In the subsequent six years much progress has again been made towards *de facto* stability over the sterling and dollar areas and it may be worth while to consider whether, and if so to what extent, the world is progressing towards or receding from an ultimate *de jure* stabilisation covering all great commercial nations.

Stabilisation is often discussed as if it depended on the simple will of those in authority in each country, as if all few statesmen had to do was to determine upon stabilisation and the thing would be done. In reality, definitive stabilisation can only be the ultimate consequence of a stable condition of international society and of economic and financial order within each of the countries concerned. There are, indeed, distinguished exponents (such as Dr. Kienböck, Governor of the Austrian National Bank) of the view that stabilisation must not wait on order, but will itself go far to restore it; that if we wait for the perfect moment w

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shall wait till the Greek Kalends, and that risks must be taken. But while this view must command every sympathy, there is much to be said on the other side. In 1925 we and other countries went back to gold, but economic conditions proved too rigid to enable those adjustments to be made which experience proved necessary. Conditions are certainly not less rigid now than they were then. To face some more or less superficial lack of political and economic order in the world would be one thing, but it is quite another to suppose that the profound disturbances in both spheres that now plague the world could be easily overcome. It is much more true to say that stabilisation is in itself merely the final coping-stone to the arch. Unless all the other stones are in place, are of a harmonious size and strength and fit closely into one another, the keystone will not bind the whole firmly together.

What effective stabilisation means can perhaps be brought home to the layman in another way. It means that, for example, an Englishman should be willing to accept payment or take monetary obligations with as much equanimity in French francs, German Reichsmarks, Italian lire, Japanese yen and so forth as he is to invest them in English pounds sterling or American dollars; that it should be a matter of indifference, in fact, to members of any of the nations concerned which of these currencies they hold, since each currency should at any time and over an indefinite period be relied on to be exchangeable freely at fixed rates into any of the others. Proper stabilisation, moreover, allowing for free investment of capital between one country and another, as contrasted with the panic movements of these disordered times, should mean that this confidence should extend to investment in the several currencies, not over months, but over years and decades. In other words, there should be a perfectly reasonable expectation that all main currencies would remain in stable relation with one another indefinitely, and that the governments and peoples concerned would possess both the willingness and

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the power to achieve this end. This is not to imagine Utopia, but merely to describe the position as it was in 1914, and as it might have remained had the war not intervened. In those halcyon days, neither bankers nor business men had any need to bother their heads over the main world currencies. They accepted their stability as given. But to remind oneself of that is merely to demonstrate how far away we are from that happy world.

It is true that during the last few years we have enjoyed a considerable measure of exchange and currency stability over the whole sterling and dollar area; that is to say, we have comparative stability between the two strongest and most important currencies in the world. That area covers the whole British Empire, Egypt, the United States, Scandinavia, and to it may now be added Holland, Switzerland and perhaps Belgium. Roughly speaking, if France, whose position is peculiar, is excluded, it comprises all the creditor nations of the world, as well as some of the strongest debtor nations, for instance the Dominions of the British Commonwealth. Outside it, however—that is, among most of the other debtor nations—the picture is entirely different and controlled exchanges are almost universal. Two antagonistic systems therefore exist alongside one another, and it is important to examine some of their mutual reactions.

II. GERMANY AND EXCHANGE CONTROL

IN the main, the action of debtor countries in imposing exchange control was an unavoidable effort at self-protection in the maelstrom of the 1931 crisis, but its real roots go back to the ravages of the war and the lamentable mistakes of after-war policy. Most of the countries in question would return now with alacrity to free exchanges, if they felt they had the strength to do so. But in certain of them, particularly of course Germany and Italy, the pursuance of autarky and military strength has converted

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exchange control into an integral part of a state mechanism designed to develop every ounce of national power in the immediate present, as contrasted with greater well-being in the future, and for them to abandon it now would mean to abandon much else besides. It must also in fairness be said that the “free” nations are only relatively free. The 1931 crisis forced them, too, practically without exception, into certain measures of control, in the form, for instance, of restrictions on foreign lending or of quotas, tariffs, and other trade restrictions.

If the strongest of the “controlled” nations, such as Germany, Italy and Japan, were to return to free exchanges, the path to the same end would be greatly facilitated for the smaller “controlled” nations. The key to the problem, therefore, is the trend of developments in these greater countries. Two main questions must be answered: first, whether these powerful “controlled” countries are getting nearer to the time when they will be able to return to a free exchange; secondly, if the answer is negative, whether developments in the “controlled” countries prevent the “free” countries from going forward to *de jure* stabilisation, or actually put a severe strain on their present *de facto* stability. The simplest course is to consider the case of Germany, as the strongest of the great controlled countries, at any rate in the western hemisphere, and as indicating the influences that are likely to prevail also in the other two.

The lasting effects of the war and of both Allied and German after-war policy, coupled with the extreme crisis of 1931, left Germany with no option but to control her exchange, in order to prevent another currency collapse, of whose disastrous effects she had bitter memories. All subsequent experience goes to show that, when once such control is instituted, a return to freedom presents very great difficulties even if it be made the main objective of national policy. But with the coming of the Nazi régime not only was no such objective adopted, but on the contrary

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exchange control was found to be an effective aid towards enforcing Nazi policies. Hence it was gradually extended and made completely effective and all-pervading. In Italy, where the currency was devalued, exchange control as a domestic political instrument has been even more openly in evidence. In both countries government policy aimed at the complete integration of the people as a fighting machine, and consequently at the utmost economic independence of other nations. Individual consumption had to be restricted in order to provide the goods and services necessary for these two objectives, and there naturally followed the control of all foreign trade and the severe restriction of imports. In a word, what originated as a means of self-defence and self-help has come to serve as a deliberately employed instrument of policy towards a party end.

Since normal international trade conducted triangulary or multilaterally became difficult and very often impossible, clearing and barter schemes, compensation and payments agreements were concluded between Germany and the countries with whom she traded, until at present nearly 80 per cent. of her foreign trade is conducted under such arrangements. Then, because domestic trade has in all great countries a close relationship with foreign trade, and particularly because of the vast extension of armaments, further steps had to be taken to control Germany's internal trade; maximum prices were fixed; private industry in general was completely regulated as regards new extensions; and the capital market was entirely reserved for government purposes.

It has to be frankly admitted that five years of Nazi planning has achieved results which in many respects are striking. Germany has great armaments, great public works, no unemployment (though of the 6 million formerly unemployed probably 2 million have been absorbed by the army and other state employments), rapidly increasing revenues, great industrial activity (almost all initiated by

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the state), a growing foreign trade (though it is still far below that of 1929 and is still largely subsidised), a greatly enlarged internal production, and as yet no great apparent fall in the standard of living. In addition, at the cost of extremely heavy losses to her creditors, Germany's foreign debt has been immensely reduced. On the other hand, if her exchanges were freed to-morrow her currency would collapse; so far as published figures go, the Reichsbank has built up no resources; while before the war Germany had invisible exports totalling some £50 million per annum, there is no sign that she is again building them up; there is a great shortage of raw materials; prices have to be officially controlled; every resource of the nation has been tapped; the taxation of the ordinary worker is much higher than here; the public debt is growing; and no capital or credit, short or long, can be expected to flow in from abroad.

It is quite beyond human wisdom to determine how far all these developments have been an inevitable consequence of Germany's treatment by her late enemies after the war, and how far they derive from Nazi policy; how far, in fact, on the road to free exchanges she would have been had the Nazi Government made that their chief aim. Nothing was more disastrous than the reparation and Ruhr policy, which sowed the dragon's teeth. Nothing was more certain than that, faced with Europe dominated by French military power, Germany would rearm heavily as soon as she felt strong enough to do so. Her lamentable economic condition in 1931 would moreover have forced on any government a great extension of state control and activity. It is the far-reaching integration of Germany as a fighting machine, the fact that this aim comes a long way before any other, and the repudiation of anything savouring of internationalism—that is, of any method of restoring prosperity to the German people which in other countries would be regarded as normal—it is these things that differentiate the German developments from the ordinary

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state socialism and cause such serious reactions in other countries.

The ultimate result of this experiment is, however, not yet certain. Unless, for instance, in addition to its present achievements it enables the Reichsbank to build up the large reserves needed for a great trading nation, no end can be in sight for a rigid control of the exchanges, and therefore no normal intercourse with other nations is possible. Moreover, it is clear that the rigidly controlled nations must depend to a considerable extent on the fact that other nations retain free exchanges. Germany, Italy, Japan, Russia and smaller countries are aided in the control of their exchanges by the existence of free markets in sterling, dollars and other currencies; for only thus can they obtain the free working funds necessary for the purchase in third countries of essential supplies of food and materials. Were all currencies to be controlled and blocked, then their task would become much more difficult still.

In their main outlines, though of course with considerable differences of history and circumstance, the totalitarian systems of Italy and Japan are from the point of view of this article similar to that of Germany, and the more one contemplates them the more irreconcilable in the end seem the two systems, that of power pursued apparently for its own sake by the completely centralised and autocratic governments, and that of individual well-being pursued by the free nations. Regarding themselves as "have-nots", the former have set out to secure for their peoples the strength and wealth that are presumably their aim, not so much by the mutual development of international trade and the building up by their people of great assets abroad, but by power alone—and two of them already by actual conquest. To the population of Germany, lying as she does geographically between France, England and Russia, most of the measures of the Nazi Government take on the appearance of measures of pure self-defence. The German air force, in their eyes, may be required to

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oppose the air forces of those three countries simultaneously; in our eyes, it may be directed in some crisis solely against ourselves. It is the profound suspicion reigning between the different nations that is the root cause of the difficulties in the way of international financial and commercial co-operation.

Yet Germany was before 1914 a country with great wealth abroad, and with her rapidly growing invisible assets was becoming in fact a greater rentier nation. There is no doubt that such a development would again be comparatively easy to her, if her eyes were set in that direction and not upon autarky.

It may be that the totalitarian States will arrive at a stage at which, either through the abandonment of ambitions that can be fulfilled only by war or through the altered sentiments of their people, they will essay to change over to an economy directed rather to promoting greater individual consumption and building up the reserves required by a free exchange than to concentrating their military power. But the changeover must be difficult and dangerous, and there is no indication at present—rather the contrary—of any such tendency.

Nor, until their policy changes, can they expect that assistance from the free nations with greater resources which in different circumstances it would be natural and wise for the latter to give. Admittedly, the possibility of war can never be ruled out. But there is a world of difference between that recognition and the present universal conviction that, since some countries feel obliged to bend their whole national energies on becoming an armed camp, they must either expect war or wish at the cost of any sacrifice to put and keep themselves in a position to use an overwhelming threat of war. So long as that state of affairs continues, there can be no mutual help given and received between creditor and debtor countries—to the advantage of both in a peaceful world—whereby reserves necessary for a free and stable currency might be built up.

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Even if the power of those debtor governments to pay the service of any loans made were clearer, it would be impossible at present to persuade individual investors in this country or the United States to lend money to the German or Italian or Japanese governments, or indeed to invest in any way in those countries. It is true that a certain amount of involuntary lending takes place through the inability of traders selling goods to those countries to get payment save over an extended period. But this process has naturally very definite limits. It remains the case that if the countries lacking currency reserves cannot get money either from foreign governments or from investment by foreign individuals or companies, then the building up of sufficient reserves in gold or foreign currencies to enable them to defend their currencies, when free and stabilised, must be a matter of years, even if they were to change so far as to make this the leading objective of their policy.

III. THE BURDEN OF TAXES

THE foregoing arguments to prove that the "controlled exchange" countries are very far from a return to free exchanges may be thought to be flogging a dead horse. Nevertheless they form a useful preliminary to a consideration of certain serious reactions of their policy on the "free" countries. Those reactions particularly concern the problem of government expenditure and government finance. A lasting stabilisation requires that the finances of the countries concerned should be in order and under no undue strain. Budgets should be balanced, taxation not excessive, unproductive expenditure and unproductive debt should not continually increase; and the proportion of the national income taken for government purposes should not be so great that the whole system of private enterprise, which depends on the possibility of making and retaining reasonable profits, becomes unworkable.

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The figures contained in the Appendix below, which have been obtained from the best sources available in each case, throw some light on the present position. They are admittedly very incomplete and subject to many qualifications, but the trend they indicate is unmistakable. All governments are absorbing a greater and greater proportion of the total national incomes of their communities. The figures show that in Italy the government is absorbing something like 42 per cent. of the national income, in France over 39 per cent., in Germany over 26 per cent., in Great Britain over 16 per cent., and in the United States over 11 per cent. All these figures exclude local or state expenditure. In the United States the expenditure of the states and local authorities amounted in 1935 to \$6,171 million, a sum not very far short of the federal government's total expenditure. If this were included, the total government and local expenditure would be over 20 per cent. of the national income. To add a figure of about £177 million representing local expenditure would raise the British ratio to over 26 per cent. The German local expenditure not included in the figures quoted appears to be about Rm. 4 milliards, which would bring the German total expenditure to over 30 per cent. Comparable figures have not been obtainable for France and Italy, but undoubtedly to add local expenditure in those countries would bring their percentages to a very high figure.

On the other hand, it may be suggested that in these two countries there is almost certainly a substantial difference between the total money income and the social or real income of the country, arising from the fact that many peasants and small agriculturalists, comprising in both countries a big percentage of the total population, are largely self-providing. They possess, in fact, a greater real income than money income. It follows that the general position in France and Italy, socially and economically, would be rather better than would appear from the figures relating to money income. On the other hand, since

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the government would hardly be able to tax at a high rate the money incomes of those who are partly self-sufficient; this circumstance affords little help towards solving the country's fiscal and financial problems.

Except for Great Britain no comparable pre-war figures are obtainable. But our present ratio of 16·7 per cent compares with 7·6 per cent. in 1913, while actual government expenditure (including armament expenditure covered by loan) has risen from £169 million* in 1913 to £941 million in 1937.

To what extent the government expenditure in each country, including armaments expenditure, is unproductive it is difficult to say. While, however, from one point of view this is very important, from the point of view of the maintenance of the system of private enterprise in general it is unimportant. All government expenditure involves taxation and, when taxation rises beyond a certain level then private initiative and enterprise must inevitably languish; for all enterprise is a balancing of risks, and the risks are always borne wholly by the entrepreneur and not at all by the government, which may nevertheless take, say, 50 per cent. of the profits. Private enterprise has languished in Germany and Italy; it is in serious difficulties in France. It is in least difficulties in Great Britain and the United States, where government expenditure still takes a smaller proportion of the total income than elsewhere.

In regard to the subject here under discussion, several lessons can be drawn from the figures quoted, of which only two will be mentioned. The first is the very great importance of maintaining the national income at as high a figure as possible, in other words, of avoiding any depression or deflation. Clearly in respect of national income neither Italy nor France is in as favourable a position as Germany or the United Kingdom. Taking the Reichsmark at its official rate of about Rm. 12 to the £—which is

* Including only the net amount of self-balancing revenue and expenditure, e.g., the post office.

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of course, to value it too high—Germany's national income is between £5,000 million and £6,000 million, as against ours of £4,800 million. At a more reasonable valuation of the Reichsmark, say Rm. 20 to the £, Germany's national income would be £3,400 million. At either rate, her population being much greater, income per head is considerably smaller than in Great Britain.

The second lesson is that an extension of unproductive armament expenditure in the "free" countries will tend to enhance their difficulties in maintaining a free economy, stable exchanges and prosperous private enterprise.

It must be remembered that, at any rate in the short run, freedom suffers under certain handicaps as compared with authority. In Germany, for instance, wages are completely controlled by the state. Hitler has merely to declare that the country's highest interests demand that there should be no increase, and the question is settled. On the other hand, prices are also controlled. Thus any deterioration in the standard of living is likely to be reflected, not so much in wages and prices, as in a shortage of the articles required by the population and in a deterioration in quality. If the system succeeds in maintaining the standard of life sufficiently, well and good. The alternative, which is exemplified more clearly at present in Italy, would appear to be the gradual squeezing out of all the middle classes and the approach of a bureaucratically ruled proletarian state. If ultimately the real standard of life of the population continues to fall, dreams of empire may not be thought a sufficient substitute. But the process is a slow one. For, with the easier wealth production of modern days, under normal and peaceful conditions the standard of life should improve fairly quickly in all countries. Under the totalitarian system the standard, while it might be kept from improving, might possibly be maintained, while all the additional productive power derived from invention and progress was directed into making the nation a more and more formidable war machine. Moreover, partly

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as a consequence of their compulsive powers, it is quite certain that German, Italian and Japanese armaments and organisation for war are relatively far less costly than ours, and in comparing armament expenditure it must be remembered that for any given sum they obtain a much greater return than we do.

In the free countries no similar measures of compulsion are possible. Wages cannot be compulsorily held down, and the electorate naturally demands to see progress reflected at once in a higher standard of life. It follows that, with vast armament expenditures, governments and monetary authorities may not possess the strength necessary to keep a sufficient check on the natural instability of the freely working credit system. In the short run, in fact, the totalitarian States can prevent the reaction of an un-economic policy on their economic and financial fabric, whereas in the free States the adjustments must be made *ambulando*. In the long run, to sit on the safety-valve may prove to be the greater weakness of the two.

To the free States, or some of them, therefore, a united people ready for sacrifices, and strong governments as well, may be a vital necessity both to secure their defensive strength against the totalitarian States and to maintain in working order their free economy. Present French difficulties are a sufficient proof. So far as Great Britain is concerned, we have to bear in mind that in a time of peace and prosperity our taxation is exceedingly high, and—largely no doubt as an indirect result of rearmament—it is probable that in 1937 our balance of payments on current account was unfavourable to the extent of some £50 million. Presumably this deficit has been compensated, so far as the immediate present is concerned, by investments of one sort or another made here by foreigners, no doubt largely for safety's sake. But it represents a danger signal.

The strain, which it is suggested may be felt by the free nations, is indeed no figment of the imagination.

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In the last few years, so far from the number of countries with free exchange having been added to, Poland, with a crushing burden of armament, has fallen by the wayside, and France, though she has hitherto avoided control, is far from having regained a firm footing on a basis of free exchange.

The foregoing discussion indicates that, while the totalitarian States may unfortunately themselves be prisoners of their own policy, the path on which they have entered may take the world further and further away from the free economy of former years and from any approach to a stable and ordered international monetary system. In simple words, we may be forced into a prolonged struggle to decide whose resources can last out longest. If the totalitarian States use an undue proportion of the national income on war or near-war purposes, the free States must take the same course. Progress will be checked and private enterprise retreat before swollen government activities. It is a fantastic development of European civilisation that every nation, instead of co-operating to improve the general well-being, should be "tightening its belt" against every other, stripping itself as if for battle, and making its whole economy into an engine of war; that in a time of peace the proportion of the national income taken in all countries to provide for largely unproductive expenditure should be constantly increasing; that taxation should be at a point beyond which it can be substantially increased only at the risk of seriously impeding ordinary enterprise and thus forcing governments into further new fields; and that national debts, already very high in most cases, should constantly be increasing. Along this road the only end can be a vast and harmful extension of government activities, merely because private initiative will stagger under impossible burdens. Nevertheless "if the devil drives" we needs must follow, and it may be hoped from the figures quoted that, if we are driven into a race of exhaustion, our resources will last longer than those of some

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of our neighbours, and that their difficulties will accumulate even more rapidly than ours. In such a world, however, further steps to a more rigid stabilisation of currencies seem out of the question.

IV. THE VAN ZEELAND REPORT

IT is in the light of the world conditions depicted in the previous pages that Mr. van Zeeland's report, recently presented to the British and French Governments, must be considered. The report is an admirably well-balanced and interesting survey on the subject remitted to him, namely the "possibility of obtaining a general reduction of the obstacles to international trade". If mutual confidence now reigned among the leading countries and peoples of the world, the recommendations of the report could be put into force with highly beneficial results to everyone. But unfortunately Mr. van Zeeland, as he himself recognises very clearly, was handicapped by the fact that his was an economic enquiry and that of necessity he "deliberately debarred" himself "from touching on the strictly political aspects presented by a number of questions with which we are faced. It is, however, impossible to ignore the fact that we are working in their shadow".

Let us try, therefore (he said), to find the way of a practical solution without going beyond the limits of this mission, which is of an economic character, but without pretending that it can be artificially isolated from the political factors which surround it and which impose upon it their conditions.

We shall confine ourselves here to those recommendations made by Mr. van Zeeland which more particularly concern the subject of this article. Among the obstacles to international trade, Mr. van Zeeland rightly says "there are none more harmful and more formidable than those which arise either from monetary disturbances or from restrictions regarding the transfer of capital or of

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commercial payments". To overcome these and to bring about conditions in which exchange control can be eliminated his main proposed remedies are:

(a) That the past should be liquidated by an adjustment and consolidation of the external debts of the debtor countries;

(b) That debtor countries should be provided with credit facilities. These facilities he suggests should be secured by an "agreed extension of the method of reciprocal credits recently instituted by the Bank for International Settlements", and by the establishment, through the co-operation of all States prepared to join, of a "common fund, the resources of which might be applied under appropriate conditions to facilitate the financing of legitimate trade operations during the period of readjustment". The direction of such fund he suggests should be carried out by the Bank for International Settlements.

In plain language, Mr. van Zeeland suggests that Great Britain and the United States and other creditor countries should lend large sums to Germany and Italy and other countries with controlled exchanges, through the Bank for International Settlements, to enable them to free their exchanges.

It is of course quite hopeless to expect the private investor in Great Britain or the United States voluntarily to take any part in lending money to debtor countries which even now cannot meet their existing foreign obligations, quite apart from the political hesitations or even inhibitions that would be aroused in the private investor's breast. Thus the proposed loans—and very large sums would be required—would have to be made by the governments concerned with the approval of their parliaments. The difficulties of such a course need not be elaborated. It is indeed unfortunately the case that, until greater mutual confidence exists, such loans remain a political impossibility.

Since this is so, it is hardly necessary to discuss to what extent they would in reality prove effective. Post-war history has shown that they can do no more than help over the final stile a nation which in every other respect

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has got its economic and financial problems under control. Each nation must necessarily pull itself out of the mud by its own and not other people's efforts. This Mr. van Zeeland recognises clearly.

Each country (he says) must above all rely on itself. . . . It has the right to expect of the other States that they will not confront it with artificial obstacles, and even that they will assume a general attitude in conformity with the requirements of a sincere spirit of international collaboration, but the decisive effort is essentially the responsibility of the individual State and of it alone.

What are we then to conclude? Which comes first, economic and financial co-operation or the restoration of political confidence, the hen or the egg? One would wish to believe that progress in the economic sphere might be the path to progress in the political. Forced to exclude from his consideration political problems, Mr. van Zeeland has placed clearly before the world a possible procedure which—if international political confidence reigned—might go far to set Europe on the path of prosperity. But political problems are absolutely fundamental. Some of the less comprehensive steps suggested by Mr. van Zeeland might indeed be practicable and might in themselves help to render political appeasement less difficult. Unless, however, some reconciliation is possible between the very different political ideals now reigning in the several countries, our hopes cannot but be limited.

V. A CALL FOR SACRIFICES

FROM the foregoing discussion it would appear that three main alternatives are before us. The first is that armament competition and the constant increase in public expenditure should continue in all countries until at any rate the weakest are exhausted. The second is that the extreme militaristic doctrines of the totalitarian countries should become gradually tempered, and that their economic policy should gradually change, until their opinions

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and policies are not so far different from those current in the non-totalitarian countries that some accommodation is impossible. The third alternative is that, in order to hasten this latter development, and foreseeing that, whichever of them may be ruined first, all are heading towards the same goal, at least the British, German and French Governments should now make a determined effort to see how far, in using the same words about peace and directing their policy towards peace, they can in fact bring themselves to mean the same thing. It is profoundly in the interests of them all that a suicidal race of exhaustion, the results of which even on the most rigidly "controlled" States may ultimately be explosive, should be quickly brought to an end.

One fundamental difficulty is that constitutional and old-established governments are dealing with revolutionary governments. It is not only that the leaders are totally different—one can hardly imagine Mr. Neville Chamberlain or M. Chautemps leading the march to Rome or enacting the incidents of June 30, 1934. A revolutionary government, which has been created by violent action and seeks by such action, as the Italian Government does, to create empires, requires more than a few years to reassure the world that it has settled down to the normal procedure of determining difficulties by persuasion rather than force.

It is of the utmost importance, from the economic and financial as well as every other point of view, that the German and Italian peoples should enter into normal co-operation with the countries that have not gone through the same violent changes. If, on the other hand, the revolutionary temperament is still too evident for firm co-operation to be established, and if, therefore, the only alternative before us at present is to see which can last out longest, then it behoves us above all to keep our own vessel ship-shape. The totalitarian communities accept sacrifices under the emotion of the semi-divine word of command; we have to impose them freely on ourselves. It might

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well shorten this time of trial if our neighbours were to see that we were ready to impose on ourselves, not only economic sacrifices, but also such other national duties as are accepted as a matter of course by all other European countries, even traditional neutrals with nothing but their home-land to defend. The half-hearted preparation for the defence of our great heritage will certainly not encourage the totalitarian States to be quick in changing their course or in recognising that limitation of armaments or even some closer co-operation may be the only alternative to a deterioration of well-being that may ultimately become intolerable.

The burden, then, which we in Great Britain must shoulder is to make safe our defence without allowing a weakening of our financial stability. We must, to begin with, maintain the stability of sterling and strengthen in every way possible co-operation between the sterling and dollar areas. In reserves of gold and foreign currency and in national resources outside our country, we are incomparably stronger than most of our neighbours. No "transfer" problem arises. The difficulties will be of a different character. It may not be easy, in the first place, to prevent the vast government expenditure from leading to inflationary developments, which by raising costs and prices will bring us out of line with the United States and other members of the sterling area, will increase the disparity between imports and exports and render our unfavourable balance even greater than now, thus tending to weaken our exchange.

In the second place, the budgetary problem may become more acute, and the question may arise whether, as the alternative to still higher taxation, we are to borrow more for expenditure which may appear to be of a capital nature, but which owing to the rapid obsolescence of all armaments, both plant and product, should properly be met out of revenue. If we tax more, we may encourage depression: if we borrow more, we may strike at confidence.

A CALL FOR SACRIFICES

If more borrowing were resorted to, further indirect as well as direct taxation might indeed be a necessary instrument for restraining consumption. The very great increase in German revenues comes partly from direct levies on all wages. Direct taxation is already very high and, while taxation should be placed on the shoulders best able to bear it, it is all-important, unless government control is to be indefinitely extended, that it should not reduce the profit margin below the level at which enterprise fails. The golden mean will be difficult to find, and to meet all these varying claims will not be easy for a Government elected by universal suffrage. The danger point is reached when the burden on enterprise, large and small, becomes too great and confidence fails. Since at all costs the machine must be kept going, governments at that point have to step in deeper and deeper and full regimentation begins. Nothing that is developing either in Russia, in Germany or in Italy indicates that such a fate would be anything but disastrous to us. If, therefore, the British people wish to defend and maintain their free heritage, they must be ready for sacrifices, and the more resolutely they square their shoulders to the task the shorter may be their period of trial.

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APPENDIX

NATIONAL INCOME AND GOVERNMENT EXPENDITURE

I. UNITED KINGDOM

(000,000's omitted)

	National Income	Defence Expendi- ture	Percentage of National Income	Total Government Expendi- ture	Percentage of National Income
	£	£	%	£	%
1913 *	2,220	77	3.5	169	7.6
1933	3,962	108	2.7	693	17.5
1934	4,238	114	2.7	709	16.7
1935	4,530	137	3.0	750	16.8
1936	4,800	186	3.9	803	16.7
1937	—	281	—	943	—

* Pre-war gold values.

II. UNITED STATES

(000,000's omitted)

	\$	\$†	%	\$‡	%
1914 *	—	313	—	735	—
1933	41,813	540	1.3	7,105	17.0
1934	49,575	709	1.4	7,376	14.9
1935	54,955	992	1.8	8,830	16.1
1936	63,799	965	1.5	8,105	12.7
1937	68,000	992	1.5	7,615	11.2

* Pre-war gold values.

† Excluding war veterans' pensions, etc.

‡ Including loans for relief works and deficit borrowing.

III. FRANCE

(000,000,000's omitted)

	fr.	fr.†	%	fr.	%
1913 *	38	2.1	5.5	5.1	13.3
1934	184	11.2	6.1	56.0	30.6
1935	172	10.6	6.2	52.0	30.2
1936	189	7.6	4.0	62.5	33.0

* Pre-war gold values.

† Excluding considerable sums spent on frontier organisation.

APPENDIX

IV. GERMANY

(000,000,000's omitted)

	National Income	Defence Expendi- ture †	Percentage of National Income	Total Government Expendi- ture ‡	Percentage of National Income
	Rm.	Rm.	%	Rm.	%
1913 *	45.7	2.0	4.2	3.7	8.1
1933	47.5	—	—	8.2	17.3
1934	52.4	5.5	10.5	11.7	22.3
1935	57.9	12.5	21.6	19.7	34.0
1936	62.6	12.5	20.0	20.0	32.0
1937	68.0	10.5	15.4	18.0	26.5

* Pre-war gold values.

† Including public works, 1934-37.

‡ The German Government does not at present publish figures of expenditure but only of revenue; nor are borrowings for rearmament purposes made known. The above figures of total government expenditure are taken from Mr. N. E. Crump's articles on Germany in the *Financial Times*, November 30 to December 8. They include government grants to local authorities, but do not otherwise take account of the latter's expenditure.

V. ITALY *

(000,000,000's omitted)

	Cost of Armaments and Public Works	Total Government Expenditure
	lire	lire
1933	13.2	28.1
1934	7.2	22.0
1935	5.6	20.3
1936	5.8	22.0

* Italian figures quoted from League of Nations Survey. A recent well-informed estimate of total Italian national income is 80 milliards of lire. In addition to the "ordinary" budget of 22 milliards, as above, extraordinary expenditure for Italy and the African colonies is said to total, for 1936-37, some 12 milliards. Ordinary and extraordinary expenditure would thus account for 42.5 per cent. of estimated national income.

BRITISH COMMONWEALTH RELATIONS

I. A NEW PHASE

THE Imperial Conference of 1937, it is clear as we look back, opened a new phase in British Commonwealth relations. The earlier phase, from the Paris Peace Conference to the Statute of Westminster, had been one of devolution, its problems those of status. The movement of the Dominions towards the position of autonomous and equal national States was endorsed and regularised by successive Imperial Conferences. As central control disappeared, organs of co-operation or consultation like the Imperial Economic Committee were created or refurbished. But they concerned, for the most part, only secondary branches of governmental life. On the great issues that must determine whether the Commonwealth will endure as a political entity, or fall into fragments—the issues of foreign policy and defence—the means of consultation were weak, and the means of common action weaker still. This may have been a necessary development at that moment. The Dominions were properly jealous of their independence in foreign affairs, and resentful of suggestions that seemed to imply renouncing it as soon as it had been won. They were determined not to be drawn into another world conflict by anybody's decision but their own. Downing Street was still a bogey. Fortunately, in the world at large, the era was one of war-exhaustion, and on the whole of peaceful progress; the members of the British Commonwealth were seriously threatened by nobody, and could move apart from each other without immediate danger.

A NEW PHASE

It was the League of Nations era. The inevitable drifting asunder of the foreign policies of six different nations scattered all over the world was checked by appeal to the League of Nations formula. That formula was an invaluable lubricant for the working-out of Dominion nationalism; without it, the transitional phase in British Commonwealth relations might have set up much worse frictions than it did. Nor was the League formula just a façade. The British nations were in earnest in their support of the League; they believed that on major issues of foreign policy and defence their attitude would be determined for them by their League membership, which they saw as reinforcing rather than contending with their membership of the Commonwealth. In retrospect, however, three things become plain. First, the British nations never clearly thought out what their League membership meant in terms of liability to go to war, or at least to take action involving grave risk of war. Secondly, if the issue had in fact been reduced to that hard core, their interpretations—that is to say their actual policies—might well have been widely different. The League appeal was therefore not the securely unifying factor that it appeared on the surface. Thirdly, the progress of Dominion nationalism, by encouraging a purely local outlook and by dissipating the unity of British Commonwealth foreign policy, was itself one of the inner destroyers of the League of Nations.

All that is now spilt milk. The League is no longer in practice an instrument of universal collective security, though articles 10 and 16 of the Covenant may still have force as elements in a regional European system. The most ardent enthusiast for Geneva could no longer regard the League formula by itself as capable of deciding the detailed foreign policy of the British nations. What has it to say on such questions as these: whether Germany's colonial claims should be met; whether an economic *Anschluss* between Germany and Austria should be

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encouraged; whether we should smile or frown on the Franco-Soviet pact; whether arms should be sent to either side or both in Spain; whether Japan should be given more power in the Shanghai Municipal Council, or this or that answer returned to the latest Japanese apology; whether capital ships should be sent to the Singapore base? Practical problems of that kind, on which the Governments and peoples of the British Commonwealth have to make up their minds from day to day, were brought under review at the Imperial Conference last year. Vague though its published conclusions may have been, the Conference clearly marked the beginning of a new phase of realism in the approach to foreign policy, as the key to British Commonwealth relations.

II. THE SYDNEY CONFERENCE

WHILE external dangers make urgently necessary the greatest possible Commonwealth unity in foreign policy and defence, that is no easy problem. It cannot be solved by any general formula of the same type as common membership of the League. The isolationist formula is even less serviceable for this purpose than hundred-per-cent. collective security, since its meaning is bound to be entirely different for, say, Canadians, from its meaning for people in Great Britain. Nor can the solution lie in any glib appeal to patriotism, loyalty, brotherhood, daughterhood, imperial sentiment, whatever the motive may be called; for not only do those feelings vary in intensity from country to country and from group to group within the Commonwealth—they can only exert their full force when war is already upon us. Beat the patriotic drum in peace time, and most Dominion citizens will suspect you of trying to tie them to the tail of a foreign policy in whose making they have no say. The ideal—perhaps the ultimate—solution is a joint instrument of democratic government for the conduct of foreign policy

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other affairs of common concern to the nations of the Commonwealth. But to-day that is beyond the horizon of practical politics.

What is built must be built patiently, cautiously, on a foundation of common interest and mutual understanding. Knowledge of facts in the different parts of the Commonwealth, of national or sectional outlooks and interests, is the vital raw material of the statesman or political theorist who would tackle this problem. Study, discussion, personal contacts, travel, publicity, all are necessary for the gathering and disseminating of that knowledge. To this process an extremely important contribution is being made this year under the auspices of the Royal Institute of International Affairs and its sister institutions in the Dominions and India. The British Commonwealth Relations Conference 1938, to be held in Sydney in September, is the successor of the similarly titled conference * that took place in Toronto in 1933, and its organisation as an entirely non-official and private gathering is the same. But its approach is different, in accordance with changes in the international background and in the character of the problem to be faced. It bears the same relation to the Toronto Conference as the Imperial Conference of 1937 bore to its predecessor of 1930.

The set task of the Toronto Conference was to survey the existing system of communication, consultation and co-operation between the members of the Commonwealth, to consider its adequacy in the light of the existing constitution of the Commonwealth and its problems, and to study constructive suggestions for its improvement. Actually, the conference struck out from this formal programme and spent a great deal of its time discussing the substance of foreign policy. The character of a discussion, however, is largely fixed by the things it takes for granted, and in

See *THE ROUND TABLE*, No. 93, December 1933, pp. 42-61, and *British Commonwealth Relations* (Proceedings of the Toronto Conference), published for the Royal Institute of International Affairs by Oxford University Press, 1934.

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both the formal agenda and the actual debates at Toronto there can be discerned assumptions that would hardly be made to-day. Chief among them were the general adequacy and appropriateness of the existing system of co-operation among the Commonwealth nations, the durability of the League of Nations as an international organ of equal coherence and importance for the British nations as the Commonwealth itself, and the remoteness of an actual war emergency. Question those assumptions, and an entirely different set of questions present themselves in any approach to the problems of British Commonwealth relations. What are the actual interests and policies of the Commonwealth nations; how much can be made of them in the way of a common front for the preservation of peace, and if need be for the conduct of defensive or collective war; what kind of structure of Commonwealth relations must be built in order to maintain common interests in a dangerous world, and to secure whatever unity is possible in foreign policy and defence?

That is the approach envisaged by those responsible for drawing up the agenda of the Sydney Conference. The conference, runs the printed document, will take due account of the differences as well as the similarities in interests and outlook among the member countries, with the general aim of seeking the maximum of co-operation consistent with individual interests and of ascertaining how far such interests should be subordinated to the furtherance of co-operation. In each country from which a delegation will be sent, a study of national interests and opinions is now being made, for circulation to other member countries well before the conference. These national data-papers are to take account of interests arising out of geographical and strategic position; of the racial composition of the people; of basic economic influences, such as natural resources, the growth or decline of population, the relation of the state to economic life, standards of living and social policies, and the position of the country

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as a debtor or creditor; of special external links, such as those of Canada with the United States; of colonial interests and responsibility for mandates; of the practical advantages or disadvantages of the Commonwealth connection, and of its actual effect on economic, political and defence policies; of present foreign policy aims, including attitudes towards the League of Nations; of present defence policy and economic objectives; and of any other matters contributing to a realistic survey of the interests and sentiments of the member country, which are reflected in its external policies.

The first task of the conference, when it meets in Sydney, will be to consider these preparatory papers, and to draw out their significance by means of critical comment and of question and answer between the delegations. The discussion, it is planned, will then proceed on two parallel planes, one economic and the other political and strategic. The debate on the economic aspects of the national data-papers is intended to bring out, first, the motives (including political or sentimental motives) for maintaining, increasing, diminishing or altering present Commonwealth co-operation in economic affairs, and, secondly, the existing trends of national policy—whether towards greater national or imperial self-sufficiency or the reverse. Economic policy will then be studied in greater detail, with particular reference, among other points, to possibilities of economic specialisation, to different labour standards, population policies, monetary co-operation, colonial economic policy, most-favoured-nation policy, modification of imperial preference in respect of the type of preferential pledges given, its possible extension to other Powers, and so on. This is an ambitious programme; but the conference is not expected to tackle its more technical aspects. The emphasis, declares the organising committee, will be on the character of the economic problem as a vital element in the whole complex of international relations.

The agenda for the study of political and strategic

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problems is divided into three parts. The first is a general debate on these aspects of the national data-papers, bringing out the similarities and divergences of interest and outlook among the various Commonwealth countries, in relation to different areas or special issues like the League of Nations. The second poses a question which it will be the peculiar task of the Sydney Conference to study: to what extent should Commonwealth co-operation be uniform and comprehensive, to what extent based on group or bilateral understandings within the Commonwealth? The organisers of the conference obviously foresaw that the statements of national interests and outlooks would show much greater similarity between some of the member nations than between others, and that it would become necessary to ask whether the highest common factor—which might not be very high—was the only possible basis for co-operation and common action. Must we all go the pace of the slowest, or must the slowest be swept dangerously off its feet as the only alternative to falling out of the party altogether? The first of all the relevant factors, however, as the agenda paper recognises, is the inherent value of a united Commonwealth front, the second being the need for tangible common interest as the basis of co-operation or common action.

Having cleared its mind on that general problem, the conference will go on to study the possibilities of co-operation or common policy in regard to special regions or special topics. Those suggested are Europe, the Mediterranean route and Africa, the Far East and the Pacific, the United States, the League of Nations, and the colonial question. Finally, the conference is to consider on the broadest lines the future of the Commonwealth as a co-operative international organisation. In the words of the agenda, it is to ask itself whether any fresh conception of the Commonwealth emerges from a re-assessment of the historical and constitutional factors

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in the light of the present interests and national composition of its member countries.

III. THE FUTURE OF THE COMMONWEALTH

IT would not be in place to forecast the answer that the Sydney Conference will give to that momentous question. But some of the determining factors are obvious, and are indeed implicit in the earlier sections of the conference's agenda. As soon as we move beyond the broad objectives of the maintenance of peace, the establishment of international law and order, and the preservation of democracy, we find that the detailed interests of the several Commonwealth nations are not by any means the same. The interest of Canada, for instance, in the colonial question is secondary and remote, while that of South Africa is direct and immediate; South Africa, in turn, is far less concerned in Far Eastern affairs than are the three Dominions that border on the Pacific; while none of the Dominions has the same universal interests and liabilities as the United Kingdom, nor anything like the same physical power to defend itself and its interests and ideals. As a result, largely, of such divergence of geographical or strategic interest, but partly also of racial and historical differences, the countries of the Commonwealth do not all perceive the same degree of interest in the integrity of the Commonwealth itself. The Commonwealth cannot be taken for granted; it must base itself on real interests and ideals, or perish.

So much is obvious. But before considering the conclusions to be drawn we must bring another set of data into the problem. The British Commonwealth is expanding in membership. India is already a full member of the Imperial Conference, and has been promised Dominion status as soon as the time is ripe; although under the projected federal constitution external affairs and defence are reserved subjects, in the long run that constitution will

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only if the voice of India is decisive there as in other spheres of government. India, as well as the Dominions of Great Britain, is therefore to-day a prime element in the problem of building common action on varying national interests. And India will not be the last recruit to the ranks of self-governing members of the British Commonwealth. Burma, Ceylon and other colonies are on a path towards autonomy on which there can be no permanent turning-back. Southern Rhodesia, like Burma, is already an "observer" at Imperial Conferences: she may, perhaps, be one day the nucleus of a new African dominion.

A loose, consultative form of association, with the dominions as a group standing on one side and the United Kingdom on the other, might conceivably be sufficient in practice among a small set of nations of similar race and conditions, living in a generally peaceful world, or at least not seriously scorched by the flame of war. It is surely not enough for a group of a dozen nations of equal status of different race and geographical interest, at a period of world history when every Power has to reckon, in its daily policy, with the menace of world war. The British Commonwealth, having demonstrated negatively that the fullest rights of nationalism are consistent with its own continuance, must turn its hand to a more constructive effort and pay a bitter price in dissolution from within and perhaps destruction from without.

The constructive evolution must be gradual and cannot be uniform. That is the lesson of the reference to divergent national interests within the Commonwealth. In rebuilding the British league of nations, we must avoid the error that was worked into the fabric of the Geneva League, the error of bringing under a uniform and universal formula nations with widely different situations, interests, policies and power. When the test of reality came, the Geneva structure fell apart, leaving a highest common factor consisting of little more than willingness to

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co-operate in economic and humanitarian activities. That residue is certainly not to be despised—it may be the sub-structure for something larger and more enduring in the future; but it is certainly not a sufficient pattern for the British Commonwealth in a dangerous world. Hitherto, the Commonwealth has been content to tread in the footsteps of the League; but surely, with its immense comparative advantages, it should be in advance of the League, a leader for the world in international political evolution. The international commonwealth, which in the last resort is the only system able to guarantee peace and law as we know them within the nation-state, cannot begin to grow within the frame of universality. It is doubtful whether it can grow even within the frame of the whole British Commonwealth, so different are the particular interests of its member nations, and so circumscribed the national outlooks of some of its peoples.

Mr. Lionel Curtis, in the last volume of his great and germinative work *Civitas Dei*, has suggested that the initiative lies with the British Dominions in the Pacific. "In the world as now ordered", he writes, "either Australia, New Zealand, or both together with Great Britain are the countries best able to construct the first foot-bridge across the gulf in men's minds which now prevents the world from passing from the national to the international commonwealth". And having suggested how the scope of this nuclear international commonwealth might be enlarged, through the attractive power of vital interest, he goes on to say:

A real international commonwealth in being, which included countries like India and Egypt, as well as countries like England, Australia and New Zealand, would once for all establish the idea of a world commonwealth including all nations and kindreds and peoples as the practical goal of human affairs. The impulse of other nations to join it would be greatly increased.

These visions will not, of course, have the same appeal for everybody's mind. The Sydney Conference, in particular,

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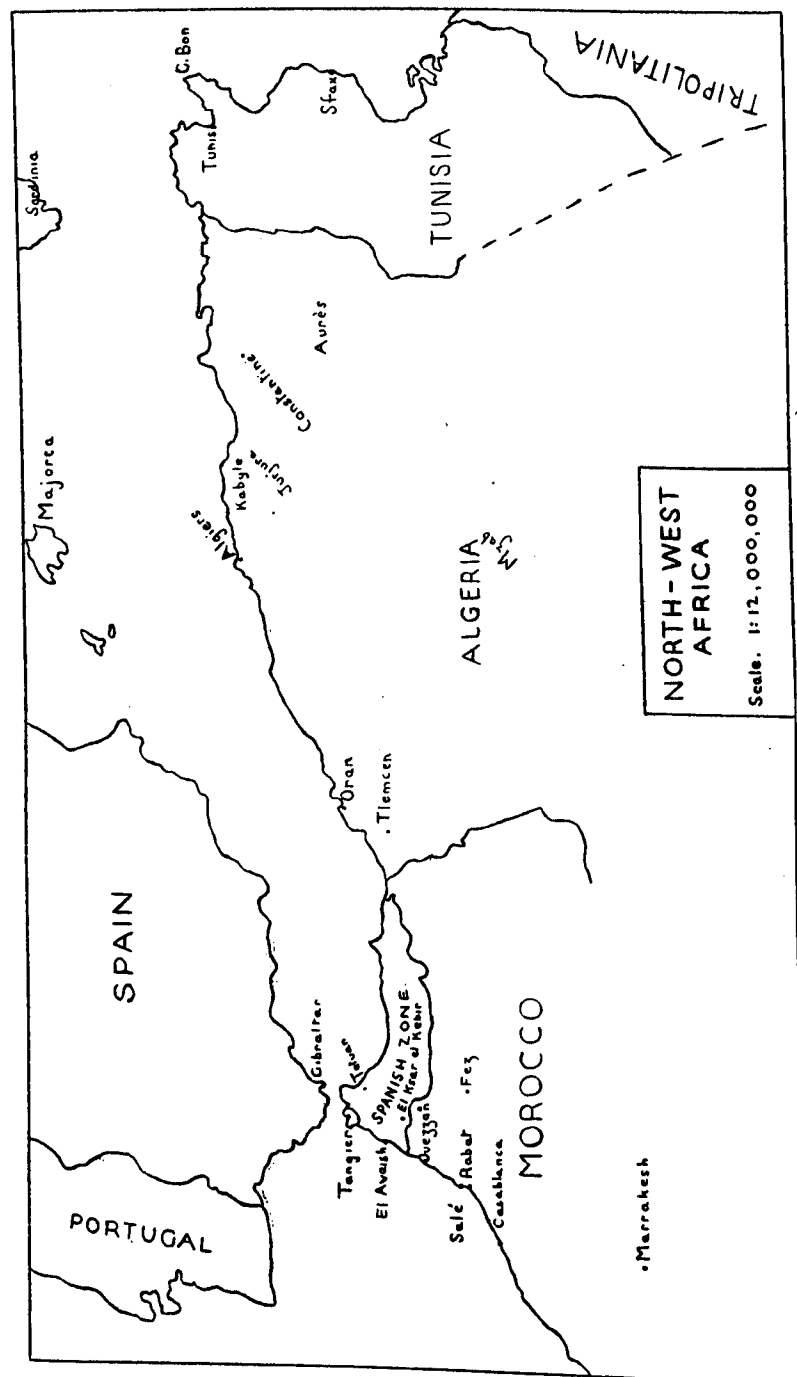
may in practice make no attempt to grasp at them; for some of its delegates will doubtless draw very different conclusions from the study of national interests within the Commonwealth. But the line of thought traceable in the agenda leads to a cross-roads where one finger-point points plainly in the direction of "a real international commonwealth", and the fact that the conference takes place in Australia may have some influence on the tenor of its discussions. Their outcome will be keenly awaited by all who believe that in the years to come the British Commonwealth has a great constructive contribution to make to world political progress.

NATIONALISM IN NORTH AFRICA

By a French Correspondent.

WHEN, in June 1930, France celebrated the centenary of the annexation of Algeria, foreign observers were surprised to find the Moslem inhabitants joining in their conquerors' applause. A century of conquest followed by economic effort seemed to have brought about a permanent reconciliation between French and native interests in the richest provinces of France Overseas. In Morocco, the memory of Lyautey was still fresh in everyone's mind. In Tunisia, the policy of naturalisation had succeeded in giving the French element a preponderance over the Italian. France's achievement in North Africa seemed to rest on secure foundations. The projected construction of the Trans-Sahara railway, linking Algeria with the Sudan, opened up a still wider prospect—the building of a great empire, peaceful and prosperous, at the very threshold of the mother country, for whom it would be an unrivalled source of economic and military strength.

Eight years have passed, and at first sight great political changes seem to have distorted those hopeful visions of the future. For some time past, the press of Europe and the East has been full of reports of troubles which have even called in question the permanence of French power on the opposite shores of the Mediterranean. The purpose of this article is to consider the strength and weakness of Arab nationalism, and of that larger pan-Arab movement which in one form or another disturbs the three provinces of the Maghreb (North-West Africa) and seems to threaten the whole position of the Western Powers.



I. A FATEFUL SEVEN YEARS

A FEW of the events of the last seven years in the various provinces of the Maghreb will serve to illustrate the essential features of the present crisis. In May 1930, a reform of the Berber legal code, which was effected in Morocco, produced violent reactions in the towns of Fez, Rabat and Salé. Its repercussions were felt in Egypt, in Palestine and in Syria, even as far away as Java, thanks to press campaigns organised by the Syro-Palestinian Committee at Lausanne and conducted by Moroccan correspondents of the Arab newspapers.

In October 1931 a Moslem congress, held at Jerusalem, awoke unexpected echoes in North Africa. A "League of the Ulemas *", formed at Constantine (Algeria), actively followed up the resolutions that had been adopted in the field of Moslem reform—a return to a purified religion, a campaign against the powerful religious confraternities, propaganda on behalf of the Arab language, and the formation of local sections of the Moslem Congress of Jerusalem. There seemed, moreover, to be a growing solidarity of Islam in face of the Jews. In 1934 anti-Jewish incidents occurred at Casablanca, Salé and Constantine. In the same year the so-called *Destour* crisis broke out in Tunisia. The *Destour* movement, nationalist and agrarian in origin, modelled itself more and more closely on the pattern of the Egyptian Wafd. The Resident-General, M. Peyrouton, was obliged to exile nearly a hundred *Destour* politicians in the southern desert. The admission of Iraq to the League of Nations in 1932, which had aroused so much interest among Arab patriots in the Near East and Egypt, undoubtedly encouraged the *Destour* of Tunisia in their nationalist agitation.

In November 1934, just as the conquest of Morocco was completed—the last phase of 104 years of military activity

* Moslem teachers of law and religion.

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by France in the Maghreb—the Young Moroccans presented the French Government with a list of demands. This *Plan of Moroccan Reforms* constituted in their eyes the future charter of a Morocco freed from an alien tutelage. In 1933, with zealous liberalism, the Spanish republic encouraged the Arab nationalists of Tetuan in the formulation of their demands. Many of the young Arab leaders of the Spanish Zone have studied at Cairo or at Nablus in Palestine, and have visions of building an independent Morocco on the model of the Near Eastern States.

The great Near Eastern crisis, which began in Egypt in November 1935 and continued with the troubles in Damascus (January to March 1936) and in Palestine (April to July 1936), aroused new hopes in Morocco. The signature of the Anglo-Egyptian and Franco-Syrian treaties, which coincided with the rise of the Popular Front to power in France, fostered the belief that a rapid political evolution of the three countries of the Maghreb was about to begin.

The *Destour* party in Tunisia, reconstituted after M. Peyrouton's departure, and inspired by the triumph of the Wafd in Cairo, strengthened its hold on the smaller towns and the countryside. The working classes of North Africa, both urban and agricultural, multiplied their social demands in imitation of what was going on in France itself. But it is worth noting that socialism and communism have played second fiddle to the nationalist appeal. In Tunis, the C.G.T.T (*Confédération Générale du Travail Tunisien*), has refused to acknowledge the jurisdiction of the French C.G.T. In 1936, the proposal to give the vote to westernised Moslems, under the *Loi Viollette*, awoke almost messianic hopes among the native races of Algeria. A popular agitator, Messali el Hadj, a former workman of Tlemcen, founded a new movement, the "Star of North Africa", with a purely anti-foreign platform which condemned it in the eyes of the socialists and communists of France. The old guilds in the towns of Morocco, so far from joining up with French unions,

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have turned to the young nationalist leaders of Fez and Rabat.

Finally, in 1936, a short but violent crisis broke out in Morocco, where the younger elements, inspired by the example of Syria and Egypt, organised nationalist demonstrations, until the French Government was compelled last summer to intervene. Displays of solidarity in Tunisia were unsuccessful. But the North African student societies in France grew stronger, and in Paris itself some of the students were laying the foundations of North African unity.

This was the moment chosen by Italian propaganda, speaking through the eloquent and tireless voice of the Bari radio, to invite the people of the Maghreb to unite against their overlords and to found a great Arab State, with 25 million inhabitants, which would be strong enough to cast off the tutelage of the Western Powers.

The essential features of the crisis are thus plain. On the one hand, in each of the territories of North Africa, there has grown up a distinct nationalism within the present geographical and ethnical frontiers. On the other hand, each of these movements fits into the much broader Near Eastern movement, whose aim, conscious or unconscious, is to re-found a huge empire through the federation of independent Arab States, united by the same tongue, the same religion, the same civilisation, the same ambitions, the same repudiation of the West. Only Libya, garrisoned by 80,000 Italian soldiers, has escaped the general contagion, and this despite the fact that Italian propaganda, by a paradox for which it would be hard to find an example in contemporary history, does its best to spread the idea of Arab unity in the neighbouring territories.

In order to understand the strength of these nationalisms, we must consider briefly the historical and social conditions of each of the three provinces.*

* For reasons of space, the economic factors are here touched on only very lightly, although in the view of many observers they are fundamental.—*Editor*.

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II. NATIONALISM IN TUNISIA

WITH its three million Moslem inhabitants, the regency of Tunisia has for centuries been inhabited by a purely Arab population. The towns are numerous and densely populated. Arab culture is held in honour, and although real scholars are lacking there are a great many scribes. The weakness of the Berber element and the feebleness of the tribal organisation add to the favourable conditions for establishing a national Moslem State. In view of the fact that under Turkish rule this part of the Maghreb possessed a unity of civil administration with Libya, Egypt and Syria, it is not surprising that the educated youth of Tunisia takes its cue from Egypt, and that Tunisia already forms part of the Near East.

This territory has none of the warlike turbulence of Algeria and Morocco. An Arab proverb says that "the Tunisian is a woman, the Algerian is a man, and the Moroccan a lion". The natural aversion of the Tunisian to soldiering leads him to seek success in mental subtlety and dialectic skill. Tunisia is a country of lawyers, and hundreds of young men have been attracted to French culture by the study of law. This is a striking analogy with the situation in Egypt.

The first manifestations of nationalism appeared from 1911 onwards. In 1919, Sheikh Taalbi, who is reckoned a back-number to-day, published his volume of demands, *Tunisie Martyre*. It was he who founded the *Destour* party, demanding for his country a large measure of autonomy, approximating to independence, under a democratic régime. Lately, agitation has been fomented by a *neo-Destour* movement, still more radical, particularly in the manner of asserting its demands. Yet, whereas the objective of these nationalist parties is to transform the protectorate little by little into a political tutelage akin to the French mandate in Syria, the *Destour* still believe firmly in collaboration with France, with a strong military

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alliance as the counterpart of political emancipation. Strong as may be the desire of educated Tunisians to take a more important part in the government of their country, they cannot blind themselves to the presence on their soil of 200,000 Frenchmen and 200,000 Italians.

Moreover, they have become aware, through the recent arrival of thousands of refugees from Tripoli, of the stringency of the Italian colonial régime and its dangers for the native peoples. The para-military organisation of the young Italians in Tunisia reminds them daily of the existence at their very door of an over-populated Mediterranean country which seeks only to expand and conquer.

It is true that, like all weak peoples, the Moslem races are amenable to the appeal of force, and that the skilful violence with which Italy pursued her conquests in Libya and Abyssinia has raised the formerly low military prestige of the Italians. But the causes of friction remain. To a natural distrust, based on the fear of a like fate, has been added the daily rivalry between racial groups whose standards of life are not very different. The promiscuity with which Sicilian workmen and small cultivators are mingled with their Moslem neighbours around Tunis and in Cape Bon does not always tend towards the respect due to citizens of the "new Roman Empire". Moslem apprehensions came to a head recently when an anti-fascist journalist was assassinated in Tunis by Italian naval cadets. The unanimous reaction of Moslems and Frenchmen against this crime was so vehement that for several weeks the Italians of Tunis found it prudent not to wear their fascist emblems.

The smoke-screen of Italian propaganda cannot conceal the basic realities; Libya is the only Moslem country in the Mediterranean zone whose Moslem population is in marked decline. Three years ago, one of the most ardent Tunisian nationalist leaders returned from a visit to Libya singing the *Marseillaise*.

The future of Tunisia depends on the wisdom of its

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educated Moslems. Under the influence of the great Arab renaissance movement, a large number of private *Medersas* have been founded in the last three years; these are virtually primary and secondary schools in which children are taught à l'*Egyptienne*. But the cultural influence of France is too strong for the Moslems of Tunisia to make contact with the outside world only through the medium of modern Arab culture. How can these two cultures, so different from one another, be fused? Will the young Moslems find their niche in the community, not merely in minor government employment, but in the economic, agricultural and industrial field, and in the application of modern technique? That is the real question. The internal stresses arise mainly from the difficulties of the Tunisian *bourgeoisie* in adapting itself to the economic conditions of the modern world. But among the rural classes—enriched, as in the Sahel of Sfax, by vast plantations—there will certainly emerge a new aristocracy closer to the people.

It seems, therefore, that a liberal evolution in Tunisia can safely take place within the framework of the French protectorate, provided that a strong, just, and sympathetic administration can maintain order. But order, authority, justice are indispensable. Experience in the Near East shows that it will not be easy to control the new aristocracy; hence the vital importance of maintaining and developing the system of indirect rule through the *beys*.

III. ALGERIAN NATIONALISM

ALGERIA is not comparable with any other Moslem country in the world. Surrounded by 6½ million Moslems, one million Europeans occupy the soil and dominate the economy of the country. They pay 75 per cent. of the direct taxation, and on their land lives a native proletariat. Algeria, moreover, has never been a land of towns, but before the French conquest was a collection of warring tribes, among which dwelt important groups of

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Berbers, notably those of the Kabyle, the Aurès and the Mزاب.

The former Moslem *bourgeoisie*, which scarcely existed outside Constantine and Tlemcen, has dwindled. Although it is being reinvigorated by renewed contacts with the Near East, through modern Arab literature and religious reform, it is far from being the social force that its kindred is in Tunisia or, *a fortiori*, in Syria. Its place is being taken to-day by the special class of *évolués*, French-educated Arabs or Berbers who aspire to an administrative or even political rôle within the French system. With bold foresight, the French Republic has divided Algeria into three *départements*, under prefects and sub-prefects. French institutions, though adjusted to the needs of the Moslem population, have destroyed the fabric of the Moslem State. Islam persists only in the bosom of the family, but there it is all-powerful. Indeed, it is the resistance offered by religion to the policy of complete assimilation that explains the refusal of the *évolués* to demand French citizenship at the price of abandoning their family status. Hence the importance of the provision in the *Loi Viollette* for giving the vote in European constituencies to 20,000 *évolués*, without making them renounce the religious ordinances that still regulate Moslem family life.

The people of Algeria fall roughly into two classes. First, there are the folk of the mountains and the distant villages, who maintain their ancestral traditions and acknowledge the authority of the heads of the religious confraternities. These descendants of Moslem saints have for many years enrolled the Algerian people in powerful and respected semi-secret societies. But as faith weakens, the sacred power of the *Marabouts** slowly declines. The other section of the people, which is growing in numbers, is the proletariat, rural and urban, composed of those who have abandoned or sold their own land. Taken from his

* Moslem religious teachers who often enjoy a reputation for sanctity.

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native heath and employed by the settler or the *entrepreneur*, the Algerian becomes an easy prey for the agitator. To-day he enlists in the *Croix de Feu* against the Jews, to-morrow in a communist cell against capitalism, the day after to-morrow under the banner of Messali el Hadj, the founder of the "Star of North Africa", against the Government. Modern Algeria, in consequence, is a scene of kaleidoscopically changing alliances among the different parties, according to the interests of the moment.

In the midst of this ideological disorder, the idea of an Algerian nation, scarcely conceived eight years ago, has taken root. The *Ulemas*, particularly their leader, Ben Badis of Constantine, have raised the cry in imitation of the Near East, while proletarian revolutionaries like Messali have proclaimed it to the oppressed people. But one must be cautious in comparing the movement with that which has inspired the new States of the Near East. For at least twelve centuries, individual and regional rivalries have prevented any unification of Algeria. In addition, a feud is still in progress between the Arab and Western cultures, while the existence of the Kabyle, the mountainous mass of the Jurjura, with its 900,000 particularist Berbers, still further handicaps the influence of the Near East.

Italian influence has no direct effect on Algeria, which in its mountains, its oases, and its high plateaux has been cut off from international intrigue. Only very recently has radio propaganda brought it into contact with the outside world. Scarcely anywhere but in Oran has it been possible to observe any reaction, however feeble, to events in Spain. According to their views and their social class, the Spaniards of that province have taken sides, but the Moslems have been indifferent.

The great enigma of the future remains the entry of the *évolués* into the French system. Some of them threaten that if the settlers, who fear for their supremacy, were to slam the door in their faces they would not hesitate to seek aid from the enemies of France. Others affirm with equal

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force their attachment to the Republic. The French Government has been astonishingly slow in tackling the problem of the *Loi Viollette*, the consideration of which was promised a year and a half ago. The fact is that the experts differ, though they all agree on two things: that something must be done, and that the mass of the Algerian population is not ready to take part in political life.

The size of its native population and the constant and rapid increase of its numbers make Algeria the keystone of the French overseas empire. Despite the strident tone of political quarrels in the Mediterranean region to-day, there is nothing to encourage the belief that the foundations of the edifice are seriously imperilled. The popularity of the army, and military fidelity to the conquering Power, remain an axiom of life for the masses in Algeria, as foreign Powers may well find to their cost if they allow themselves to be deceived by the superficial disturbances of the last few years.

IV. THE MOROCCAN CRISIS

MOROCCO is certainly one of the regions most sensitive to the Islamic appeal in the Mediterranean zone. Ever since 1850 this country has been a cockpit for the rivalries of Western Powers. False rumours of war, of strange alliances, of spectacular expeditions, flourish readily and are believed by the mass of the population. It is a country of agitators, of *mabdis*, from which came most of the conquering dynasties of North Africa and Spain. No sooner had France succeeded in converting this mosaic of tribes, of Maraboutic and feudal fiefs, into a modern state, after twenty-five years of pacification, than a young nationalism was prematurely born. This last arrival in the large family of Arab nationalisms made its official appearance in the world in 1934, just as the last rebels submitted in the Anti-Atlas.

The charter of the movement has been the little book entitled the *Plan of Moroccan Reforms*. The party, founded

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by two or three hundred young men, of whom twenty-five had university degrees, seemed most precocious in its early infancy, since it succeeded in stirring up one after another every town in Morocco, and even, in the course of last summer, in fomenting trouble among the tribes.

This would not have alarmed French opinion if its eyes had not already been fixed on the neighbouring zone of Spanish Morocco, where General Franco is said to have recruited 60,000 soldiers. Is there any close connection between the Moroccan nationalism of Tetuan, which has been so skilfully used by the Burgos military leaders, and the Moroccan party at Fez? It is difficult to say. In the first place, the troops recruited by Franco are not nationalists but those same Berbers who, twelve years ago, were being led by Abd el Krim against France and Spain combined. It was an extremely clever move to give them the very peninsular of their enemies to invade in order to secure tranquillity in Morocco. These Rifis have no ambition beyond that of all Berber warriors: to fight well, to get money, and sometimes to loot. Only the imagination of Western writers conjured up the picture of these *regulares* weeping with emotion at the sight of the Palace of Granada.

But the *bourgeois* nationalists of Tetuan are a very different pair of shoes. Without any real influence in the Rif, their field of activity is rather the region of many towns between Tetuan, Tangier, El Araish, El Ksar el Kebir, and Ouezzan. Their relations with Fez are strong and of long standing. Some of the young *bourgeois* of Fez, harassed by the French authorities, live in the capital of Spanish Morocco. Contact by letter and emissary with the Near East and with Lausanne makes this little corner of the Sherifian empire a sort of outpost of the Near East. It is principally through the influence of Arab culture that the gospel spreads from Spanish Morocco among the *bourgeoisie* of the towns under French protection—Fez, Rabat and Salé. This process is all the more important in that the better citizens of middle age seem gradually to have deserted the arena of public

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life, relinquishing it to students who are full of good intentions but without experience.

The next question one must ask is whether Italian activity has not helped to bring about the eruption of unrest during recent months. In Morocco as elsewhere, Italy has certainly benefited from the prestige of force, which has been far less heavily discounted here than in Tunisia, since the more unsavoury aspects of Italian colonisation are less well known. Even had they been familiar, Italy would have seemed too far away to be dangerous for the Moslems of Morocco. Moreover, there is unlikely to be much opposition to emissaries who hand out ready-made tracts in such terms as these:

Allah has chosen you to be the best of all peoples. . . . The Prophet has said, "unite and advance single-heartedly". . . . Mussolini has said, "it is better to be a brave man for one day than a hyena for a thousand years". . . .

It is convenient to be able to print cheap newspapers in an Italian press and to shelter under the foreign regulations if the police interfere. To sow the seeds of scepticism regarding the intentions of the French authorities, to spread false or exaggerated news, to encourage enthusiastic spirits to become martyrs—these seem to have been the methods of Italian secret propaganda in recent months.

German activity, formerly so conspicuous in French Morocco, seems to have been far more discreet. With her feet firmly planted on the old system of consuls, protected subjects, and mining agents in the Spanish Zone, Germany seemed until very recently to have been merely awaiting a more favourable opportunity. The sharp and unanimous reaction of the French people to reports of a German landing in the Rif in July 1936 increased the caution of Berlin.

The strength of Moroccan nationalism indubitably lies in the freshness of the memory of an independent empire; for until 1894 Sultan Moulay el Hassan succeeded, on the whole, both in repressing internal enemies and in preserving his country from the greedy appetites of France, England,

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Germany and Spain. To this factor must be added the relative solidarity of the urban *bourgeoisie*, accustomed to playing a part in the governmental system, and above all the rigid centralisation pursued for twenty-five years by the French protectorate. This policy, while multiplying the power of the administration tenfold, has served to unify a territory which was formerly split up into warring tribes. Influences from the Near East have also made themselves felt lately, through Fez, Rabat and even Marrakesh, among the partly educated masses. Finally, administrative mistakes during the last few years have given the people of Morocco the impression that their interests were not being protected as against those of Europeans recently settled in their country. Nothing more was needed to stimulate the development of a nationalist party, as a natural product of the social and economic forces at work in the territory.

The weakness of the movement lies in its complete inexperience and in the small numbers of its militant elements. Whatever their intelligence and their courage, they have not the strength to fulfil the task they have undertaken.

A further important factor is the ethnical and cultural diversity of the Moroccan people. Whenever Morocco has been united in the past, it has been at the hands of great conquering tribes. What will become of Morocco when its rural leaders are educated? Undoubtedly they will draw nearer to their fellows in the towns, but it is still too soon to tell what direction they will give to the civilisation of Morocco. A taste for modern technique? A practical spirit and a capacity for work such as few Eastern peoples possess? A leaning towards warlike adventures? One thing seems certain, that the people of Morocco would never accept an evolution on the Algerian pattern, in which their traditional institutions were undermined. Nor will they drift into the Tunisian torpor, nor drug themselves with oriental verbosity.

NATIONALISM AND UNITY

V. NATIONALISM AND UNITY

THERE undoubtedly exists in all these French possessions in the Maghreb a tendency, weak or powerful, towards the birth of nations. This tendency is encouraged by the French political parties that favour colonial emancipation, that is to say, the communists and the various groups of socialists.

Contrary to the repeated assertions of the French press, during the last two years the strict communists have abandoned the policy of giving unlimited encouragement to native nationalism, in order to concentrate their effort on the class war. In Algeria itself, the communists and the partisans of the "North African Star", both of them proletarian parties, quarrel over the issue of nationalism. The communists think of it as emerging within French sovereignty, whereas Messali demands complete emancipation. Among the French socialists, two tendencies are in conflict. The so-called *Pivertistes*, whose most prominent leader is Marceau Pivert, preach "revolution in our time". The Government socialists, on the other hand, seek for the moment simply to remedy abuses, and are content to look forward to a slow advance. But apart from visionaries, demagogues and foreign agents, the leaders of the movement all conceive of the formation of North African nations within a French Empire. If the future favoured their plans, they would differ only over the forms of attachment to that Empire.

Is there then no tendency towards an anti-French unity of North Africa? It would be imprudent to invoke the historical fragmentation of the Maghreb as a decisive argument against that unity. To-day, both Eastern and Western influences are helping to break down the particularism of North Africa. Tunisia has long been won over to the Arab renaissance movement. The press and ideas of the Near East penetrate into Algeria chiefly through Constantine, and, in less measure, through Tlemcen. Egyptian

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books and newspapers now reach the villages of the high plateaux and the oases, and the work of the press is completed by the Arab-speaking cinema and theatre. In Morocco, this literature penetrates *en masse* through Fez. Besides newspapers there are those illustrated magazines which take the place of books in the Near East of to-day. French cultural influence being powerful in the Near East, it is paradoxical to see young students of the university of Cairo, totally ignorant of the French language, making acquaintance with Victor-Hugo and Jean-Jacques Rousseau by means of Arab translations made in Cairo.

Recently a prominent Egyptian, a brother of Bassel Pasha, exhorted the Moslems in Algiers to educate themselves on the Egyptian model. The Emir Shekib Arslan has been in Tetuan to fold his Moroccan flock and to earn his name "spiritual father" of contemporary Arab nationalism. This itself forms for the students of North Africa a magnificent rallying point which they do not hesitate to use. Here they share the same life with young Egyptians and Syrians and thrill to the same hopes. A Moslem league of North African students has been founded, and favours the holding of student congresses successively in Tunisia, Algeria and Morocco. It is difficult to disentangle the creation of modern Arab culture from political issues, since the cult of the Arab language is an integral part of Moslem nationalism. The French Government has therefore been obliged more than once to postpone the assembly of these congresses. But in any case the young men of three countries whose intellectual and moral problems are so like naturally share a feeling of solidarity. Hence it is not surprising that some bold spirits have dreamt of forming at once a political union of North Africa, an *Umma Maghribiya*. Secret societies would help in coordinating the demands of "brother Arabs" in the different countries. Here is another direct imitation of the Near East. Iraq, Syria and Palestine have formed a similar

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shadow alliance, which has played its part in the history of the last few years.

This is perhaps the most fruitful field for foreign propaganda hostile to France. It plays on that self-deception, so frequent among Eastern peoples, which would rather construct a great empire than organise a city. Fine projects are more tempting than daily realities. To the agitators it does not matter that the only outcome is trouble. Their function is not to guide the people but to create disorder.

Against this moving background of North African nationalisms, slowly but surely a French policy is emerging. The existence of three different political formulas whereby France has consolidated her power on the opposite shore of the Mediterranean has long handicapped the co-ordination of her North African policy. The intervention of different Ministries makes it an almost insoluble administrative problem. Algeria, divided into three *départements*, is under the Ministry of the Interior; Morocco and Tunisia, by reason of local sovereignties and the protectorate treaties, have remained under the authority of the Foreign Office. Algeria has representatives in the French Parliament, who are anxious not to have their administrative and political status thrown into the melting pot through the merging of their provinces in a larger entity.

Nevertheless, an evolution is gradually taking place. In 1923, Marshal Lyautey suggested the organisation of North African Conferences, which would be held successively in the three capitals of North Africa. This institution, intended to pave the way for political and economic co-ordination between the three States, atrophied and disappeared after six years, because the three administrations did not yet feel the need for collating their different views. In 1934 a still-born Ministry of France Overseas, comprising not only the colonies but also Algeria and the protectorates, represented a new venture in the same direction. In 1936 came the establishment of a Secretaryship of

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State including the whole of North Africa; Algerian particularism forced it to rest content with supervising the co-ordination of Islamic problems in Morocco, Tunisia and the Levant. Meanwhile, there had been set up the Mediterranean High Commission, a periodical reunion of the Governors of North Africa and of the Levant. In 1936 it was strengthened by the formation of a permanent secretariat, endowed with an investigating staff and attached to the office of the President of the Council. The various North African crises finally resulted, in 1937, in the creation of a Ministry of State charged with co-ordinating and controlling the North African administrations. The idea of a Ministry of North Africa is thus progressing.

The slowness with which these new organs have been built up may seem strange to the British people, accustomed as they are to the idea of the evolution of their dependencies within the British Commonwealth, and to the creation of appropriate institutions. But hitherto the efforts of the French in North Africa and in tropical Africa have had a local character, in accordance with the particularist views that derive from the very intensity of past efforts. The French Empire has been built much more slowly than that of Great Britain; while the Commonwealth of British peoples has already taken a form that one can regard as definitive, the French Empire in Africa is only just beginning to emerge.

In this wider framework, French sovereignty in North Africa will be maintained and strengthened in the future, amid the natural tendencies of the Moslem peoples towards self-government. Come what may in the Maghreb and in French West Africa, the task of the Republic will be pursued under every régime with the same energy. Co-ordination as well as organisation will be needed, and the real problem is to know how to reconcile, in Paris, the necessary autonomy with central authority.

Paris, 1938.

WARP AND WOOF OF AMERICAN POLICY

I. CO-OPERATION OR ISOLATION

THE United States is puzzling its way through a business recession—best called a relapse—and is trying to keep abreast of troubled world conditions with a modernized foreign policy. These two factors dominate the national thinking. The evidences are to be seen in nearly every community. Unemployment, lay-offs, reduced wages, reduced purchasing and consumption, are leaving their marks everywhere, although a good many people are clinging to the hope that it will be a V-recession after all, not a U-recession, and that better conditions will soon be appearing out of the fundamental economic factors making for an upturn. Among such factors, for example, are the great shortages accumulated in the durable goods industries through the depression years. After the sharp December and early January slump, the optimists are hoping that the small upturn which began in mid-January will continue. But beneath such hopes a great uncertainty prevails. The fact is that nobody can see ahead with any confidence, and all the whistling is in the dark.

This uncertainty about economic affairs—which extends from Congress to the corner grocery store—is matched by a groping in the nation's attitude toward the world problem. You may say that this is nothing new in the formation of American foreign policy. True enough. But to-day the public is far more conscious than ever before of the grave dangers to civilization that exist in our times. The newspapers, the radio and the news-reels bring their story

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every community. As ever, the dominant feeling dictated by the continent's deceptive physical isolation is "stay at home and stay out of trouble". Against this narcotic emotion, President Roosevelt and Secretary Hull, together with many private citizens and authorities, are struggling to conduct an "educational campaign". They are making perilously little headway, and when demagogues among the isolationists begin to attack the nascent world-co-operation policies of the Administration their slogans evoke an immediate emotional response.

By the time this article is printed, the President's message proposing further increases in the navy and army will be under study in Congress. The outward purpose of the recommendations is to keep abreast of other Powers, which have already gone beyond the old treaty limits to which the American navy has been hitherto bound under its naval building law, the Vinson-Trammell Act. But the inward purpose of the President's new recommendations is not merely to safeguard the immediate continental defenses of the United States. The army's share in the increases was put in as a safeguarding afterthought, and as the result of political pressure, for there are army posts in many congressional districts. Actually, the enlargement is an important stage in American diplomacy, a warning to the aggressor nations that President Roosevelt intends to play an active rôle in the struggle to preserve peace. It is a warning first, perhaps, to Japan, and secondly to any European Powers that may be taking a long-range look toward South America. The recent establishment of a corporative form of government in Brazil, *plus* events like the flight of Bruno Mussolini and his comrades to that country, *plus* the flourishing Italian and German colonies and military advisers in South America, have all made deep impressions in the United States. It is certainly felt that the Monroe Doctrine is in graver danger than for many years, that doctrine being taken in its original sense as a warning against European penetration in the Americas.

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American public opinion is certainly prepared to resist any aggressive European expansion in this hemisphere. But it is not so ready to support a strong anti-aggression policy in the Far East, and definitely opposed to any American intervention in Europe. In consequence, public and congressional opinion is generally suspicious about the new naval expansion program in so far as it is a vehicle for a strong foreign policy.

The general public viewpoint on foreign policy has rarely been so divergent from that of the President and his Secretary of State. As far as the closest observers can judge, the rank and file of national opinion is strongly isolationist. The *Panay* incident was a good test of the inflammability of American emotions, and it found them rather fire-proof. A further incident of the same nature would discover, perhaps, that the asbestos coating had worn thin. And any threat against the Americas, however indirect, might light upon an area of explosive combustion. But in general the public stiffly resists any strong, positive, preventive policy.

"Morally", of course, the American public sternly disapproves of what is going on in the world, and applauds the President's eloquent reprimands to the dictatorships, so long as they remain mere oratory. Public opinion supported our sharp note to the Japanese Government, and was delighted when the President requested that his views be called to the attention of the Japanese Emperor. If any "safe" ways could be found of chastening Japan—any economic or financial ways, for instance, that could be shown to be entirely fool-proof—the nation would probably support them warmly. In short, mass opinion would like to see Japan set back on her heels, but is not prepared to take any risks in such a task.

Sharply contrasting with mass opinion are the leaders, who include the President and his foreign policy advisers, many of the most important newspapers, and various eminent students of the world problem like former

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Secretary of State Henry L. Stimson. These leaders are promoting a strong and positive policy. They would like to press forward with the Hull trade program on the one hand, and on the other to evolve new means of political collaboration with the democratic nations. As to the Far East, they favor economically coercive steps toward Japan, and some of them are talking freely of a possible Anglo-American naval blockade—a step that is miles beyond what public opinion would support in anything like its present mood.

Mainly, however, these crusaders are trying to create an American state of mind. They want to make the world safe for democracy again. They are in about the 1915-16 American mental state. Secretary Hull is probably the most keenly aroused member of the group, along with former Secretary Stimson. Mr. Norman Davis, the President's ambassador-at-large, is an active spokesman for the crusade, both publicly and in small private gatherings. The President himself may soon make another radio speech on the subject, which he has only touched briefly in public utterances since his Chicago speech. He has, however, talked freely and pointedly to many private visitors to his study.

Behind this fairly well-known "educational" activity of the leaders, there is a great deal of other movement which would be more disquieting if it were known to isolationist opinion. The President's discussions with his naval officers have definitely dealt with the possibility of a long-range blockade of Japan. Through representatives, he has been in closest touch with the British Government. Captain R. E. Ingersoll, chief of the war plans division of the Navy Department, spent late December and early January in London, conferring with the Admiralty. His outward mission was to find out what is happening technically in British naval construction, particularly as concerns new battleships and the calibre of guns they mount. Another obvious job was to find out if the

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Admiralty possesses any information unknown in Washington about the rumored new Japanese battleships, supposed to be of some 46,000 tons and mounting 18-inch guns. But a mission of even more importance to both Governments, it may safely be assumed, was to discuss the possibility and ways and means of naval co-operation in the Far East. Captain Ingersoll's unheralded visit suggests in essence the exchanges of information in pre-war days—or in the last year or two—between Paris and London, but it has no such precedent in Anglo-American relations.

When the general public comes to know of these goings-on, opinion may well take fright, reasonably or not. A certain mistrust of President Roosevelt's foreign policies has long been brewing, particularly among some of the more ardent New Dealers who believe that overseas adventuring gets in the way of domestic reforms. Most of the zealous Roosevelt revolutionaries, as a matter of fact, are either indifferent to foreign policy or would prefer to see a more or less closed economy, under their management. There are occasional exceptions, and the zealots have generally given Secretary Hull a clear berth, but their views may become more important if they join with the many isolationists in Congress.

Among the professional peace workers and foreign-affairs groups, a distinct cleavage exists. There are some eminent and ardent pacifists, like the National Council for the Prevention of War, who want stern neutrality and immediate application of the Neutrality Act to Japan and China. They are also against naval expansion and any taking of sides in the democracy-dictatorship split. They are working with the isolationists in Congress. On the other side are the less pacifistic peace organizations like the League of Nations Association and the Foreign Policy Association, which believe in co-operation with Great Britain and other Powers, and now support a considerable naval expansion. And there exist various shades of these main opinions.

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In Congress, up to the present, there has existed both a predominance of isolationist sentiment and a willingness to vote heavy appropriations for armaments. Whether, suspecting that the new expansion in the navy is for diplomatic and co-operative purposes—to aid the democracies and alarm the dictatorships—these congressional supporters of armament will turn into oppositionists remains to be seen. But there are reports that such former big-navy groups as the American Legion, and such old isolationists as the Progressive and Republican senators, are going to join with the anti-Roosevelt insurgents to fight the President's program.

II. MR. LUDLOW AND MR. CARTER

THE full depth and nature of isolationist feeling, as well as a graphic illustration of practical politics on the American scene, were disclosed in the Ludlow Amendment episode. This tale really deserves telling at adequate length. A burly and amiable ex-newspaperman, Representative Louis Ludlow of Indiana, introduced several years ago a constitutional amendment providing for a popular referendum before Congress and the President could declare war. He introduced his resolution at the behest of pacifist groups, as a friendly gesture which might provide some good publicity for Representative Ludlow. The Bill was ignored by the congressional leadership. After it had grown dusty in committee for several years, Representative Ludlow began to pass around what is called a "discharge petition". If a congressional committee fails to report a Bill to the floor of the House, it becomes necessary to "discharge" the committee of consideration of the Bill by a petition signed by a majority of the full membership of the House. Few such petitions ever get enough names.

But Representative Ludlow, whom everybody likes to please, carried his petition around with him, and from time

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to time members of Congress would sign it, just as a favor to a colleague, and because his proposal seemed a "good idea"—but not an idea that anybody ever expected to get into law. By this process of steady accretion, Representative Ludlow by last December suddenly found himself within a dozen votes of his majority of signatures. Then the *Panay* was bombed and sunk on the far-away Yangtse. Instantly, more than enough members to put the Ludlow Resolution over the top hastened to the good congressman and put their signatures on his petition, alarmed lest President Roosevelt should put us into war overnight, and anxious to file a moral protest, at least.

Then, however, it was Representative Ludlow's turn to be alarmed. He had the bear by the tail. For the Administration began to turn its full guns upon his Resolution. They were desperately afraid it would pass, and be a shot heard round the world—a declaration that the United States would never go to war until after a long and dubious popular referendum had taken place. President Roosevelt and his advisers feared a serious upset to the constitutional prerogatives of President and Congress, a blow to the basic representative system. And they knew that as a real safeguard the referendum was worthless; for popular opinion can be swayed as readily as congressional, and in this democracy no President could think of waging war without overwhelming national support.

So the Administration turned all its guns on the Ludlow Resolution. President Roosevelt and Secretary Hull wrote stern letters to House Leaders. Alf M. Landon, the last Republican candidate for the presidency, appealed for the opposition votes of his party, and Henry L. Stimson, last Republican Secretary of State, delivered himself of an immensely weighty and imposing argument against the amendment. The obliging Mr. Ludlow, who least of all wanted to be in the President's bad books and lose all his political patronage, was unhappiest of everybody, but he had to keep clinging to the bear's tail.

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Came the day for voting. In preparation, the Administration turned on all possible political "heat". The state and city "bosses", the national political manager—Jim Farley—and all the faithful machine-controlled leaders instructed their representatives to vote "nay". And the Ludlow Amendment—after the opposition of President and Secretary of State and their opposite numbers in the other party, almost unanimous newspaper opposition, and all possible political whip-cracking—was lost by the tiny margin of 214 nays to 196 yeas. And these majority votes came from the party machines in three big states—New York, Pennsylvania, Illinois—and from the "solid South", which is not much interested in foreign affairs but sets great store by party loyalty. No more striking proof could be afforded of the real depths of anti-war sentiment in the American commonwealth. That the measure was only defeated by the worst type of machine-politics votes, with Tammany polling strongly, is a clear commentary on the task confronting the leaders as they seek to persuade the public that vigorous co-operation is necessary if war is to be avoided.

On the other side of the fence there are various spokesmen defending isolationism, and it is a curious streak in democracy that the most formidable of them is a British-born naturalized-American radio news commentator, one Boake Carter. Mr. Carter speaks five nights a week, fifteen minutes a night, to the American public on a radio period bought by the manufacturer of the product he advertises, which happens to be radio sets. He has an immense following, in every part of the country. His words reach millions of people every night. Mr. Carter, moreover, gives a running news-commentary, and only weaves in his isolationist views as they fit the news. His propaganda, therefore, is doubly effective.

It is difficult to estimate the real effect of Mr. Carter's personal efforts, but the best authorities declare it to be immense, and Secretary Hull makes the air blue at the mention

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of his radio rival. Mr. Carter, remember, is appealing to a sympathetic sub-stratum of emotion. It seems fantastic to draw the conclusion, but students of American public opinion may well decide that this one man alone (though he is not alone) can do much to blunt the edge of the whole Administration effort to work out a more active foreign policy.

This sort of thing has happened in democracies before, and it will happen again; it is a projection of the power of the press as it was shown in Great Britain, for instance, in the Zinoviev Letter affair. But it is strikingly dramatic when transferred to the radio waves. Mr. Carter was born in Baku, Russia, son of a British consular agent and an Irish mother, Edith Harwood-Yarred Carter. He served in the Royal Air Force, and came to the United States in 1920, but was not naturalized until 1933. He was at one time a newspaper reporter, and worked for some years in the oil business in Mexico and Central America. Since 1932 he has been amazingly popular as a radio commentator.

There is one way in which Mr. Carter's powerful criticisms of American foreign policy may be prevented, and the method is being tried. His contract with his radio-company employers expires shortly, and he has signed a new contract with an immense wholesale food company—General Foods. This company is owned by Mrs. Marjorie Post Davies, wife of Joseph E. Davies, American Ambassador to the U.S.S.R. and a firm supporter of Administration foreign policy. Ambassador Davies, it is understood, may "speak to" Mr. Carter, and it remains to be seen whether the tone of his comments will change or not.

These strange and spectacular facts may have a trivial and gossipy look to them. Actually, they are the warp and woof that make up the fabric of public opinion in this democracy. They are the hard facts, not the abstract theory, of the formulation of our foreign policies, and they reveal some of the obstacles to a courageous and risk-taking policy of action.

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Mr. Carter has bitterly attacked Secretary Hull's world trade theories, and that is where his shafts have struck home with the determined Tennessean. But Secretary Hull presses on, and, with British representatives shortly to arrive for actual negotiation of the Anglo-American trade agreement, he hopes for a success that will turn the tide, and lead to many future agreements among the members of the American group and sterling-area.

III. BUSINESS AND POLITICS

ON the domestic side of the picture there is much to chronicle. The extent of the economic recession is known to every informed American reader. The declines in manufacturing output in the United States were among the most drastic ever recorded within so brief a time in all our business history. In three short months, most of the hard-won gains of the three recovery years of 1935, 1936 and 1937 have been cancelled. The question now is whether this rapid relapse of general business will become far more serious before its downward rush is checked. Nobody can tell, although many economists feel the bottom has not been reached. Most of them agree that the economic conditions for a prolonged depression are not present—if the “right” recipes for recovery are used.

Colonel Leonard P. Ayres, a critic of the Administration but one of the most perspicacious and experienced of business observers, lists six reasons for the decline, all of which assume that the Administration has good intentions but has bungled things. Oddly enough, after he and his business colleagues have demanded a balanced budget in the most peremptory of tones for years, Colonel Ayres says that “the explanation having the widest support among economists is that our present difficulties are the direct results of attempts made by the Administration to institute a balanced budget”. He points out that after spending from \$4,000 million to \$6,000 million a year for

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years—which provided mass purchasing power—the Administration in 1937 sharply reduced its borrowings and increased tax receipts, until it was actually taking more from the flow of purchasing power than it was putting in.

Colonel Ayres, like other authorities, refers to a “sit-down strike of investors” last summer. But he concludes, also like many others, that if the Government would make peace with the private utilities it would release more than \$1,000 million in expansion building in the next year. “We have all the economic requisites for prosperity”, say Colonel Ayres and most of the observers. “Our troubles are political, not economic. . . . Our solution must come through co-operation between government, business, and labor, and our problem is to develop a working combination of that co-operation.”

To meet just such demands, President Roosevelt all through January held a series of discussions with business, industrial, financial and labor leaders. He strove to create an atmosphere of co-operative confidence. Some of his most severe critics, whose shadows had not darkened the White House doorstep for these many years, sat agreeably in the President's easy chairs. They departed with optimistic statements. This atmosphere was somewhat clouded by occasional statements of the President along his old reformist lines, statements which he sought to soften or retract when their effects were too severe. He was plainly trying to please both sides.

It therefore remains open to doubt whether the new atmosphere in Washington—the new “moral climate” that seems to have spread to the formerly punitive Chief Executive—has any fundamental meaning. Thus far his co-operative conferences have not led to peace with the utilities, nor to a promise to repeal the corporation surplus tax or capital gains tax, both of which are taken by business as symptomatic of the New Deal's most damaging policies. Nor have the President's plans to promote a great housing drive made real progress. Nor are the railroads—the third

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great consumer of capital goods, along with the utilities and the housing industry—yet assured of rate increases sufficient to put them on their feet.

In short, it is a period of transition. The outward evidence indicates plainly that both the President and business leaders are seriously worried, and somewhat in a mood to compromise. But the President cannot break altogether with organized labor. In a striking statement on January 25, he opposed wage reductions, and said that the needed cuts in prices must be made at the expense of stockholders who would get the profits in good times. So it is not clear whether Colonel Ayres' "working combination of co-operation" is actually taking form. All that can be said is that the atmosphere is no longer bellicose, and that the President seems ready to make some concessions without surrendering his basic objectives. Whether such a compromise will be good enough to invigorate business, start the flow of investment capital and replacement orders, and overcome consumer-resistance, remains altogether to be seen. But if the frozen walls of the confidence-glacier should melt, there would certainly be a tremendous rush to the sea—a rush so great as to be fearsome. And so the nation waits, and watches.

Meantime, the New Dealers are meditating recipes for reform. Their anti-trust campaign in the courts is making real progress. The President has promised to seek anti-monopoly legislation at this session of Congress. It is a basic campaign: a campaign that concerns the control of trusts, monopolies and concentrations of wealth in general, with the objective of a better distribution of wealth and income in the United States, where in 1929, at the height of prosperity, one-tenth of one per cent. of the people had as much income as the poorest 42 per cent.

There are two methods of striving toward the goal of controlling these concentrations. One is through the specific prohibitions of the anti-trust laws, strengthened, modernized and clarified. Another is for the government

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to sit in at the council tables of cartels, trade institutes and the like, attempting to supervise affairs directly. It is not yet clear which line will be followed; both are being urged on the President, and it is possible that he will compromise.

In Congress, little progress is being made. The Senate was stuck through most of January with the filibuster of no more than a score of determined Southern senators against the anti-lynching Bill. Though perhaps 70 members of the Senate are prepared to vote for the Bill, the minority has shown its ability to talk the measure to death. Prodigious feats of talking—day after day and night after night—have been performed this month by Southern senators, whose lungs are sound, vocabularies ready and eyesight good enough to read aloud to a vacant Senate from this or that obscure tome. It is a mockery of government, but a good illustration of the checks and curbs upon which the American system of politics is based. One possible constructive result may emerge: the South itself, wincing at the mass condemnation by 70 senators and a majority of the House, may set its own affairs in order and enforce state statutes against lynching, thus accomplishing what it was proposed to do under federal law. The month-long filibuster is at the point of ending, as this article is written, with the majority conceding defeat and permitting the Bill to be shelved.

While legislative matters mark time, judicial changes have been fundamental. Mr. Justice Sutherland's voluntary retirement from the Supreme Court has given President Roosevelt a five-man "liberal" majority on the tribunal for the first time. The historic conservative group is now reduced to only two justices, McReynolds and Butler, while the fluctuating pair—the Chief Justice and Mr. Justice Roberts—cannot sway the Court any longer. The majority is composed of the long-standing liberal trio, Justices Brandeis, Cardozo and Stone, with the addition of Mr. Justice Black and President Roosevelt's latest

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appointee, Mr. Justice Reed. The new member, formerly Solicitor-General, was hailed as a compromise appointment. He is far from being a "radical", but he sympathizes with the New Deal program, and may be described as a middle-of-the-road liberal. His legal abilities are respected, and he was warmly welcomed both by the Chief Justice and by national opinion.

There is a distinct prospect that President Roosevelt will have more appointments. Mr. Justice Cardozo is in very poor health. He was too recently appointed to partake of the retirement privileges by which Justices Van Devanter and Sutherland left the bench. But a special law may be passed in his behalf. Moreover, Mr. Justice Brandeis is 82 years of age, Mr. Justice McReynolds is 76, and the Chief Justice will be 76 in April. At least Mr. Justice Brandeis, and perhaps the other two, are expected to leave the bench before long. In that case, from two to four more appointments loom rosily before President Roosevelt. In the end, therefore, he may have appointed as many new justices as he would have done under his enlargement plan last year, which tore his legislative majorities apart and contributed to all the unsettled conditions that have prevailed since.

Last year's Court battles, therefore, may have been entirely unnecessary, and a bare twelvemonth of waiting has given the President all he wanted—a certain majority on the bench, with the chance of building up a majority good for many years. If one recalls how mightily the Court fight over-shadowed the American scene for six weary months, to the disparagement of everything else, to-day's outcome furnishes an ironic last chapter.

United States of America,
January 1938.

RE-ENTER IRELAND

I. BUNREACT NA HEIREANN *

IN the early morning of December 29, 1937, the firing of a royal salute of twenty-one guns reminded the sleepy citizens of Dublin that they had a new constitution and that their Christmas holidays were over. A little later, escorted by a cavalcade of hussars, Mr. de Valera, with his fellow Ministers, drove in state to attend a votive mass at Dublin's pro-Cathedral. It is interesting to speculate concerning the thoughts of this remarkable man on that historic occasion. The day before, he had been Uachtaran or President of the Executive Council of Saorstát Eireann (the Irish Free State); now he was Taoiseach or Prime Minister of Eire (Ireland), a distinction almost without a difference. His new rôle was the culmination of eighteen years' devotion to the purpose embodied in the formula "external association". His mind may well have travelled back to February 6, 1920, when in a New York hotel, as fugitive president of the Republican Dail, he first expounded this project to American pressmen, suggesting that Ireland would willingly enter into an agreement with Great Britain, such as existed between the United States and Cuba, which would prevent any foreign Power from using Ireland for hostile strategic purposes against her neighbour. It was that interview which, embodied in the draft treaty taken to London by the Irish delegates in 1921, and afterwards in the famous Document Number Two, plunged Ireland into civil war.

Mr. de Valera could now reflect that the project he had

* The Irish Constitution, literally "The fundamental right of the Irish." See THE ROUND TABLE, No. 107, June 1937, pp. 588 *et seq.*

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pursued with such single-minded pertinacity was to-day the law of the land: Ireland (Eire) was at last "externally associated" with Great Britain and the other States members of the British Commonwealth. If he were to proclaim a republic to-morrow, there would be no need radically to alter this new constitution. Who would have thought such a development possible fifteen years ago, when on this very issue Mr. Lloyd George had threatened "immediate and terrible war"? But one wonders if Mr. de Valera's logical, but also unpractical, mind adverted to the other side of the picture. Did he remember that, but for the Treaty of 1921, which he opposed in arms, and the subsequent labours of Mr. Cosgrave and his colleagues, culminating in the Statute of Westminster, this new constitution could never have been peacefully enacted? Did he reflect that for the man in the street its only obvious enlargement of freedom was the abolition of the supplementary article in the old constitution which established military courts and gave the Government drastic power to suppress political crime, and that even now the abolition was qualified by the reserved right to set up special courts if the ordinary courts should prove inadequate to secure the effective administration of justice and the preservation of order? Did he realise that, whilst the new constitution changed the external trappings of the state, it left its fundamental basis undisturbed? It does not mention the King, but he remains our representative, at least in relation to the outside world. Looking around the Cathedral, Mr. de Valera would see present no Ministers of any foreign State accredited to His Majesty in Eire, for the occasion had no external significance. The constitution substitutes an elected President for a Governor General who was in fact selected by the national Government. It revives on a vocational basis the much-abused Senate. Our citizens can emigrate to Great Britain or the Dominions without being treated as aliens. In short we have, from one point of view, only indulged in a bit of comparatively harmless

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make-believe, and everything remains much as it was before.

Nor could Mr. de Valera rejoice that the two chief aims he had in mind were yet achieved or even in sight of achievement. The extreme republicans, whom he had sought to placate by creating this strange hybrid republican kingdom, had rejected his solution with contumely. The unity of Ireland, which it had been his aim to advance, had become more remote, if not impossible. But some important ends he could certainly claim to have secured. At last no Irishman could say that he was not free to choose his own form of government. We had freely chosen, and that very morning, the British Government had in effect admitted our right to do so by conceding that the new constitution effected no fundamental alteration in our position as a member of the British Commonwealth. Their decision had eliminated the political issues that had been raised by Mr. de Valera's unilateral alterations in the Treaty of 1921. Moreover, the principal cause of bitter division between our two chief political parties had been removed, and it was unlikely that any party of importance would seek to reopen the wound. Above all, it had been made clear that Ireland remained intact in spirit, relinquishing no right or claim to reassert in due time full sovereignty within her natural frontiers. These things, it is true, may be mainly metaphysical, but from an Irish point of view they are fundamental.

Broadcasting on the same evening to the Irish people at home and abroad, Mr. de Valera said he hoped and prayed that with the new constitution their country would have a new life of peaceful and ordered progress in friendship with her neighbours and the other nations of the world. Within that constitution, he claimed, the unity of the national territory could be restored, and the people could freely exercise their right to enter into, determine, or maintain any relationship with other nations that might be open to them. Within it any man, or group of men, commanding the

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support of the majority in the national parliament, could legally carry through any programme in the domain of our internal or external relations which he or they might conceive to be in the national interest. The new constitution was, he said, a free constitution, not dependent upon any theory of constitutional relations with—not to speak of subjection to—any other country or group of countries. It was framed on the basis of the full international personality of the Irish State, and, while providing for the machinery of friendly co-operation with other nations in matters that might be deemed of mutual interest or common concern, was untrammelled by any commitment whatever in the domain of external affairs. On the day on which this constitution became effective over the whole of the national territory, Emmet's epitaph might be written.* The hastening of that day was one of the great tasks to which he summoned the Irish race to dedicate itself anew.

These views were not, however, shared by the extreme republican element, who made up for their lack of numbers by the violence of their protestations. Speaking on January 4, in the Mansion House, Dublin, at a reception held to celebrate his release, with others, from prison, Mr. Maurice Twomey, the head of the Irish Republican Army, said that the two partition parliaments and executives were the tools and agents of the British in dividing the nation, in depriving it of its true sovereignty, and in holding the Irish people in subjection to England and the British Empire. In recent years, he said, there had been a deliberate campaign to promote demoralisation and apathy, and to undermine the efforts of the republicans. This had made it possible for a political party to "put across" a constitution which purported to apply to the whole of Ireland as a "sovereign" State. But the imposture had deceived nobody. It was just a new Act of Union with England

* "When my country takes her place among the nations of the earth, then, and not till then, let my epitaph be written." Emmet's speech from the dock.

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and the British Empire, and a piece of national sabotage, intended by its authors and supporters to be an obstacle in the path of those working to restore the Republic. He concluded by appealing for unity among all separatists. It will be interesting to see what use Mr. Twomey and his friends will make of their new-found liberty and liberties.

The most pungent and good-humoured comment on the new constitution is to be found on the cover of the the current issue of *Dublin Opinion*, which depicts the symbolic figure of Erin—rather like a pantomime fairy queen—advancing to the footlights in front of the traditional sunburst. Underneath is written "The Dawn of a New Eire" (pronounced Era), whilst Mr. de Valera, as producer in the wings, remarks: "I wonder could we manage a slightly warmer glow in the north-east corner".

II. THE NEW SENATE

THE principal legislative task of the Dail during its autumn session was the Bill providing for the election of the elected portion of the new Senate.* At an early stage in the proceedings the Bill was referred to a special committee of fifteen deputies representing all parties in the House. Unfortunately this conclave, whose proceedings were private, could not agree, but the majority, consisting of the Fine Gael, or Cosgrave party, and the Labour and Independent representatives, carried by one vote a scheme providing that the Dail should appoint an electoral college to consist of ten representatives of the Government party, seven of the Fine Gael party, four of the Labour party and one Independent, who would elect the Senate from candidates nominated by the Dail. The Government refused to accept this plan, although it was admittedly only a temporary expedient, on the ground that it was contrary to the principle

* See THE ROUND TABLE, No. 109, December 1937, p. 67. Mr. de Valera as Prime Minister can nominate eleven senators direct, and six will be elected by the universities.

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of proportional representation. They then abandoned their original plan, which provided for an electoral college consisting of all candidates at the last Dail election who received over five hundred votes, voting in proportion to the support they had received at the election.

The new plan, which has now become law, provides that five of the members to be elected shall represent cultural and educational interests, eleven agriculture, eleven labour, nine commerce and industry, and seven administrative experience. The panels from which these members are to be elected will be constituted as follows. To the administrative panel the Prime Minister and the leader of the Opposition can each nominate two candidates. The Dail can nominate sixty-nine candidates to all panels combined, each candidate being nominated by two members of the Dail and each member of the Dail having only one nomination. The remaining candidates, who may not exceed seventy-five in number, are to be nominated by the various existing vocational bodies throughout the country, such as chambers of commerce, trade unions and professional organisations, under complicated rules based on proportional representation. Finally, from these panels, when complete, the elected members of the new Senate will be chosen by an electoral college, consisting of the members of the Dail and seven members, elected under proportional representation, from each of the county councils and borough councils, making three hundred and fifty-five in all. Each elector will receive a ballot paper containing the names of all the candidates in alphabetical order and will indicate the order of his choice, in accordance with the principle of proportional representation, irrespective of the panels on which the candidates have been nominated. The ballot paper, it seems, will contain the names of about one hundred and forty-eight candidates, so those whose names begin with an early letter of the alphabet will probably have an advantage.

Taken as a whole, this elaborate electoral machinery

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suggests a problem in higher mathematics, and one may legitimately suspect that Mr. de Valera, whose taste for such diversions is notorious, was himself responsible for most of the details. On the other hand the association of the county councils with the electoral college, which the Opposition denounced because it does not suit their political strategy, is much more satisfactory than the former provision under which the defeated candidates for the Dail might have been able to elect a majority of the Senate. The average county councillor has some training in administration and political responsibility, and his personal knowledge of many of the candidates will prevent him from voting a straight party ticket. There is, of course, a certain humour in the spectacle of Mr. de Valera laboriously creating a new Senate to replace the one that he destroyed a year ago because its members were not amenable to his views; some of his back-bench supporters do not quite understand the subtle mental processes responsible for this performance.

It is clear, however, that vocational representation in the Senate will remain an incomplete aspiration until the various vocations are properly organised. For instance, agriculture, the most important vocation in the country, is almost completely unorganised. Quite recently the Irish Agricultural Federation, which is the latest attempt to organise the farmers, announced that it would take no part in politics, but would confine itself to exerting pressure on the politicians and co-operating with agricultural interests in Great Britain. No doubt the power of electing a Senate will eventually impel the various vocations to organise properly, and if this takes place the system of election can be changed to direct vocational representation. On the whole, one may say that the Government have done their best in very difficult circumstances to implement the principles embodied in the constitution. The various electoral processes will not be complete until the end of March, and until then the curtain cannot be rung up for the

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last act—the election of a President—because the members of both Houses of Parliament are entitled to join in the nominations for that exalted office. Under the constitution the presidential functions are at present being discharged by a Commission consisting of the Chief Justice, the President of the High Court and the Speaker of the Dail.

Speaking in the Dail on December 2, Mr. de Valera made what he described as a prophecy with regret. Proportional representation, he said, was passing through a period of trial—a crisis—and had been put into the constitution in order to give it some kind of permanency. One of the things that would make it “unfeasible”, and was causing tremendous difficulty on the Continent, was to have very large constituencies and very large groups. If there was to be proportional representation in an extended sense, then they would have to devise a different type of executive from that which existed to-day. Either they would have to have an executive as in Switzerland or they would have to go back to the single-member constituency. Mr. de Valera apparently had in mind the fact that the Swiss executive Government is composed of representatives of all the principal parties in the State, and that it does not fall if defeated in Parliament. In effect it is therefore a permanent national Government.

No one who realises the safety-valve which proportional representation has provided in this country during the last fifteen years can view with equanimity any proposal for its abolition. Even now, in its very modified form, with a large number of constituencies returning only three members, it secures adequate and fair representation for every considerable political group in the country. Compared with this essential fact, its momentary failure to give Mr. de Valera a clear majority is of relatively small importance, and it is obvious that a single-member constituency system would not accurately reflect the feelings of the electorate. The real alternative, as Mr. de Valera pointed out, is to work proportional representation as

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originally planned, with large constituencies, and at the same time to adopt the Swiss form of executive government with such modifications as might be necessary. The English system of party government, which we have blindly copied, is now out of date in Ireland, and only continues to function effectively in Great Britain through the Englishman's indifference to political forms, his conservative outlook, and his genius for compromise. Under proportional representation the English party system is quite unsuitable. The obvious objections to adopting the Swiss executive system here are the personal animosity that unfortunately divides our two principal parties and the necessity for a strong Government. But if Mr. de Valera could be persuaded to take the patriotic course of quitting the party arena by becoming President, our politics would soon become normal, and an executive Government representing our principal parties, and not liable to lose office if defeated in Parliament, would be in a much stronger position to deal with the extreme element than is the present Government.

III. THE FIRST PRESIDENT

THIS brings us to the problem at present agitating our politicians, namely, who is to be the first President of Eire? Its solution has not been made easier by the publication of the report of the committee on ministerial salaries. It recommends that the new President should receive a salary of £15,000 a year, of which £5,000 would be his personal salary and the balance for staff and entertainment, and that the office should carry a pension of £1,200 a year. Other salaries suggested are £3,000 for the Taoiseach or Prime Minister, £2,500 for the Tanaiste or Vice-Chairman of the Executive Council, £2,250 for other Ministers, £800 for the Leader of the Opposition and £500 for the leader of the next largest party (Labour), with pensions for ex-Ministers ranging from £300 to £500 a

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year according to years of office. This last recommendation, which is retrospective, remedies a crying scandal, as it is notorious that several ex-Ministers, after years of disinterested national service, are now very badly off. It is naturally difficult for the professional politicians to resist the lure of such a glittering presidential salary in a country where surtax payers are almost unknown, and the hope of securing a non-political President has therefore receded into the distance, if it has not altogether expired.

In the course of a sermon in St. Patrick's Cathedral, Armagh, on January 2, Cardinal MacRory, the venerated Catholic Primate of Ireland, made an eloquent plea for agreement regarding the election of the first President. If possible, he said, the President ought to be agreed upon without an election. It would be a very fine thing if this could be done. The President, continued the Cardinal, would be expected to be outside and above all parties; but if he should be the nominee of a party there would always be a danger that he would favour that party. If, on the other hand, an agreed candidate could be found it would be an object lesson in unity and might have far-reaching results. No one can doubt the wisdom and patriotism of following the Cardinal's advice.

As matters stand at present it is still possible that there will be a straight fight between two political candidates—Mr. Sean T. O'Kelly, the Vice-President of the Executive Council and Minister for Local Government, and Alderman Alfred Byrne, T.D., the redoubtable Lord Mayor of Dublin. The Fine Gael and Labour parties might also run candidates of their own in the event of a political contest. In such an event General Sean MacEoin, T.D., whose chief claim to fame is the courage and chivalry he displayed during the Anglo-Irish hostilities, has been mentioned as the Fine Gael candidate. A humorous turn has been added to the situation by the formation of an Irish Monarchist party, who apparently propose to elect a king, but who have not yet disclosed their candidate, though the names of the

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O'Connor Don, descendant of the last High King of Ireland, and Lord Inchiquin, direct descendant of King Brian Boru who vanquished the Danes at Clontarf, have been mentioned. Another possible starter is Count Taaffe, whose ancestors fled to Bohemia in the seventeenth century and whose family gave distinguished service to the defunct Austrian Empire. Having married a Dublin lady, he has recently returned to the home of his ancestors.

There was some talk of an agreement upon a candidate between Mr. Cosgrave and Mr. de Valera, and it was even suggested that a coalition Government was possible, but this was immediately denied. Mr. Cosgrave, in a public statement on December 10, pointed out that the Dail was sharply divided on questions of public policy, such as the land annuities dispute, which in essence arose out of the Government's political point of view and their party's need to masquerade before the country as anti-English. By what magic process, he asked, would a coalition stop this play-acting? He also denied the charge of hampering the Government, declaring that, even if the Opposition agreed to refrain from criticising, it would not make the Government's policy workable. There can be no doubt, however, that there are several public men in Ireland who belong to no party, any one of whom would fill the position of President with dignity and impartiality if the party leaders would agree upon his nomination.

But, when all is said and done, the ideal solution would be the election of Mr. de Valera himself. Alderman Byrne has already announced that if Mr. de Valera were a candidate he personally would not oppose him, and there is good reason to believe that Mr. Cosgrave's party might adopt a similar attitude. Whatever Mr. de Valera's critics may say, few Irishmen would dispute that he has the dignity and prestige required for the office, and his election would fittingly complete his public career. It would, of course, involve his withdrawal from party politics, but this also would be of advantage to the country, because so long

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as he remains in the arena there is little chance of any normal development of our political life.

IV. IRELAND AND GREAT BRITAIN

OUR relations with Great Britain, however, at last show signs of improvement. On January 12 Mr. de Valera surprised the Dail by announcing that arrangements had been made for a meeting between representatives of the two Governments in London on January 17 to discuss outstanding questions which affected the relations between the two countries. Although it had been obvious for some time that such a discussion was overdue, there had been no indication that it was contemplated. This meeting, which was called on Mr. de Valera's initiative, duly took place on January 17 and was continued on the two following days. The Irish Government were represented by Mr. de Valera, Mr. Sean Lemass (Minister for Industry and Commerce), Mr. Sean MacEntee (Minister for Finance) and Dr. James Ryan (Minister for Agriculture), and the British Government by Mr. Neville Chamberlain, Sir John Simon (Chancellor of the Exchequer), Sir Samuel Hoare (Home Secretary) and Mr. Malcolm MacDonald (Dominions Secretary).

On January 19 it was officially announced that, while no agreement had been reached on the questions discussed, these preliminary discussions had proceeded far enough to justify a more detailed examination of a number of points by the officials of both Governments, and that meanwhile any further meeting of the Ministers would be postponed. On his return to Dublin Mr. de Valera stated that as the approach of the two sides to some of the questions raised was from diametrically opposite points it would not be easy to find agreement; he added, however, that they were exploring the whole field and that when the delegations met again they should be in a position to discover quickly whether an agreement was or was not possible. It is

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understood that the principal questions which came under review were the partition of Ireland, the economic relations between the two countries, and questions of defence, and that both sides displayed a readiness to try to understand each other's difficulties and to arrive at a solution. Friendly personal relations were also fortunately established.

In effect, the difficulty is not only one of adjustment by both sides to the realities of the situation, but also the fact that the negotiators are not free agents. Behind Mr. Chamberlain is the sinister shadow of the Orange hooligan, and behind Mr. de Valera the equally sinister shadow of the Republican gunman. These vile reminders of religious cleavage and an evil past unfortunately cannot be exorcised or forgotten. Mr. de Valera, for his part, claims that a united Ireland is the essential foundation for a real understanding between the two countries; Mr. Chamberlain politely replies that he can do nothing without the consent of Northern Ireland; and Lord Craigavon, nothing loath to make political hay while the sun shines, calls a general election. Yet Mr. de Valera would readily admit that he has no desire to coerce Northern Ireland, and Mr. Chamberlain would probably as quickly agree that nothing would please him more than to facilitate Irish reunion. The real truth is that the road to Irish unity—and it is a long one—lies through London and not through Belfast. Every improvement in the relations between Great Britain and Ireland must eventually have its reactions in Ulster.

No thinking Irishman will deny that partition outrages national sentiment, and that it is both extravagant in administration and disastrous for trade and industry. Moreover there is undoubtedly a strong feeling of dissatisfaction in Northern Ireland with Lord Craigavon's Government. Their autocratic rule, extravagance, lack of enterprise and political gerrymandering have disgusted many even of their formerly strongest supporters. But that is by no means the whole story. The average Ulsterman, no matter how much he may criticise his Government, is

firmly and quite naturally convinced that the acute discomfort of the Craigavon frying pan, to which there is as yet no domestic alternative, is infinitely preferable to the de Valera fire. He is loyal in his own way to the Crown; all his economic interests demand free trade with Great Britain; and he cannot ignore the fact that the Dublin Government has deliberately removed every vestige of the King's authority and pursues a consistent policy of violent economic nationalism. The result of the Northern Ireland election is not therefore in any doubt; for, as Lord Craigavon well knows, one blast on Mr. de Valera's bugle horn is worth ten thousand men to him. Mr. de Valera is in fact the stoutest bulwark of the present Northern Government. Unless he or his successors are prepared to conclude a cordial and comprehensive settlement with Great Britain, this condition of affairs must continue and develop to the serious detriment of both Ireland and England.

The only step that the British Government can usefully take at this moment—and it ought to be taken—is to act as mediator between Ulster and Ireland, and to express, publicly if necessary, its anxiety for some form of reconciliation between the two parts of this country which would at least recognise the juridical unity of all Ireland under the Crown. Such an expression of opinion would involve no breach of faith and might do much good.

In an interview with a *New York Times* representative published on January 27, Mr. de Valera revealed that his plan to deal with the problem of partition was to set up, over the existing Parliaments in Dublin and Belfast, an all-Ireland Parliament, based on proportional representation, which would exercise the reserved powers at present retained by the British Parliament over Northern Ireland. The attitude of the Unionist minority, he said, had prevented good relations between Ireland and Britain in 1914. Were they going to stand in the way again in 1938? It is hardly credible that Mr. de Valera really believes that such a

plan would or could be forcibly imposed on Northern Ireland under existing conditions.

As regards the economic dispute there can be no doubt that a settlement is of vital importance to both countries, and in this direction at least the civil servants may be able to make progress where the politicians fail. Last year the Irish visible adverse trade balance rose to the portentous figure of £21,268,603, which is the highest level recorded since the Irish Free State became a fiscal unit. In a recent penetrating analysis of the trade figures, read before the Irish Statistical Society, Professor Duncan of Trinity College concluded that the net decrease in our foreign assets is approximately equivalent to the visible trade debit. It is significant that the net balance of foreign assets held by the Currency Commission and the joint stock banks declined by some £16,000,000 between December 1932 and December 1936. The latest figures show that it is still declining. If Professor Duncan is right, we are in the position of a man whose expenditure exceeds his income and who is making good the deficit out of a large deposit account. It is a procedure that cannot continue indefinitely. But for the sweepstake receipts, which have helped materially to swell our invisible exports, we should be in a worse plight. As regards the movement of prices, the slight improvement that took place between 1934 and 1936 has been lost again in 1937 through the more rapid rise of import prices than of export prices or internal incomes.

The most remarkable fact of all, however, is that the events of the last ten years, catastrophic as they have been in some respects, have not seriously altered the character of our foreign trade or its relative incidence. During the period 1926–31, on the average 68 per cent. of our imports consisted of industrial goods more or less ready for consumption. In 1936 the proportion had only fallen by five per cent. Moreover the preponderance of live animals and manufactures of food and drink in our exports

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still continues and is fortunately likely to do so. Nor have our imports from Great Britain relatively decreased. In 1926 our imports through or from that country were 65 per cent. of our total imports, and in 1936 the proportion was 66 per cent. It would therefore appear that the stupid economic war—the epithet is that of Mr. Lemass, the Minister for Industry and Commerce—has hardly affected the basic economic relations between the two countries, and that if Great Britain ceased to trade with us our future would be dark indeed.

It is also common knowledge that the economic policy of the Irish Government is not proceeding according to plan. The Insurance Act, passed two years ago, which was to create a complete system of Irish commercial insurance, has never been fully put into force. The industrial alcohol factories, established at great expense, have proved veritable white elephants. Owing to the rise in the cost of living the rate of unemployment relief has had to be increased. How far some of the smaller industries set up in remote parts of the country will ever become paying propositions remains a very doubtful question. Moreover the search for alternative markets has proved a complete failure. During 1937 we imported from countries other than Great Britain and Northern Ireland goods to the value of over £21½ million, whilst they took from us goods to the value of barely £2 million.

We have, in short, learnt in the sad school of experience that whereas we are fully entitled to build up a strongly fortified economic frontier, behind which we may fashion our industrial life as a national unit, our neighbours are equally entitled to erect barriers against the importation of our agricultural produce, the export of which is and must remain the basis of our external trade. We are one of the principal creditor countries in the world and Great Britain is practically our only debtor. The truth is that Great Britain and Ireland are complementary to one another, and their natural necessities are even now prevailing over

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political catchwords. They must eventually compel mutual accommodation.

Nor does the need end in the economic field. If our farmers have need of the British market, and British manufacturers have need of ours, so also we have need of each other in the strategic field. As Mr. Lloyd George pointed out during the debate on the Irish Treaty in December 1921, the security of Great Britain depends on what happens "on this breakwater, this advance post, this front trench of Great Britain". True then, this is much truer now. Recent developments of air power have made it even more imperative than before that Ireland's attitude towards the defence of these islands should be clearly defined. The speed and range of modern aircraft make it possible for a hostile European Power to render the English Channel an unsafe approach to Great Britain even if control of the sea were maintained. In such circumstances, approach would be possible only through the Irish Sea or by the Atlantic around the Irish coast. Moreover, it is quite conceivable that the existing repair bases of the British fleet on the south coast of England might become untenable, in which event the fleet would probably be based on Rosyth, Milford Haven, Cork Harbour and Bantry Bay. From these bases the western and southern approaches to Great Britain could be secured by both air and sea, and the risk of air attack on the fleet would be considerably reduced.

It is therefore vital to Great Britain's security that British forces and ships should be assured of access to the Irish harbours, as provided by the Treaty of 1921, in the event of war with a continental Power. Such access could no doubt be secured by force of arms at a heavy price, but it could not be as effective as an agreed occupation; the proper force to control the surrounding prohibited defence areas would then clearly be the Irish army. Better still would be an agreement making that army fully responsible for the land defences of the Irish coast. But this problem of defence is by no means one-sided. Ireland cannot afford

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to maintain a large military establishment, and the provision of an effective navy is quite impossible.

It is perhaps unfortunate that Mr. de Valera should have chosen this moment to send a Minister to Italy, thus recognising the conquest of Abyssinia and adopting a different policy from that of Great Britain and the other Commonwealth States. But it is well to remember that in this respect he is only following the policy of other small States, and that his action was supported by the Opposition and opposed only by the Labour party in the Dail. He was also careful to point out that his recognition of the Abyssinian conquest was *de facto* and not *de jure*.

As regards defence, however, he has consistently proclaimed his willingness to co-operate in a policy that would safeguard Great Britain against foreign attack and prevent any hostile Power from using Ireland for military or naval purposes. He has always recognised that this must be a cardinal and essential point of British policy. Speaking in the Dail, on June 18, 1936, he went so far as to state that even if Great Britain were declared an aggressor by the League of Nations his Government would not attempt to apply sanctions against her, and he argued that a planned system of mutual defence was vital to both Great Britain and Ireland. But he added that this could only be achieved if the unity and independence of Ireland were recognised and the British garrisons withdrawn from the occupied Irish ports. It would nevertheless be very foolish to believe that agreement on this matter will be easy. Already the extreme republican element is on the warpath against a settlement, and Miss Mary MacSwiney, one of their leading spirits, in a furious letter to the press, claims that the London negotiations are a frantic effort on the part of the British Government to secure a quiescent or actively friendly Ireland and Irish conscripts in the next war. She also denounces any compromise on the question of an Irish republic as treason. Yet geography is as inexorable as

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history, and common risks and aims command collaboration between the two countries.

The time is therefore ripe for a new treaty between Great Britain and Ireland, based on a recognition of their mutual economic interests and a common policy in defence and foreign affairs. Remission of the disputed land annuities might well balance an Irish financial contribution to the defence of these islands and an agreement to permit the British navy to use our harbours in time of war. Such a treaty only requires on the British side a frank admission of the equality and independence of the Irish State and an expression of the desire for Irish unity, and on the Irish side a refusal to allow ancient and barren hatreds to poison the wells of truth and common-sense.

Ireland,

February 1938.

THE BOMBING MENACE AND A WAY OUT

By a Correspondent

I. A SPECIFIC MENACE

ON February 2, in response to a Labour intervention in the House of Commons, the Foreign Secretary disclosed that the Government had set on foot an expert enquiry with a view to reopening with other Powers the question of a general international agreement to prevent or restrict the air bombardment of the civil population. This move will be applauded and supported by all men of good will. But, as the first reactions in other countries have shown, formidable obstacles have to be met. Indeed, it may be doubted whether the concept of a universal agreement of the kind proposed is sound as the basis of an initial practical effort. For it repeats an assumption whose falsity has been at the root of previous disappointments in the same field.

The assumption is that the menace of the air is a general menace, with no specific point or points of origin, or, at least, none acknowledged explicitly—a dehumanised menace of the same order as cholera or bubonic plague or any other natural calamity. That it is a menace specifically localised in its source, that there are only a few danger spots, a few definite quarters from which it looms, that the measures necessary to cope with it are not general but particular and specialised measures: these things may be fairly well understood by all intelligent people, but the understanding has not yet been reflected in international action.

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The problem was approached at Geneva between 1932 and 1934 as a general one. It was discussed by the representatives of sixty States. The discussion came to nothing. That was not surprising. The multiplicity of cooks spoilt what might have been a palatable broth.

The idea that it was the British reservation in favour of bombing "for police purposes in certain outlying regions" which led to the failure to prohibit bombing altogether has been sedulously fostered, but is unsustainable. The British Government was ready to withdraw the proviso if it proved an obstacle to agreement. An announcement to that effect was made by Mr. Eden in the House of Commons on July 5, 1933. Two years later, on July 11, 1935, he pointed out that only four hours' time in three years' work at Geneva was taken up by this particular question. "The truth is", he said, "that that reservation never had the smallest international significance".

The problem simply did not lend itself to treatment by way of international mass meeting; nor is it likely to do so now. It is an individual, a particular problem, not a general one. That this is so will be apparent from some quite recent history.

We, in Great Britain, have been inferior in air strength, including bombing strength, to a number of other Powers from 1920 onwards. In November 1927, for instance, France had nearly twice as many first-line aircraft—1,350 to our 750. In February 1934 she had slightly increased her superiority, having 1,650 machines to our 850.* Yet we did not worry particularly.

Our outlook changed, however, in the autumn of 1934, when it became known that Germany was beginning to rearm in the air. "His Majesty's Government", said Mr. Baldwin in the House of Commons on November 28,

* The corresponding figures at the close of 1937 were approximately 2,100 French and 2,030 British first-line aircraft, 1,542 of the latter being the metropolitan air force. Germany, according to an estimate in the technical journal, *Interavia*, had 1,900 first-line aircraft in October 1937.

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1934, "are determined in no conditions to accept any position of inferiority in regard to what air force may be raised by Germany in the future". Yet we had lost no sleep when France and some other countries were far superior to us. Could the truth that the air menace is a particular menace be more clearly admitted?

When, in March 1935, Herr Hitler made his famous declaration that Germany had already reached parity with us in the air, the air menace for us suddenly assumed bodily shape and form. We took up the challenge. We began to rearm in the air, and to organise measures of passive anti-aircraft protection. We rearmed and organised for defence. Our purpose was to safeguard our homeland from air attack, and from air attack directed from one well-defined quarter. True, that purpose might have to be attained by counter-attacking the quarter in question, but still the purpose would have been defence. We wanted, in short, to ensure that a particular neighbour kept his bombers at home, so far as we were concerned.

We sought to meet the menace by the appropriate counter-measures to Germany's measures, that is, by intensive rearming in the air, and especially in the building of bombing machines. This meant adopting what may be called the war method of dealing with the situation, as contrasted with the peace method that we and other Powers had been pursuing at Geneva for three years. In doing so we profited by our war experience in the technique of national defence. The war method that we adopted was in fact the win-the-war system of 1914-18, brought up to date.

That system embraced the work in the field and the work in the factories. This country, like other countries, became a hive of war industry. Everything was subordinated to the need for producing armaments in vast quantities and in the minimum of time. Factories and plants were run up, like American cities, almost overnight, or were diverted from making plough-shares to

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making swords, from turning out pianos, motor-cars and what-not to turning out armaments. The whole country's productive capacity was subjected to a win-the-war régime. With the hour, too, came the man whom the hour needed. There emerged the win-the-war Minister, tireless, ruthless, riding rough-shod over weaker brethren. Round him he collected win-the-war business magnates, men of his own kidney, hard-headed men, totalitarian in spirit as he. Between them all they hustled the nation into lethal activity. They delivered the goods. Their achievement was the more remarkable because it was accomplished in the face of the handicap imposed by current warlike operations, air raids, and so on.

Modern technique can improve on the methods of 1914-18. Then, the productive part of the win-the-war process went on simultaneously with the other and grimmer part, the fighting in the field. The innovation is the separation of the two parts. We have learnt that they need not be concurrent, that the first can be put in operation in peace. The machinery devised and, so to speak, kept in cold storage for war can be taken out and set in motion long before zero hour.

There is nothing new in this development, of course, in so far as it reproduces, though on a greater scale, the preparations for war that have always been common. What is novel is the diversion of industry, in peace-time, from civil to military activity, in accordance with plans conceived in relation to a war emergency. The reserves of war production are mobilised in advance of the reserves of war personnel. War begins in the workshops before it begins in the field.

The heart of this competition in industrial effort is a bid to call your competitor's bluff. Of course he may not be bluffed. He may decide to go on and risk a gambler's throw. Then, your mass-produced squadrons come into play. By their use you teach him that two can play the game. You give as much as or more than you get. You

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show him that the bomb is a boomerang. Your hope is that before long he will learn that his best policy is to keep his bombers at home. *Ex hypothesi* you are willing to keep yours at home, for your object is defence.

Now, if by the way of tribulation he and you arrive at a position in which you are both willing to keep your bombers at home, you are exactly where you would be if you agreed to do so in the first instance without all that pother. You have reached by a roundabout and very costly way the very point at which the peace method starts.

The adoption of the war method of dealing with the menace can be justified only if it is regarded as a means to an end. War is the greatest enemy of the freedom that we arm to defend. The end is the creation of conditions in which the adoption of the peace method becomes possible—though that does not mean in the least that thereafter all air defences can be scrapped. The peace method is clearly the method that should commend itself to a State that had testified to its belief in the limitation of armaments and (*inter alia*) the prohibition or regulation of bombing by international agreement, to the extent of disarming to the edge of risk in order to further the attainment of those objects. For such a State, rearmament is obviously necessary and fully justified; but it must be a regrettable necessity, a dark path to be trodden in the hope that at the end lies, not war, but a settlement.

That, indeed, is true of any and every kind of rearmament in countries that do not make a fetish of war. It is especially true of air armament. Here, more than in the other spheres of defence, it should be apparent to the man in the street that the rearming, though it may include preparations for offensive action, is most fully justified when it all leads to nothing; for nothing is an admirable result when the alternative is the penetrating raid. The most perfect defence cannot guarantee absolute protection against air attack. There can be no line of impregnable battlements

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in the clouds. Interceptor squadrons cannot be the same sure shield that battleships are at sea. The preparations, however costly, which are made to meet possible air aggression may be most successful where they seem to be nugatory.

II. ACTIVE AND PASSIVE DEFENCE

LOGICALLY, a bilateral agreement with Germany for the total prohibition, or, failing that, the restriction of air bombardment, should be the end of our present intensive rearming. It is doubtful, however, whether we are as yet in a position to negotiate with that country on such terms.

We are more vulnerable than Germany. We present in south-east England a target which is more open to air attack from Germany than is any similarly important region in Germany to attack from this country. Our first need, therefore, before we can strike a bargain on even terms, is so to organise our anti-aircraft defences, including the preparedness of the civil population, as to make it evident that we are fully able to protect ourselves in any event.*

A great effort in this direction is now being made, though in many respects we are woefully behindhand. It is open to question, moreover, whether due perspective has been maintained in attending to the various aspects of anti-air-raid defence. Indeed, Lord Trenchard has raised the question whether too much attention was not being paid to precautions against gas attack. There was, he suggested, a far greater danger of panic and material damage from high-explosive and incendiary bombs. That, too, is substantially the conclusion of Dr. Hyde and Mr. Nuttall in their book, *Air Defence and the Civil Population*.

That is not to say that the time and effort devoted to gas-proofing and similar work have been mis-spent.

* See the article on *The Air and the Citizen*, above, p. 217.

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Everything depends on the circumstances. Precautions that may be of little use where a high degree of concentration of gas is present may be fully adequate against mild gas attacks. It does not follow, obviously, that because measures are not effective in one locality they will be valueless in another. May it not prove, however, unduly pessimistic to assume that the Geneva Gas Protocol of June 1925, to which Great Britain and Germany are parties and which bans the use of poison gas, will be a dead letter?

The dispersion of armament factories and the organisation of alternative channels of transport and communication are other means of minimising the disastrous consequences of a successful raid on focal points or other important objectives. Whether all the arrangements made in this connection are beyond criticism is, it must be confessed, open to some doubt. Mr. Richard Acland drew attention in the House of Commons on December 6, 1936, to the concentration at Coventry of four of the shadow aero-engine factories, a successful raid on which might therefore have far-reaching consequences. The reply, that the shadow-factories must be near the motor firms which managed them, was hardly convincing. Again, on November 16, 1937, Mr. Oliver Simmonds characterised as inconceivable folly, in the light of the air menace, the siting at Birmingham of the Austin shadow factory with its 17½ acres under one roof. "If that factory had been built in Germany", he said, "it would have consisted of about 50 buildings, 100 yards apart, each with its own air-raid shelter".

Our main defence may yet prove to be the bomber. We must be able not only to protect ourselves, but also to hit back, and to hit back harder, if possible, than the enemy can hit us. That this is recognised by the Government is evident from the fact that the bomber squadrons in our home defence force number 68 as compared with only 30 fighter squadrons. The quality is good. Our

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Battles, Blenheims, Wellesleys, Harrows, and Wellingtons, and their probable replacements, should not fear comparison with anything which Germany can produce. We beat Germany to the wall in engine power in 1917-18. We can do so again.

We are, however, undoubtedly still far from being able to strike an equal bargain if comparative vulnerability is to be taken as the basis of approach. Our means of defence, passive and active, must all be improved. We must not let our aircraft production lag behind schedule. That it does lag behind, there is little room for doubt. We are still further behind in the field of passive protection. Until we are in a stronger defensive position we cannot expect to strike a favourable bargain with a Power organised to the last man in protective measures, and geographically less vulnerable than we are.

III. A BAN ON BOMBING

SUPPOSE we attain, or bid fair to attain, a position of parity in defence and counter-attack. What should be the scope of the desired settlement?

A bilateral agreement to prohibit bombing altogether would *prima facie* be the answer. It would be open, however, to the objection that the result would be to release for use on other fronts the bombing strength which Germany would otherwise have thrown against us; and through our guarantees to France and Belgium—leaving aside any broader commitments or interests—we are intimately concerned in the fate of those fronts. Germany would be free, for instance, to turn her full bombing power against France, assuming France to be our ally. That difficulty could be overcome if France were also a party to the agreement to ban bombing. But for France precisely the same problem would arise in relation to her eastern commitments. Clearly some arrangement embracing all Germany's neighbours would be necessary if

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Czechoslovakia or Poland were not to suffer as a result of any western pact of the kind.

Alternatively, the ban on bombing might be combined with a measure of proportional air disarmament that would leave the margin of each participating country's strength available for other employment approximately as it was before. If, for instance, Germany's total bombing force were reduced by the proportion that otherwise would have been at her disposal for use against us, no surplus would be released for use against other Powers. The Anglo-German naval agreement of June 1935 might serve as a precedent, in principle at least, for a corresponding bilateral agreement for the limitation of air establishments.

If neither of these proposals proved to be practicable, and if all that were attainable were an agreement confined to bombing, we should have, it seems, to rest content with some less ambitious scheme than complete prohibition. The possibility of some arrangement based on the differentiation of objectives might then be explored. It would leave legitimate objectives still liable to bombardment in a belligerent's territory and would not, therefore, be open to the objection that it would turn the weight of the enemy's attack upon the former's allies.

What are the legitimate objectives of air attack? They were defined in the draft rules of air warfare which were prepared by a commission of jurists, representing Great Britain, the United States, France, Italy, Japan and the Netherlands, at The Hague in 1922-23, but which have never been incorporated in an international convention.

Article 24 of the draft rules forbade aerial bombardment unless it were directed at a military objective, which it defined as:

Military forces; military works; military establishments or depôts; factories constituting important and well-known centres engaged in the manufacture of arms, ammunition or distinctively military supplies; lines of communication or transportation used for military purposes.

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Now, it would obviously be unwise to assume that these would be the only objectives actually to be attacked in a future war. Commercial docks and harbours are also probable targets; so, too, is merchant shipping. They would hardly be spared by a belligerent who saw his own sea-borne commerce brought to a standstill, his own docks and harbours idle, as the result of the strangle-hold of an enemy's blockade. Railway junctions and terminals, even if not used for military purposes, would also be an obvious objective.

Whether, in addition, urban centres would be attacked for the express purpose of terrorising the civilian population and affecting their morale is perhaps open to question. Attacks for such a purpose were specifically prohibited by the draft air warfare rules quoted above. They would be bad propaganda for the Government that authorised them. Public opinion throughout the world would be shocked. If, in addition, the subjects of a strong neutral Power, such as the United States, were killed in a raid that was palpably unjustified on any direct military grounds, a high price might have to be paid by the State responsible. The maritime events that drew the United States into the ring of Germany's enemies in April 1917 may have their counterpart some day in the air; and that possibility should be a deterrent influence against indiscriminate air bombardment.

The blow at morale, the attempt to terrorise, would more probably be seen as an incident of attacks that were *prima facie* permitted by the rule of the military objective. Such objectives cannot be bombed in centres of population without resultant loss of life and property in the vicinity. Indeed, in "pattern" bombing there must always be a substantial proportion of mis-hits, and mis-hits in a town mean slaughter. The magnitude of the slaughter varies with the circumstances. It is the greater, naturally, when the town attacked is outside the theatre of operations, and its inhabitants are going about their daily lives in

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homes, offices, factories and streets. The circumstances there are essentially different from those of a town close to the front, from which most civilians would probably have been evacuated.

The commission of jurists already referred to proposed that the bombardment of cities, towns, villages, dwellings or buildings *not in the immediate neighbourhood of the operations of land forces* should be prohibited. Where (it was proposed) military objectives were so situated that they could not be bombed without the indiscriminate bombardment of the civil population, the aircraft must abstain from bombardment. This provision was meant to be a protection for civil populations behind the front, but it makes the decision whether to bomb or to abstain too subjective and uncertain. The effect, moreover, would be to accord sanctuary in many instances to military objectives (for instance, munition factories) behind the lines. Where military interest clashes with humanitarian interest, too many examples show which is likely to be served first in war-time. A possible line of escape would be a mutual undertaking not to maintain military objectives, such as aircraft factories or munition works, within prescribed zones containing heavy concentrations of civil population.

No rule of warfare is without objections, or incapable of evasion. The Red Cross rules have not proved so, yet we do not therefore abandon them. It is not even simple to define "the immediate neighbourhood of the operations of land forces", if the 1923 formula were adopted. But what has been suggested here might serve at least as the starting-point for discussion and possible settlement of the air-bombing question as far as Great Britain and Germany are concerned. The difficulties in the way are not insuperable if the parties do not want them to be insuperable. We can only proceed cautiously, and, to begin with, bilaterally. The idea that everything must be done at once, that a settlement must be comprehensive,

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is largely to blame for the failure to do anything at all. It is all too likely to prove the stumbling block in the way of the British Government's latest efforts.

But would a settlement of this particular question be of any use? Would a restrictive rule, a self-denying ordinance of the kind suggested be observed in practice? Would it be worth anything? That it might be disregarded by a hard-driven nation whose back was to the wall does not condemn it. Its mutual advantage in all normal circumstances would be apparent. Its effect in reducing the magnitude of the most terrible menace that threatens civilisation should commend it to all nations of good will. It would be in the air a charter of protection for non-combatants parallel to the submarine rules at sea. It has not been thought waste of time and paper to make those rules. Why should corresponding rules for the air be hopeless from the first? No nation that adopted them need neglect its material defence in the air or on the ground.

The gist of the problem may be summed up in a few sentences. The air menace is a particular and localised, not a general, evil; hence any agreement to mitigate it should be on a bilateral rather than a general basis. Before that treatment is applied, however, the States concerned should be more or less on a footing of equality. For a State that has neglected its air defences and is geographically more vulnerable than the menacing State, the first thing necessary, therefore, is a campaign of intensive rearming and other defensive measures. But the end of those measures should be a negotiated agreement to prohibit or to restrict air bombing. The danger that an agreement prohibiting air bombing might enable the menacing State to mass greater air strength against other States would be obviated either if the agreement provided for a measure of proportional disarmament, or if parallel agreements were made between the other States in question and the menacing State. An agreement to restrict,

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not to prohibit, bombing might be easier to attain, and would not react adversely on the other States. Such an agreement might be based, with some variation, on a draft rule proposed by the commission of jurists at The Hague in 1923. Air armaments and air defences would still be necessary as a reinsurance. No scheme could be watertight, but the effort would be well worth making.

NEW TRENDS IN INDIA

I. A CHANGED OUTLOOK

INDIAN political thinking has undergone a notable transformation in recent weeks. The change is directly traceable to the acceptance of ministerial office by the Indian National Congress, and indirectly to the inherent merits of the reforms; for it has now been proved beyond doubt that wide and real powers have been transferred. Additional factors have been a deepening appreciation of the sinister activities of totalitarian States in Europe and the Far East, and a vague apprehension that in future world developments India may still be regarded as a conqueror's prize.

Public opinion has slowly but firmly advanced in favour of the reforms. While no one admits that the new constitution meets Indian aspirations, nearly all are impressed with the reality of provincial autonomy. Indian Ministers now recognise that they themselves are responsible for "law and order", that fateful phrase which has meant so much in recent Indian experience and has hitherto been generally regarded as an inseparable adjunct of an alien bureaucracy. Responsibilities of office have brought home to Congress men that the maintenance of law and order is essential under any Government, whatever its political complexion may be. In Madras, the United Provinces, and elsewhere, the Congress Ministries have clearly indicated their intention to enforce the law against the preaching of violence and communal incitement; and the measure of this advance in Indian thinking is emphasised by the action of the upper hierarchy of the Congress organisation in pointing out that Ministers must inevitably uphold the

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law. This constitutional rôle is something entirely new for the Congress party, and the result proves the rightness of the decision which resulted in the transfer of law and order to responsible Indian Governments.

The Viceroy, Lord Linlithgow, recently remarked in an address at Calcutta that the practical experience of provincial autonomy during the past few months had already manifested its great possibilities. He contended that the working of the scheme had shown the sincerity of the British anxiety to further the development of democratic institutions in India, and the readiness of the provincial Governors and of the services to lend all the assistance in their power to the new Ministries. That the Governors and the services have fully collaborated with the Ministries is admitted, notwithstanding the difficulties that formerly characterised relations between the British authorities and the Congress party. Some Congress Ministers have less praise for subordinate officials, claiming that they show no enthusiasm for the new Governments; but in the main the change-over from bureaucracy to popular government has been made with great smoothness. Far-reaching political repercussions there have been, but not enough has been made of the fact that the control of territories, in some cases larger than European countries, has changed hands with complete tranquillity.

It would, however, be unwise to minimise the difficulties that lie ahead. Many serious and some dangerous problems await solution. Under the new régime, old problems have been presented in a fresh guise. Communalism is intensified, agrarian discontent and labour agitation are growing. Extremists and socialists are tending more and more towards communism; moderates are becoming more conservative; the divisions within the Congress party are becoming more acute, and Left-wing elements would probably enter the political field on their own account if Pandit Jawaharlal Nehru were prepared to abandon his allegiance to Mahatma Gandhi, which is not

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likely. In recent years the Congress party has maintained a fluid homogeneity, chiefly because it has been the main medium for the expression of nationalism and theories of political liberty. The unity of the organisation has always surprised the outside observer, who failed to understand how industrialists and peasants, millowners and socialists, illiterates and intellectuals, communists and conservatives, could sink their individual political and economic differences in the interests of the broader cause of constitutional freedom. To some extent the grant of provincial autonomy has begun the work of disintegrating the Congress party along economic lines, although no one at this stage would predict that its existing unity will not be artificially upheld for some years to come. But the new tendencies are significant as indicating that in India, as elsewhere in the world, economic causes will ultimately create political parties.

II. PEASANT UNREST

IT is now fairly clear that the great political party of the future will be the one that unifies the peasants and sets them on the long road that leads to their economic emancipation. The leaders of such a party will have no easy task, as Congress leaders are already beginning to see. While in the past the extremists have simplified the agrarian problem as meaning simply the disgorging of privileges by vested interests, they have already found out under provincial autonomy that agricultural revenue is the virtual basis of Indian economics and that the existing system is extremely difficult to alter. Short of a revolution, which would leave the ultimate status of the peasants worse than it now is, the best that can at present be done is to readjust rents and revenue, making their incidence less heavy on those who now suffer most. That is what is being done by the Congress Ministries, who promised to do much more. But the realities of office have proved

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conclusively to Congress men that in the sphere of economics much of what they preached while roaming the political wilderness is wholly impracticable, and it is to their credit that on many points they are now harmonising their policies to actual conditions.

The most significant development since the inauguration of provincial autonomy has been the growth of the *kisan* (peasant) movement. Years of political propaganda, carried out chiefly by the Congress party, have led the peasants to believe that remarkable economic changes would automatically come about when the party assumed administrative power. The party has accepted office, and the status of the agriculturists is largely unaffected. This has naturally led to questionings among the peasants, and has even brought them into the political limelight in a manner wholly new for India.

The claim is frequently made that the reforms have had no influence upon the peasant mind, but it is also true that Congress thinking is now stronger in the villages than it has ever been. The political education of the peasants, however, has been undertaken almost entirely by those who hold extreme economic theories. Marches of peasants upon Nagpur and Patna may have been inspired by ill-digested political theory, but Congress leaders to-day recognise that these demonstrations have both a political and an economic significance. Congress Ministers and such leaders as Pandit Nehru have been forced to respond to the overtures of the peasants, who have assembled in thousands in village areas to press their grievances. It was only natural that they should present their problems to those who have long promised to solve them.

That they have serious economic grievances is universally admitted, but their redress is no easy task. In Bihar a compromise has been reached between landlord and tenant; in the Central Provinces a permanent reduction in land revenue has already been effected; but in the United Provinces, where the problem is most acute, the

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best that can be done at this stage is to examine the problem with a view to eradicating the more serious grievances.

It remains to be seen whether the patience of the peasants will await an evolutionary process of reform. It would be no revolution against the Congress attitude if the peasants demanded far-reaching rights immediately; Congress spokesmen foolishly promised them in the days when they held no responsibility. Liberals and Moderates, including many of the more reasonable *zamindars* (landowners), agree that readjustments in rent and revenue are necessary, and doubtless the solution of the problem lies that way. But extremist elements continue to stir up the peasants, who in any event believe that more ought to be done for them by the party which promised to do it. Their movement, the *Kisan Sabha*, is growing in strength and importance, and is embarrassing the Congress party, particularly in Bihar. The fact that some of the peasant organisers are Congress men does not lessen the political disunity of the Congress party, and the Working Committee has clearly stated the need for disciplinary action against party members whose activities run counter to the authoritative policy of the Congress Ministers. That policy has naturally been modified since the party took office. Expropriation as a solution for the agrarian problem is no longer in the official vocabulary of the party leaders; they talk to-day of compensation, but admit that it cannot be put into effect without extreme difficulty.

The Congress Ministries have clearly declared their intention to tackle the problem. While there are many obstacles to direct relief in the form of reductions in rent and revenue, the hope is expressed that indirect methods may aid the cultivators by enabling them to get the most out of their land. This constructive policy lacks those spectacular features which are normally expected from Congress activities. It is a slow process in India to entice the peasant to use better seed, to improve his livestock, and to co-operate in the cultivation of small holdings—

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these being among the proposals of Congress Ministries. The cry for reduced rent may not be appeased by better marketing conditions and easier agricultural finance. But such developments, along with moderate adjustments of revenue and rent which will neither hinder the industry nor embarrass the land-owner, are about the only immediate means that can be devised to help the cultivators.

III. PROVINCIAL PROGRESS

THE general attitude towards the working of provincial autonomy is that the Ministers are seriously endeavouring to serve the people and are honestly seeking to do so within the terms of the constitution. Some cynics now point out that the Congress leaders appear to have abandoned their intention to "wreck" the Act, although it would be unwise to assume that Congress thinking in any way accepts the present constitution as a final solution of the Indian problem. While some Ministers state that their inability to do more for the people is mainly due to the limitations of the Act, the argument hardly holds water. It is a fact that financial limitations hinder Ministers from fulfilling their electoral promises, but the money available now is not less than it has been in the past, and it shows signs of expanding in the future.

It is, however, conceded that the Congress Ministers in particular face exceptional difficulties, many of them the creation of the Congress movement itself. They are now paying for the years of barren opposition in which their party indulged. Not only are the Ministers embarrassed by their own propagandist record; they are hampered by a lack of administrative experience as the result of their refusing to accept responsibility under the earlier reforms. It is one of the tragedies of Indian political life to-day that Liberals, Moderates, and others well versed in administration and government were ruthlessly discarded by the electors in favour of men whose main contribution to

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politics had been the preaching of negative doctrines. Thus, while Congress Ministers are anxiously striving to make headway against their own past, the atmosphere in which they work is over-charged with political tension.

This is especially true of the United Provinces, where agrarian unrest, labour discontent and peculiar economic conditions aggravate the complexities of administration. The view has long been held that the success or failure of the reforms in the United Provinces will spell their success or failure in the country as a whole. The region is the home of intellectual revolutionaries, who have been active in recent years in promulgating the communist theory. While the Ministry is regarded as inclining to the Right in Congress politics, it is understood to be subjected to much pressure from the Left. It is clear, however, that since his party accepted office even Pandit Nehru has modified his views. While he thinks that the economic revolution in which he believes must inevitably come, he is apparently prepared at this stage to confine his energies to seeing that the peasants do not relapse into the torpor from which they have been aroused, mainly by the Congress party. But lesser agents of the party take no such realistic view, and are greatly embarrassing the Ministry by their activities among the peasants and the industrial workers of Cawnpore. While much of what they preach had, not long ago, the stamp of approval from the Congress party, their policies to-day make the task of the Ministers extremely difficult.

Added to these propagandists are a group of men, recently released from prison by the Congress Ministers, who have stumped the countryside urging violence and generally disturbing the placid lives of the people. The Ministry has been forced to make it clear that action will be taken against such agitators, and this has come as a severe blow to those who believed that subversive propaganda could be carried out with impunity under the Congress Government.

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The provincial Ministry is sincerely endeavouring to give effect to its election promises, but the complexity of the economic problem may frustrate efforts to fulfil with moderation the high hopes that political extremists have conjured up. On taking office the Ministry decided to meet its pledges to the peasants by suspending arrears of rent. This was construed by the peasants as implying that they need pay no more rent, an understandable assumption by an illiterate body of men who had, in the past, been encouraged to support movements in favour of non-payment of rent and revenue. An ironic situation thus arose in which Congress leaders who had in the old days openly favoured non-payment of rent were obliged to face the people and appeal for rent payments. The Ministers informed the public that they worked under limitations, asked for time to redress the economic grievances of the province, and urged the peasants to observe the existing laws until they could be modified by the Congress party.

The task of the Ministry is further complicated by the activities of reactionary individuals who preach class hatred and encourage communal tension, both in the towns and in the countryside. The belief is held by Ministers that with the increase in strength of the Congress party new and undesirable elements have crept into the organisation and are urging violent methods within a movement which has long prided itself on its non-violent policy.

Similar problems face the Congress Ministries in other provinces. The general tendency has been to move with caution, as the majority of Ministers belong to the less extreme school of political thought. In the North West Frontier Province, the Ministry is distinctive in that it consists of Congress Moslems. While showing nothing of the intellectual approach to politics that marks the attitude of the Hindu Congress men, the Moslems of the frontier have a keen regard for the traditional characteristics of their people. Thus Congress policy is likely to

LIBERALISM AND EXTREMISM

be implemented with a genuine regard for frontier conditions.

In the Central Provinces, the agrarian problem is much less acute. While the Ministers have already announced a permanent reduction in land revenue to the benefit of many cultivators, their approach to the land question is one of cautious reform. In Bihar the peasants have shown even greater vigour in pressing their demands than elsewhere, and their activities have greatly embarrassed the Ministry, as well as the Congress organisation as a whole. But a tactful Governor and moderately inclined Ministers are believed to be handling the problem with wisdom. In the Punjab, where the Congress writ does not run, conditions are settling into an administrative routine, although communal tension gives cause for great anxiety. The intensification of communalism is everywhere apparent, and although an agreement between the main communities has insistently demanded there is no indication that it will be accomplished.

IV. LIBERALISM AND EXTREMISM

AS a whole, the provincial picture may be regarded with satisfaction. If Ministers can secure adequate financial assistance from the central government there is every indication that they will settle down to constructive administrative policies. Political extremism, rife in so many parts of the country, is being toned down among those now wielding authority, although there is still a tendency for the press to treat political opponents with intolerance. This was reflected during the annual convention of the All-India Liberal Federation, when much abuse was poured on an organisation that has played a significant part in the constitutional evolution of the country.

It is clear that something akin to jealousy inspires these Congress attacks on Liberals, for it is widely recognised

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that the Liberal party contains much talent. True to the traditions of liberalism, these leaders themselves show no intolerant spirit. They have the courage of their convictions and support many unpopular causes on grounds of principle. At a time when Congress men are urging rejection of the federal aspect of the constitution, Liberals have clearly set their face against wrecking tactics. They claim that federation, like provincial autonomy, should be utilised to the fullest advantage. They recognise that "this method has the further commendation in its favour that it will be more easy to persuade the British Parliament to make amendments of the Act than if a destructive policy were attempted".

Among recent visitors to the country has been Lord Lothian, who has enquired widely into the functioning of the new Ministries. His sympathetic attitude to the whole Indian problem is everywhere accepted, and more than casual interest was taken in his numerous conversations with Pandit Nehru and Mahatma Gandhi. While some Indian commentators have been inclined to give more significance to the visit than was possibly imagined by Lord Lothian himself, it is patent enough that his discussions with leaders of all political persuasions have had beneficial influences.

The future intentions of the Congress party have been greatly obscured by the acceptance of responsibility. While the ultimate goal of national independence remains the same, uncertainty now exists regarding the best means of achieving it. The conflict has been changed from one between Indians and the British authorities into one between the conflicting elements within the Congress party itself. The socialists and communists seek sanction for their activities by deepening their hold upon the masses, but the Right-wing sections of the party appear to think that power should continue to vest in the middle-class elements, buttressed by capitalist support.

In effect, the struggle is now between a Congress party

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composed of vested interests and a Congress party of peasants and workers. The final objective of both groups is much the same. The extremists would like to quicken the pace to their goal, while the moderate sections, headed by Mahatma Gandhi, are willing at this stage to do what they can to improve the lot of the people while keeping the party as a whole representative of all those who subscribe to nationalism. Pandit Nehru is in a peculiar position, having accommodated his theories for the time being to the constitutional situation, although he still aims at securing greater unity among the masses for developing the struggle against "imperialism".

V. INDIA'S OUTLOOK ON THE WORLD

INDIANS are now, however, distinguishing between the different forms of imperialism apparent in the world to-day. They are closely watching developments in the Near East and in Europe, and are extremely apprehensive of the attitudes shown by Japan and Italy. Recent events in Abyssinia, China, and Spain have convinced thinking Indians that there is something worse in the world than British imperialism as they know it. Their attitude towards totalitarian States is one of downright condemnation. The Indian-owned press is severe in its criticisms of Japan and Italy, whose aggressive ambition has tended to introduce a new perspective on the character of imperialism, old and new.

There is widespread sympathy for the plight of the Chinese, as there was for that of the Abyssinians. In the Spanish conflict, sympathies are entirely with the Government forces. It is true that Indian demonstrations show scant regard for imperialism in any form, and the criticism is still heard that the democratic countries have themselves exploited subject peoples in exactly the same manner as such peoples are now being exploited by the totalitarian States.

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On the Palestine issue, Indian opinion is entirely on the side of the Arabs, and is certainly opposed to the idea of partition, which is claimed to be no solution for the problem. Those who think deeply maintain that the conflict is not so much between opposing races as between different cultures and between conflicting economic interests. It is admitted that the position of Great Britain, as the mandatory Power, is extremely unenviable, and Italy's interest in Palestine developments has been noted with some anxiety. Indian opinion is therefore likely to emerge on the side of any satisfactory compromise that upholds the nationality and the rights of the Arabs.

The seriousness of the international situation has, to some extent, moderated the general hostility towards Great Britain that has been created in recent years by political agitation. While the democratic Powers are accused of hypocrisy, there is also an inclination to admit that the imperialism of former days differs from the imperialism embodied in the British Commonwealth to-day, with its loose affiliations among a number of democratic States. The unfortunate conditions that have developed since the world war are slowly convincing many Indians that power still counts for something in the world, and that it is British power that will be finally responsible for keeping their country inviolate. Political relations, as well as the general welfare of India, would be greatly improved if public leaders openly recognised the need for maintaining Indian collaboration with Great Britain.

India,

January 1938.

GREAT BRITAIN

I. REARMAMENT

THIS quarter has not been a period of great events on the home front in Great Britain. The parliamentary recess at Christmas left the Government's principal new measures in suspense, with the important exception of the Air Raids Precautions Act,* which is now law; and political thought in general has been focused more on the long-term problems of foreign policy and economic stability than on day-to-day issues. Lord Halifax's visit to Berlin aroused deep interest—in some quarters, no doubt, undue hopes and in others undue apprehension. There is a widespread desire, which cuts across parties, to find a means of living in peace and friendliness with our great and formidable neighbour, but any plan of accommodation that involved sacrificing the interests or security of the smaller countries of Europe would be offensive to a great mass of British opinion.

The idea that in the present state of relative weakness, both of the collective system and of national and imperial defence, British diplomacy must "go slow" while British rearmament goes as fast as it can is manifestly gaining ground. British opinion recognises that international relations throughout the world are passing through a precarious period of readjustment, which may gradually give way to a new phase of relaxed tension if we are alert and strong, but in which grandiose schemes either of League of Nations reform or of settlement with the claimant Powers are almost certainly premature.

* See THE ROUND TABLE, No. 109, December 1937, p. 155; see also above, p. 220.

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The general anxiety for thorough-going reform of our defensive system has been exposed on more than one occasion. The changes in the higher army command announced on December 2 were applauded everywhere, not because the public failed to appreciate the ability and patriotism of the distinguished officers whose resignation made the changes possible, but because the incident was regarded as the first signal of a radical effort to adjust the character and organisation of the army to modern requirements. Lieut.-General Viscount Gort replaced Field-Marshal Sir Cyril Deverell as Chief of the Imperial General Staff, and Major-General C. G. Liddell replaced General Sir Harry Knox as Adjutant-General of the Forces. Lord Gort and General Liddell were respectively twelve years and ten years younger than the officers they replaced. At the same time, the Director-General of Munitions Production (Engineer Vice-Admiral Sir Harold Brown) took over the duties of the Master-General of the Ordnance (Lieut.-General Sir Hugh Elles), thus reducing the number of military members of the Army Council from four to three—the third being the Quartermaster-General (Lieut.-General Sir Reginald May). It was also announced that the General Officers-Commanding the principal districts would in future be associated more closely with the central direction of army policy. The first meeting of the new "Commanders' Council" took place on February 1, and was attended by the G.O.C.s of the Eastern, Northern and Aldershot Commands, a deputy for the G.O.C., Southern Command, and the G.O.C. designate of the British forces in Palestine and Trans-Jordan, as well as the military members of the Army Council. According to the official communiqué, it examined arrangements for ensuring the rapid conduct of business between the War Office and the commands, and also schemes for the reorganisation of the army. The publication of these schemes is naturally awaited with the keenest interest.

Another episode that may be counted a straw in the

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wind of public feeling has been the agitation over the progress of air rearmament. It is widely alleged that the production of new machines is far behind schedule, and some of the anxiety has been vented in attacks on the personality of the Secretary of State for Air, Lord Swinton. On the motion for the adjournment on December 6, Lieut.-Commander Fletcher, a Labour member, vigorously criticised both the Secretary of State and his Under-Secretary, and demanded in particular that the Air Minister should be a member of the House of Commons, a point on which a number of Conservatives agree with him. The Prime Minister, in reply, paid a warm tribute to Lord Swinton.

When it is realised (he said), as it will be some day, with what speed, with what rapidity and with what efficiency he has built up a magnificent air force in this short space of time, unequalled, I should say, in the world as regards keenness of spirit of men, and equipped with machines of power and fighting force which were undreamed of before he came into office, I think he will have the thanks and will receive the gratitude of the country.

The actual expenditure on rearmament from the public purse has been extraordinarily laggard. In his last budget the Chancellor took power to spend £80 million on defence from loan resources in the year ending March 31, 1938, and £100 million of national defence bonds were issued shortly afterwards, bearing 2½ per cent. interest and redeemable between 1944 and 1948. Yet the latest revenue return shows that up to February 5 less than £7½ millions had been actually issued under this head. Nor does the recorded expenditure of the supply services suggest that the defence departments have proportionately overspent their votes in the first part of the fiscal year. The figures, indeed, lend some colour to the suggestion that industrial and technical difficulties have delayed the scheduled output of aeroplanes, munitions and other equipment.

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II. BUSINESS RECESSION

THIS, of course, has a direct bearing on the general economic situation, since it is generally agreed that rearmament expenditure has been an important stimulant of purchasing power and business activity during the past two years, and that the moment when it passes its peak will be a critical period for British industry. Government spokesmen have naturally deplored public statements which, it is alleged, by persuading business men that a slump is imminent, might actually help to bring one about. Mr. Chamberlain, in a speech on November 12, admitted that we must expect ups and downs in business.

But I can say this (he added), that I can see no sign of a setback in the immediate future or, indeed, for some considerable time to come, and if and when it does come we could hardly be better able to meet it than we are to-day.

A month later he was content to assert that the country was in a far better position to meet "any temporary decline in trade" than at any time since the war. Sir Thomas Inskip, the Minister for the Co-ordination of Defence, also speaking on December 14, claimed that the industrial strength of the country has been enhanced by the fact that, partly by means of the rearmament programme, "a new army of confident workpeople" had been trained.

Some critics (he said) are anxious to hail signs of the end of the boom that has accompanied rearmament. But rearmament has not reached anything like the full momentum that it will have in eighteen months' time.

Belief that prosperity will continue unabated has been shaken by recent unemployment returns. The total number of unemployed, after rising by 81,000 in the previous eight weeks, showed a further increase of 109,000 between October 18 and November 15. The December return was particularly depressing, since December is one

BUSINESS RECESSION

of the months that usually show a seasonal rise in employment. Instead, there were 136,000 fewer people employed than in November (excluding agricultural workers), and the unemployment total was up by 166,000. December 13, the day on which the count was taken, was a day of exceptionally bad weather, and two-thirds of the increased unemployment was in outdoor trades, but there was also a long list of increases in the textile and other factory industries. In January, a month of heavy seasonal unemployment, there was a further increase of 162,000, bringing the total rise since August up to 518,000. Compared with January 1937 there was an increase of 23,000 in the numbers wholly unemployed, including casual workers, and an increase of about 172,000 in the numbers temporarily stopped. The total number of unemployed on January 17 was 1,827,600.

The rise in unemployment revives old problems as well as creating new ones. The Labour agitation against the "means test" for those claiming unemployment assistance after their insurance rights have expired shows signs of regaining the leading place in political controversy that it held a year or two ago. Mr. Ernest Brown, the Minister of Labour, told an important trade union deputation on January 20 that he would cause individual examples of the working of the means test to be investigated, but that he was satisfied that the Unemployment Assistance Board was operating the Act sympathetically. He also told them that he could hold out no hope of legislation in this session to raise the salary limit of non-manual workers coming under the Unemployment Insurance Acts, a measure that had been urged upon him in order to bring the benefits of the system to large classes of black-coated workers. There has also been talk of seeking to extend unemployment insurance, as well as trade union organisation, to domestic employees, but in this sphere the public has been more concerned with the serious and apparently growing shortage of domestic servants, which has not only contributed to

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the substantial immigration from Ireland of late years, but has also resulted in a considerable influx of women from Austria and other European countries.

This is one point at which the middle classes fail to benefit from the rising standard of life, including social services, which steadily accrues to the wage-earning population. It is an extremely good economic wind that blows nobody any ill. While unemployment has been shrinking and business growing more profitable as world prosperity has advanced, to the inevitable accompaniment of higher prices, wage-earners in uninterrupted employment as well as salary-earners, people with pensions and others dependent on fixed money incomes, have been paying the penalty of the rising cost of living.

It is a common saying (remarked Sir John Simon in a recent speech) that when prices go up in the lift, wages only ascend by the stairs. But it is not always realised that when prices come down in the lift, wages hold on to the banisters.

He claimed that in the depression period, while the cost of living fell by 14 per cent., wages fell only by 5 per cent., but that since 1933 average weekly wages had risen by something like 9 per cent., against an 11 per cent. rise in the cost of living. Unemployment, continued the Chancellor of the Exchequer, had now fallen very nearly to the 1929 level, and though the cost of living had risen it was still 4 per cent. lower than in 1929, while rates of wages were 4 per cent. higher. According to Ministry of Labour statistics, wage-changes in 1937 resulted in a total net increase of about £780,000 in weekly full-time wages, the number of workers affected being more than 5,100,000. This was the largest total increase recorded in any year since 1920. If shorter working-hours, better working conditions and more generous social services (including housing subsidies) are taken into account, there is no doubt that the average wage-earner in Great Britain is substantially better off now than he was in 1929.

These facts, however, do not assuage the Government's

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critics, who claim that the rise in the standard of life would have been much greater, and the hardships imposed by the recent steep rise in the cost of living would have been avoided, but for the Government's own policy. A petition organised by the Liberal party prayed the House of Commons to alleviate the burden of higher prices for foodstuffs and other domestic necessities upon families receiving low wages, fixed pensions, unemployment allowances or other small incomes, "by removing or reducing such taxes, tariffs, and regulative trade restrictions, internal or external, as stand in the way of a free and open market for all consumers". The petition, signed by 804,000 citizens, was presented to the House on February 2.

III. GOVERNMENT AND INDUSTRY

WHEN it reassembled on the previous day, Parliament faced a stiff programme of economic legislation. First among its tasks was to consider in committee the Government's Coal Bill, which received a second reading before Christmas by 301 votes to 139. Part I of the Bill, providing for government purchase of all coal royalties for a flat sum to be apportioned by the royalty-owners themselves, had already passed the committee stage. On Part II, which provides among other things for compulsory regional amalgamations of collieries in the interests of efficiency and economy, the Government faced the possibility of a mutiny of some of their own supporters. Under the Bill as drafted, each compulsory scheme must be promoted by the Coal Commission, approved by the Board of Trade, passively allowed to go forward by the House of Commons, and finally endorsed by the Railway and Canal Commission. The mineowners organised a powerful campaign against such interference with private enterprise, in spite of the fact, as *The Times* pointed out, that their industry had been rescued from suicide by the action of the state, and was again relying on the state to continue to preserve it from its suicidal

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tendencies by re-enacting the legislation enforcing organised selling arrangements. The Government bowed to the agitation to the extent of inserting an amendment requiring for every compulsory amalgamation scheme the positive assent of Parliament, given through a special select committee.

Other measures, imposing government regulation on, or giving government assistance to, private industry, which are to come before Parliament shortly, include an Electricity Bill, a Sea Fish Industry Bill (providing for producers' and distributors' marketing schemes), and a highly controversial Films Bill with amended quota regulations. The Government has also promised time for a Bill introduced by Miss Ellen Wilkinson to remedy some of the abuses of the hire-purchase system, which have become a scandal in some working-class areas. The Government spent an unhappy afternoon, before the recess, withstanding the fire of critics of its Population Statistics Bill. This urgently necessary measure was designed to procure, through the machinery of registration of births, such information as would enable accurate calculations to be made of the fertility of different sections of the population, a point on which British statistics lag far behind those of some other countries, including several Dominions. Unfortunately, an omnibus clause was appended which, in the critics' view, would have authorised offensive inquiries into people's private lives. An ingenious press damned the measure with the title "Nosey Parker Bill", and Mr. A. P. Herbert, in a witty and devastating attack, showed himself once more a formidable parliamentarian. Only party loyalty gained the Bill a second reading, but when the Government had jettisoned the omnibus clause and added a few safeguards the storm turned to calm, and the committee stage was completed with virtual unanimity.

An item of government economic policy much welcomed by the City was the relaxation of the restrictions on foreign lending announced on February 1. In future the ban is to

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be applied less strictly to the raising of new long-term money by British Empire borrowers for commercial or industrial enterprise in foreign countries, and to the purchase for re-sale of large blocks of foreign-owned securities. The announcement was the more welcome and surprising in that anxiety over the national balance of payments had been aroused by the rising surplus of imports over exports. In 1937, the surplus totalled £432 million, a figure nearly £86 million higher than the surplus in 1936. Experts calculate that £50 million to £60 million of this addition was covered by increased earnings from shipping and finance and from higher dividends on oversea investments, but the remainder, together with the great imports of gold, must have required a net influx of long-term or short-term capital into Great Britain.

It has been put about that the Government will feel obliged to introduce legislation dealing with football and other betting pools. Since the existing Betting and Lotteries Act was passed in 1934, the pools, whose legality the Act went out of its way to assure, provided they are formally conducted on a credit basis, have grown enormously. It is estimated that as much as £40 million a year passes through the hands of the pools, mostly in small stakes. This presents quite serious economic and social problems. Of that sum, it is calculated, the promoters take £2,000,000 in profit, well over £500,000 is spent on press advertisement, and about £5 million goes in other expenses. The transfer of money from the pockets of the losers to those of the winners and promoters (who form a powerful "ring") involves social and economic distortions which cannot be summed up in figures, but of the net cost it may certainly be said that it is clear economic loss to the country. The suggestion is made that if the traffic is evil in itself it should be banned, and that if it is not evil in itself it should be regulated in the public interest and for the benefit of the public purse, or possibly taken over altogether by the state. It seems doubtful, however, whether

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even so strongly entrenched a Government as this could risk the electoral unpopularity involved in banning a form of amusement in which perhaps seven million households indulge.

Recent by-elections have not given evidence of that landslide against the Government which alone can threaten their majority, though they show a certain accretion of strength to the Opposition. At Hastings, a safe Conservative seat formerly held by Lord Eustace Percy, the Government poll fell to 18,428 from 20,905 at the general election, while the Labour poll was up from 9,404 to 11,244. At Farnworth, a Lancashire mining constituency, the Labour majority increased from 5,201 to 7,463, while the Conservative vote remained practically constant; but in 1935 there had been also an Independent candidate, whose supporters apparently voted for Labour this time. Whether a serious economic setback would jeopardise the Government's position is a question which one may hope will not be put to practical proof in the near future.

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I. THE DOMINION-PROVINCIAL ROYAL COMMISSION

ON February 16, 1937, the Prime Minister of Canada announced that the Government proposed to appoint a Royal Commission to investigate the whole system of taxation in the Dominion, to study the division of financial powers and responsibilities between the Dominion and the provinces; and to recommend what should be done to secure a more equitable and practical division of the burden, in order to enable all governments to function more effectively, and more independently, within their respective jurisdictions. Earlier in the same session the Prime Minister had said: "There is no more important question confronting this parliament than that of the necessary amendment of the British North America Act. . . . On all sides there is agreement that amendments are necessary."

The Commission was appointed on August 14, its actual terms of reference being as follows:

That it is expedient to provide for a re-examination of the economic and financial basis of Confederation and of the distribution of legislative powers in the light of the economic and social developments of the last seventy years; and in particular:

- (a) to examine the constitutional allocation of revenue sources and governmental burdens to the Dominion and provincial governments, the past results of such allocation and its suitability to present conditions and the conditions that are likely to prevail in the future;
- (b) to investigate the character and amount of taxes collected from the people of Canada, to consider these in the light of legal and constitutional limitations, and of financial and economic conditions, and to determine whether taxation as at present allocated and imposed is as equitable and as efficient as can be devised;

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- (c) to examine public expenditures and public debts in general, in order to determine whether the present division of the burden of government is equitable, and conducive to efficient administration, and to determine the ability of the Dominion and provincial governments to discharge their governmental responsibilities within the framework of the present allocation of public functions and powers, or on the basis of some form of reallocation thereof;
- (d) to investigate Dominion subsidies and grants to provincial governments.

The Commissioners were further instructed "to consider and report upon the facts disclosed by their investigations; and to express what in their opinion, subject to the retention of the distribution of legislative powers essential to a proper carrying out of the federal system in harmony with national needs and the promotion of national unity, will best effect a balanced relationship between the financial powers and the obligations and functions of each governing body, and conduce to a more efficient, independent and economical discharge of governmental responsibilities in Canada".

Those in other parts of the world who have not kept closely in touch with recent political and economic developments in Canada may properly enquire how the unanimity of opinion regarding the need for constitutional amendment, to which Mr. King referred, came about, and why it was nevertheless necessary or desirable to appoint a Royal Commission to undertake an enquiry of so wide a scope. Any comprehensive answer might involve a study of Canada's economic and political history back to 1867 or even beyond; but within a reasonable compass it may be possible to outline two main lines of approach that will help to explain the present state of opinion and the function the Royal Commission is intended to fulfil.

For some years there has been a growing conviction, in the minds of those Canadians who have considered the matter, that the existing division of legislative authority between the Dominion and the provinces was no longer well adapted to facilitate the attainment of certain objects

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of government that are felt to be increasingly desirable and important. This belief has not implied any criticism of the work done by the Fathers of Confederation, for whose achievement there still exists in Canada a profound respect and admiration. If there is criticism, it is rather of the judges who have been called upon to interpret the British North America Act, and in particular of the members of the Judicial Committee of the Privy Council, who have adopted on the whole an interpretation most favourable to the preservation of provincial autonomy, without much regard to the practical problems of government that such an interpretation might create.

Criticism of this kind became most vocal in 1937 after the Privy Council judgments on the group of statutes sometimes described as the "Bennett New Deal" legislation.* One explanation of such criticism was that the decisions in *Edward's case* in 1930, the *Aeronautics case* in 1932, and the *Radio case* in the same year had given some ground for hope that, through interpretation along lines more favourable to the powers of the central authority, the British North America Act might gradually be transformed into a constitution suitable to the needs of a country whose racial and geographic divisions would always be likely to make it a difficult one to govern. The oft-quoted opinion of Lord Sankey that "the British North America Act planted in Canada a living tree capable of growth and expansion within its natural limits", and that "the object of the Act was to grant Canada a constitution", had particularly encouraged such hopes, notwithstanding the warnings of some jurists that "none of the observations of Viscount Sankey can be said to provide legal justification for an attempt by Canadian courts to mould and fashion the Canadian constitution by judicial legislation so as to make it conform, according to their views, to the requirements of present-day social and economic conditions".

* See the article on "Canada and the Privy Council" in *THE ROUND TABLE*, No. 108, September 1937, pp. 755-764.

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However illusory such hopes may have been, they were in fact entertained, and the greater the hopes the greater the consequent disappointment of those who held them.

How completely they were blasted by the "New Deal" decisions is plain from the summary of the latter's long-range significance made by Dean Vincent MacDonald of Dalhousie in the *Canadian Bar Review* for June 1937:—

A.—They depict a Canada with a constitution of a character the complete reverse of that intended; for the result is a decentralised federalism with the effective residue of legislative power in the provinces.

B.—They depict a constitution whereunder many matters essentially of national importance are beyond the legislative competency of the National Parliament.

C.—They depict a constitution whereunder appropriate legislative action by the Dominion Parliament as to such matters as the implementation of international bargains made by the national executive, social and economic security and reform, and control of industry and commerce, etc., depends for its legal efficacy upon the consent and co-operative action of the provinces.

D.—They depict a constitution whereunder as to many and vital matters no effective legislation is possible at all; for jurisdiction in relation thereto is vested in the provinces who are incompetent to deal with them effectively in point of fact.

E.—They depict a constitution whereunder the legal capacity of the Dominion Executive to make international agreements—a capacity indicative of nationhood—is limited in its exercise by the fact that the legislation necessary to perform obligations so contracted is competent to it only to the extent to which the subject-matter of the treaty coincides with some head of Dominion legislative jurisdiction or it is possible to secure the enactment of necessary provincial legislation.

F.—They depict a constitution to be interpreted "in such a way as to invalidate any Dominion Act unless it can be brought under the narrowest interpretation of the provision of section 91, without coming into conflict with the widest possible interpretation of the 'property and civil rights' provisions of section 92"—a constitution to be interpreted in a spirit of narrow legalism as a statute without any "burning anxiety to make it, as a constitution, fit contemporary needs".

G.—They "put an end to any hope we might have had that the courts would assist us in adjusting the British North America Act to changing conditions and changing needs by shifting jurisdiction from the provinces to the Dominion as matters cease to

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be local and provincial in their nature and become national in their character and importance".

H.—In short they reveal that in Canada to-day, when vital problems of general and common interest press for solutions possible only to a strong central Parliament, that Parliament is devoid of the necessary power, and this infirmity is curable only to the extent that the local legislatures are willing to co-operate with unanimity, and that both national and local legislatures (10 in all) are able to devise enactments strictly within the legal competence of each which, in their aggregate, will effect the necessary solutions.

I.—Finally, they demonstrate the absolute and urgent necessity for legislative revision of the terms of the British North America Act and, as part of such revision or as a separate matter, the necessity of considering what court shall possess for the future the ultimate power of interpretation.

In connection with Dean MacDonald's final point, it is perhaps worth mentioning that one effect of the decisions has been to create increasing dissatisfaction with the Privy Council as a final court of appeal on constitutional questions. The number of the *Canadian Bar Review* already quoted also contained other articles on these cases by various authorities, and it is significant that all the Canadian writers seemed to favour the abolition of such appeals. It is scarcely going too far to suggest that the only group in Canada which retains much enthusiasm for them comprises, in the words of Stephen Leacock, "Canadian senior lawyers whose periodic trips to London to 'argue' are the bright spots in dull lives".

It may be asked why a constitutional situation that had been viewed with complacency for sixty years should suddenly appear so unsatisfactory. The answer is to be found in the economic depression and in the growing realisation in America of the interdependence of government and the economic system. In the United States and Canada the basic ideology of *laissez-faire* persisted much longer than in Europe. The notion that work and opportunity were always there for anyone with a will to find them, and that poverty was not merely a misfortune but probably a sin or even a crime, survived predominantly,

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and in some measure still survives. Until recently the tariff was widely regarded as the one legitimate field for government interference with economic forces otherwise inexorable. What regulatory legislation we had—for instance the Combines Act—was designed to facilitate the operation of economic forces and not to cut across them.

This theory is by no means dead, but it is no longer sacrosanct. It is hard to realise to-day that as recently as 1930 there was no special machinery in Canada for dealing with unemployment relief, and that the lack of it tended to make us feel somewhat superior and to sneer at the English system as "the dole". The depression and the drought forced this problem to the front, and with it many others. The Royal Commission on Price Spreads revealed grave abuses, and so did the various investigations associated with the New Deal in the United States. The voices of the New Dealers, of President Roosevelt and Premier Aberhart, and even the voice of Mr. Bennett himself, led Canadians to realise that there were many things that ought to be done and that some of them at least should be done by government.

This growing conviction of the importance of government in the economic sphere led directly to the discovery that, while business in Canada is organised and conducted on a national scale, the power to regulate business practices, hours of labour, conditions of work and so on has been reserved by the British North America Act to the provinces. Perhaps unemployment insurance provides the best example. There is general agreement upon its desirability and also upon the virtual impossibility of establishing a proper system on the basis of provincial action. The Privy Council, however, has held that the constitutional right to legislate in this field lies with the provinces. Even if the enactment of such legislation by the provinces was a practical possibility, the general effect would be to increase their financial burdens. These burdens are already too heavy in proportion to existing revenues, and it is this

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disparity that constitutes the second explanation of the existing situation and is in fact the immediate cause of the appointment of the Royal Commission.

The financial plan of Confederation gave to the Dominion unlimited discretion in matters of taxation, but limited the taxing power of the provinces to the right to impose "direct taxation within the province". In 1867 the chief source of revenue was customs and excise—indirect taxes—and as the provinces were giving these up it was provided that they were to receive from the Dominion instead subsidies of fixed amounts sufficient to enable them to carry on the functions of government of the limited character it was thought such governments would have. The limitation of their powers of taxation was a device intended to discourage the provinces from any attempt to enlarge unduly the scope of their governmental activities.

However well intended it may have been, the scheme failed. Almost at once "Better Terms" were granted to Nova Scotia in 1869, and a series of minor readjustments led up to the general revision of subsidies in 1907, which resulted in an amendment to the British North America Act by the Imperial Parliament. In the words of Mr. J. W. Dafoe, one of the members of the present Commission :

The shifts and expedients to which the Dominion Government resorted to hide from itself and the Canadian people the fact that it was paying out money to these provinces to meet inexorable fiscal needs, and to make a pretence that it was merely adjusting inconsistencies and oversights in the original set-up, make a story which does not put Canadian politicians of those days in a favourable light.

If such expedients were necessary to meet the normal expansion of government services, it is not surprising that in certain provinces the rapid transition from pioneer conditions to well-organised modern community life should have been accompanied by an extensive recourse to public borrowings. Here it is probably necessary to refer only to two elements in this latter development : first, the device

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adopted in the period immediately preceding the war of financing railway expansion by the sale of securities carrying a provincial or Dominion guarantee, and secondly the inflated price structure that developed during the war, reached its peak in the immediate post-war period, and persisted in some measure throughout the 1920's. Both these developments obscured the true facts by disguising the extent to which reserves of borrowing power had been impaired—the reserves that otherwise might have been available to meet conditions described in a report of the Bank of Canada as “the valleys that must inevitably follow the peaks in any primary commodity exporting area”. In extenuation, however, it must be borne in mind that the development of Western Canada did justify large capital expenditures. For example, a net bonded and treasury-bill indebtedness, on April 30, 1929, of \$60 million for a province of the size and population of Saskatchewan cannot be said to reflect wanton extravagance. Furthermore, the conditions as they developed from 1930 on were not such as could have been anticipated from any previous experience.

When these conditions did develop it soon became plain that certain of the provinces were faced with insistent demands, especially for unemployment relief, that were quite beyond their resources of either revenue or credit. Inevitably they turned for assistance to the Dominion and, equally inevitably, the Dominion granted it. The facts and figures are well known and do not need repetition. But by the end of 1936 it was clear that, unless the Dominion was going to continue to make advances with little hope of repayment, some comprehensive review of the situation was necessary. The first step was an investigation of the financial position of the provinces of Manitoba, Saskatchewan and Alberta, conducted by the Bank of Canada. The subsequent report stated that the Bank “did not see any solution other than that which might be provided by a comprehensive enquiry into the financial

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powers and responsibilities of all our governing bodies”. The announcement of the intention of the Dominion Government to appoint such a commission followed at once.

The Royal Commission consists of the Hon. Mr. Rowell, Chief Justice of Ontario, Dr. Joseph Sirois, Notary of the City of Quebec, Mr. J. W. Dafoe, editor of the *Winnipeg Free Press*, Professor H. F. Angus, Professor of Economics of the University of British Columbia, and Professor R. A. MacKay, Professor of Government of Dalhousie University. Early in the Commission's life, Dr. Sirois replaced Mr. Justice Rinfret of the Supreme Court of Canada, who was forced by ill health to resign.

It will be observed that as usual in such matters in Canada, the Government in its selections recognised the federal principle or, perhaps more accurately, the political wisdom of regional representation. It may be assumed that much consideration was given to the advisability of selecting as chairman some outstanding British expert on public finance. The Commission might have gained in authority by such a choice, which could have been supported by precedent; but there has been a growing feeling in Canada that we have now attained sufficient maturity to be able to handle our own problems, and that when there is a job to be done a Canadian should do it. If a Canadian was to be chairman there seems to be general agreement that the actual choice was an admirable one. Mr. Rowell, before his recent elevation to the Bench, was one of the three or four outstanding Canadian counsel in constitutional cases, and could be counted on to have a complete comprehension of the legal questions involved. He had acquired a knowledge of the practical problems of government, both in the provincial field as leader of the Liberal Opposition in Ontario before the war, and as a member of the Union Government at Ottawa from 1917 to 1920. As a former Canadian representative at the League of Nations and President of the Canadian Institute of International Affairs,

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he was known to have a keen sympathy for Canadian aspirations and an appreciation of Canada's place in world affairs.

Mr. Dafoe could also be regarded as a national figure, not merely by virtue of his having controlled for many years the editorial policy of one of the chief organs of public opinion in Western Canada, but also because he is pre-eminently what we describe as a "personality", eminently colourful and with a host of friends from one end of the country to the other. He, like Mr. Rowell, is getting on in years, but it is doubtful if it would ever occur to anyone to apply to him the adjective "venerable". His wide knowledge of practical politics and of opinion should prove invaluable.

The other three members are not so generally known, but are highly regarded in their own fields and localities. There has, in fact, been surprisingly little criticism of the personnel of the Commission, except for an initial complaint by Premier Aberhart of Alberta that its members did not include any convert to the Social Credit revelation. What criticisms have appeared have proceeded mainly on one or other of two grounds, either that room should have been found for a man with a wide practical knowledge of affairs, some outstanding representative from the ranks of business or industry, or that all those selected, in so far as they were known to have political affiliations, were members of the Liberal party. Certainly no one of them was clearly recognisable as a Conservative, and however legitimate may be the claims of party loyalty the omission was regrettable, and one that Mr. R. B. Bennett has not failed to point out.

Generally speaking, however, there has been a widespread tendency to avoid criticism and to wish the Commission well. Their task is admittedly a formidable one. Of the two sets of forces operating in Canada, the centrifugal and the centripetal, the former are apt to be much the more conspicuous and vocal. Such forces, too, are accentuated by geography, by differences of race, religion and to some

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extent of climate. The forces that make for unity, for national consciousness and for the mutuality of goodwill and sympathy so badly needed in the present circumstances are, on the other hand, less articulate, less superficially impressive, although perhaps all the more enduring and vital. The task of the Commission is to effect, not only a balance of these forces, but a synthesis of them. The problem is no less than that of determining "how much government should be carried on by the Dominion and how much by the provinces and their creatures the municipalities; then to formulate a division of taxes and other revenues that will enable each class of government to carry out its share of the common task of administering Canada and looking after the welfare of the citizens".

An undertaking so defined might seem vast enough, but it is not all. It does not suffice that an analysis should be made and a solution suggested; it is necessary, in addition, that the solution should commend itself to public opinion with sufficient force to ensure its substantial adoption. This task is in many ways the most important and the most difficult of all. It is often pointed out that Confederation in Canada would probably never have come about had it not been for the American Civil War, the greatest lesson of all times of the dangers of sectional loyalties. There are some pessimists to-day who believe the remaking of Confederation must await a similar lesson or at least a comparable menace. It is usually easier to arouse animosity than understanding. Understanding can come only from knowledge comprehended by a certain largeness of mind. If the Commission can reduce the mass of information to knowledgeable compass it will have contributed to education, but if it can go one step beyond, and rouse public opinion to an appreciation of present dangers and the advantages of whatever solution may be devised to avoid them, it will contribute inspiration, and earn the enduring gratitude of the country.

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II. NATIONALISM IN QUEBEC *

FRENCH-CANADIAN genealogists assert that of the five million French-speaking persons who live in North America more than eighty per cent. have in their veins a great proportion of Norman blood, and that some sixty per cent. are almost wholly of Norman descent. It is important, in assaying what is commonly referred to as Quebec's "nationalism", to remember that fact. The sensational activities of some groups and the theatrical statements of some individuals will then be seen as they are in fact: extreme expressions of deep-lying stresses and strains in the social, economic, political, intellectual and religious life of a rapidly expanding but slowly changing race.

What is happening and may happen in French Canada is of real importance to every part of the British Commonwealth of Nations. The French Canadians are almost one-third of all the people in Canada. They are probably the most influential single minority in any country in the world. When they agree among themselves that they want a thing, they generally get it with little trouble. What they get always has a great effect on all Canada, and thus on her sister-nations of the British family.

About twenty years ago, moral reform was as fashionable in North America as economic reform is to-day. The sale of alcoholic beverages was illegal in every part of the continent except Mexico. Even the Government of Quebec succumbed to the wave of puritanism and enacted prohibition. But the common sense of Norman Quebec rebelled against the experiment and evolved a workable system of government sale and control which has since been accepted as standard practice throughout Canada and most of the United States. French Canada did not go back

* This section is contributed by an English Canadian resident in Quebec; the ROUND TABLE group in Canada does not assume responsibility for all its statements.

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to the abuses of the saloon. It developed something new. And that new thing was so sensible that in two decades it became the custom of a continent.

What happened then in Quebec will happen there again, if the French Canadians are given a fair chance to work out their problems in their own way. The people of Quebec have no more intention in 1938 of throwing away their privileged position in Canadian democracy for the doubtful benefit of wearing coloured shirts and goose-stepping in the public squares than they had in 1918 of heaving overboard their "*whisky blanc*" and "*Caribou*" in exchange for two per cent. beer. There were some things they did not like about the liquor traffic of that day, and they got rid of them by putting it under control. There are things they do not like now in their social fabric, their economic position, their educational system, their ecclesiastical organisation and their governmental agencies. It is a more serious, more complicated and more difficult task to make changes on so many fronts at once than it was to regulate the liquor traffic. It may take some time and it may necessitate drastic-seeming reforms in Quebec's institutions. But the changes will be made. If possible, they will be made within the framework of Confederation. And, when the smoke blows away, Quebec will still have an *élite*, a labouring class and a peasantry; it will still operate under the capitalistic system; its schools will still teach in French and emphasise the humanities; the people will still be Roman Catholics, and their governments, municipal, provincial and federal, will still be elected by popular vote.

Most of the current misunderstanding about French Canada, and much of the suspicion with which the French Canadians eye their fellow Canadians of another tongue, are due to the extraordinary fact that though the two dominant races in Canada have lived side by side for one hundred and seventy-five years they still know very little about each other. Together they have built a nation, they

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share half a continent, they have seized a substantial part of the world's trade for their own, and they have altered the constitution of the British Commonwealth of Nations at least twice to make it fit Canadian ideas; but they are still strangers to each other and there are times when they quarrel as bitterly as only relations-in-law can quarrel when they must live under the same roof.

French Canada owes much of her economic progress in the last four decades to English-Canadian imagination, enterprise and selfishness, and she admits it with resentment. English Canada owes to the clear-headedness, traditionalism and stubbornness of the French Canadians most of the political evolution that has made possible her phenomenal economic development, and she refuses disdainfully to admit it at all.

There are strong ties of blood and similarities of temperament between French and English Canadians. Jointly they have accomplished much in Canada, partly because their Norman heritage makes them good pioneers and gives them a remarkable instinct for democracy. But there lies between them a gulf which neither side has ever shown a real disposition to bridge, and their differences have had to be worked out in repeated compromises, which have influenced the evolution of all Canadian institutions. It is the belief of some Canadians, who do not understand what lies on either side of that gulf, that it must disappear if Canada is to survive as a nation. These are the people who are losing sleep because they believe the Dominion is headed for dismemberment, and who are keeping everybody else awake with their cries of alarm.

But there are other Canadians, of equally sound judgment and deep patriotism, who believe that the Dominion would lose far more than it would gain if the races were melted into one standardised mass. They may admit that it would be easier to make money, easier to get elected to public office, easier to mobilise or to stampede public opinion and perhaps easier to pay Canada's enormous public debts, if

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all Canadians spoke, felt and thought alike. But they maintain that the clash of interests, of points of view and of aims, which makes Canada something of a riddle even to Canadians, is the stimulus that has carried the country so far in such a short time along the path of self-determination, and the spiritual salt that has saved it from being absorbed in the great crucible of Americanism to the south.

What is this great gulf? Why is it that not only the two and a half million French Canadians in the province of Quebec, but also their seven hundred and fifty thousand brothers in the English-speaking Canadian provinces and their two million cousins in the United States, have resisted absorption by their one hundred and forty million English-speaking neighbours with the fierce exclusiveness of Old Testament Jews? And why do so many English Canadians and Americans fear and distrust every effort of the French Canadians to remain exactly as they have always been, a law-abiding, self-respecting minority which asks only to be let alone to do as it pleases with its own share, a comparatively small share, of North America's superabundant wealth? Is it because the French Canadians interpret the Apostles' Creed literally and the English Canadians think of it symbolically when they think of it at all? Partly. Three hundred years ago such differences often led to war. And emotional habits do not change very quickly.

But there is another and more serious difference between them. The French Canadians have lived in North America for more than three hundred years. At one time they were masters of most of the territory now embraced in the Canadian provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island and in the American states of Maine, Ohio, Michigan, Indiana, Wisconsin, Illinois, Minnesota, Iowa, Missouri, Kentucky, Tennessee, Arkansas, Mississippi and Louisiana. Then came war between France and England, a war not of their making. Boscawen, Amherst and Wolfe crossed the sea and Louisbourg fell. A year later Wolfe crossed the sea again with

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Saunders. Quebec fell. Wolfe died, Murray took his place and Montreal fell. The French Government turned its back on its overseas empire, and made over Canada by treaty to Great Britain with more relief than sorrow. The French Canadians found themselves stranded in a thinly settled continent, under a foreign flag. There was only one thing to be done and they did it. They withdrew into their parishes along the St. Lawrence river, they gathered around their priests as they had never done before, and they raised children. There were some sixty thousand of them in 1760 in what is now Canada. There are more than three million to-day.

The non-French population has grown fitfully, partly by natural increase, largely by immigration. While it outnumbered the population of French origin by three to one, it is by no means homogeneous, its birth rate is much lower than that of French Canada, and it does not at present want any more immigration. As a matter of fact it does not know what it wants. It has no national policies on which it has ever been able to agree for long. It has thrown itself into experiments as diverse as prohibition and Social Credit from which it has had to emerge shamefacedly. It has opened up vast territories at great expense only to find some of them unsuited to permanent development. It has built more railways than it can support. It has allowed a mushroom financial oligarchy to clap a check-rein suddenly on the scattered enterprises and communities of a pioneering people, and it is a toss-up whether the horse will throw the rider or the rider will tame the horse.

Part of English-speaking Canada is British, part of it is American, part of it is chauvinistically Canadian. Some English-speaking Canadians feel it is the duty of the Dominion to participate in all British wars, some feel it would be suicidal to do so, others are waiting to see how the cat will jump before they make up their minds. The western and the maritime provinces feel that Ontario and Quebec have unduly benefited under Confederation at their

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expense. At the moment Ontario and Quebec show signs of presenting a united front to the other provinces and even to the Dominion itself.

French Canada has been watching these things happen and it is not amused. If this is what English Canadians mean by democracy, then they will have none of it that they can avoid. They became members of the Canadian federation reluctantly, on the understanding that they would be left free to pursue their own development in their own way, under their own laws and customs and in their own good time. They are ready to bargain with English Canada, as they have always done, but the contracts made in the past must be respected to the letter before any new ones are signed.

When Canada went to war in 1914, Quebec went with the rest. She could see no reason why she should go, but she went. Thousands of her sons enlisted in a quarrel that was none of their making and from which they felt she had nothing to gain. They thought they would have their own regiments and their own officers, but they were scattered through the Canadian armies like aliens who were not to be trusted. In 1916, the Government of the Dominion asked for an extension of its term on the plea that an election would slow up Canada's effort. The Opposition, headed by Sir Wilfrid Laurier, agreed on condition that there would be no conscription without an appeal to the electorate. Sir Wilfrid undertook a series of recruiting meetings in Quebec and the province rallied. But the amendment to the British North America Act had no sooner passed the British Parliament than the Government appointed an English-speaking Protestant clergyman chief recruiting officer in the province of Quebec. The French Canadians reacted as any other self-respecting people would have done, the Government retaliated with conscription, and finally Quebec showed its teeth. Canada is still reaping harvests from the seeds that were sown then. In the meantime, from 1914 to 1930, rapid economic

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expansion came to Quebec. A Liberal Administration, first elected to office in 1897, held power all those years. French-Canadian resentment against the federal Conservatives for what happened in 1917 turned against the provincial Opposition, and Quebec's Liberal Government became so strong that it lost touch with the people and lapsed into reaction. Capital poured into the province from outside, Ministers of the Crown became directors of large corporations, and when the depression struck in 1930 nearly three-quarters of the business and money in Quebec were in the hands of English-speaking people who constituted about one-fifth of the population.

Another movement was going on at the same time. The Roman Catholic clergy, seeing the money and methods of non-Catholics flowing into Quebec in a never-ending stream, and anticipating trouble sooner or later, went unobtrusively about the business of strengthening their people as they had done in 1760. They duplicated non-Catholic organisations with organisations under clerical control. They matched international labour unions with Catholic "syndicates"; the Y.M.C.A. with the Association Catholique de la Jeunesse Canadienne; the Junior League with La Ligue de la Jeunesse Féminine; the St. George's, St. Andrew's and similar national societies with La Société Saint-Jean Baptiste; the Irish-Catholic Knights of Columbus with the Knights of Carillon and later with the Knights of Jacques Cartier; farmers' co-operatives with L'Union Catholique des Cultivateurs; the Canadian Association for Adult Education with an affiliated section of their own; the Canadian Handicrafts Guild with a similar body and, later, with Le Réveil Rural. English broadcasting stations were met with powerful French ones, films were imported from France for French cinemas, newspapers were founded, magazines were established, book publishing houses opened their doors. Ties were strengthened with the French Canadians in the English provinces and in the United States. The University of

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Montreal embarked on a great policy of expansion. The Sulpicians, once Seigneurs of the Island of Montreal and wealthiest of all church organisations, invested heavily in industrial enterprises and turned some of their vacant lands into real estate developments with a view to financing these new movements. Catholic charitable organisations were amalgamated in a federation. And the Catholic Commercial Travellers' Association voluntarily assumed the rôle of propagandists-at-large for the rejuvenation of French Canada's traditional policy of racial solidarity.

The depression was not expected when it came and it threw some of the organisations into temporary confusion. The provincial Government and the municipalities, willing at first to contribute generously, listened to the privately tendered advice of large taxpayers and began to cut down their grants. People from stricken towns and villages flocked into the cities to draw the dole, and parish revenues declined. The Sulpicians lost millions of dollars when the real estate and securities markets crashed. The mammoth buildings of the new University of Montreal were left uncompleted and unoccupied. Holders of church securities became restless.

But the clergy redoubled their efforts. Employed and unemployed boys and girls were recruited in thousands into La Jeunesse Ouvrière Catholique, which soon branched out into La Jeunesse Etudiante Catholique, La Jeunesse Agricole Catholique and La Jeunesse Technique Catholique, all modelled on similar lines to the Belgian Rexists. The Catholic Labour Syndicates multiplied and grew stronger. The farmers' organisations were stimulated and went into politics. The teaching of English was discontinued in the lower grades of the public schools. Young men from the ideological societies began to give lectures and to speak from political platforms.

The old Liberal Government lasted six years longer, thanks to an almost shock-proof organisation and huge campaign funds. But in 1936 it went down to defeat

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before a coalition led by a young professional lawyer-politician who knew when to make allies and when to quit them.

Premier Maurice Duplessis began his reign by breaking with his most radical followers and by increasing the English representation in the Cabinet to show that he proposed to continue the traditional Norman policy of bargaining. Then he enthroned Cardinal Villeneuve beside the Lieutenant-Governor at the opening of his first session and erected a crucifix above the Speaker's chair in the House of Assembly to demonstrate that Quebec intended to remain Catholic. He abolished the parity of the English language in the law courts as an assertion of the French character of the province.

These things done, he launched a legislative and administrative programme which is admittedly tentative but which puts him in a powerful strategic position. He has virtually attempted to revive the mediæval guild system, with modifications, in industry. He set up a commission to revise municipal and provincial taxation. He limited interest rates. He set up a fund of \$15 million for loans to farmers. He ordered an inventory of the natural resources of the province. He gave pensions to the blind. A sweeping edict fixed minimum wages for workers of all categories. Freedom of speech was restricted under the famous Padlock Law, and freedom to attack Catholic teaching has been curbed by the arrest and conviction of itinerant anti-Catholic preachers on charges of sedition. Financial assistance has been given to the Sulpicians and to the Association Catholique de la Jeunesse Canadienne, funds will be forthcoming to complete the University of Montreal, and the money voted by Ottawa and Quebec under the National Youth Training Plan has been turned over in large part to the Jeunesse Ouvrière Catholique. A law has been enacted relieving religious institutions from the necessity of making financial returns to the government. The Dominion has been warned to keep its hands

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off Mr. Duplessis and his legislation, and Quebec has declared that it will concur in no amendments to the Canadian constitution that diminish the rights and privileges of French Canada. At the same time, the Premier has proclaimed that he will tolerate no move for secession from the Dominion and no restriction of the free right of labour to organise in lawful unions of its choice. He has asserted that there will be no totalitarian state in Quebec and that minority rights in the province will not be interfered with as long as they do not weaken the autonomy of Catholic French Canada. Cardinal Villeneuve has seconded him by denouncing separatism and fascism.

It will be one of the most difficult tasks of the Royal Commission on Dominion-Provincial Relations to try to find common ground between English Canada's materialistic concept of democracy and the religious and nationalistic concept of French Canada.

Canada,
January 1938.

AUSTRALIA

I. EXTERNAL POLICY AND THE ELECTIONS

IN Australia as in other parts of the British Commonwealth, the invasion of northern and central China by Japanese troops evoked widespread condemnation. A demand arose for some positive manifestation of this general disapproval, which, while falling short of war, might leave the Japanese people under no misapprehension about Australian opinion. A boycott of Japanese goods was suggested, and was most vigorously pressed by the Left wing of organised labour, in whose ranks the communists have considerable influence. Their zeal in this campaign was due to their natural humanity, the avowed hostility of Japan to their ideology, the rapprochement of 1936 between Chiang Kai-shek and the Chinese communists after the Sianfu incident, and to the fact that, to quote the words of one of them, "the people being massacred are, in the main, the working class". Invoking the principle of collective security, the Trades and Labour Councils of several states called on the trade unionists and people of Australia, not only to boycott Japanese goods, of which a detailed list of those imported was given, but also to refuse to handle imports from Japan and exports, particularly scrap iron and iron ore, to that country. Abstention from purchasing articles made in Japan was no less heartily advocated by members of other sections of the community. "It is a golden opportunity", said Professor Murdoch of the University of Western Australia, "for the peoples of the world to take decisive action against the war-mongers". To this end the Housewives' Association in Sydney appealed to womenfolk to refrain from buying Japanese goods.

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The expediency of such a course did not pass unquestioned. "Such a boycott", said Mr. Curtin, the leader of the Federal Labour party, "would be futile and provocative". Mr. Lang, the leader of the Labour party in New South Wales, described it as "a move by the communists to embroil Australia in war". "This unhappy conflict", wrote a leader writer in the Melbourne *Argus*, "is not our concern. Australia must not only keep out of it, but must not do anything which will be regarded as in any way intervening." Australian importers and exporters forecast reprisals, which were indeed threatened by Japanese merchants. Mr. Lyons, the Prime Minister, counselled coolness and restraint. He distinguished between an unofficial boycott by individuals and associations and similar measures by members of the League under article 16 of the Covenant; stressed the desirability of doing nothing that might enlarge the ambit of the struggle; intimated that the Government was co-operating at Geneva and Brussels with other Powers to expedite a settlement; and earnestly deprecated any such action as was urged by the Trades and Labour Councils. In the result, apart from the refusal of the coal-lumpers at Fremantle to refuel a Japanese whaler, there has been no practical public action.

The agitation excited by the woes of the Chinese happened to synchronise with the federal elections, and had therefore to compete for public attention with party political questions such as unemployment insurance, the forty-hour week, and the control of banking. Yet, as the campaign developed and the related subjects of defence and foreign policy became the dominant issues, the proposed boycott served to illustrate the views of the major contestants on these vital matters. Every party—United Australia, Country and Labour—undertook to make adequate provision for the defence of the Commonwealth, but they differed over the arm of the service most likely, having regard to the financial resources of the nation, to promote that defence. Both Mr. Lyons and Mr. Curtin appreciated the indispensability

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of each of the three arms in any properly balanced scheme of defence, but the former preferred to rely mainly on the navy, the latter on the air force.

Mr. Lyons agreed with Mr. Curtin that Australia could not afford a navy equal to her needs if she had to rely entirely on what she herself could provide, whereas, at present prices, a large and formidable air fleet was within her capacity, provided she could get the petrol to keep it on the wing. But the Australian navy, as he saw it, was a self-contained unit under the exclusive control of the Commonwealth Government, yet so devised as to collaborate efficiently with the British navy in a scheme of defence agreed upon by the representatives of the contributing States. "The Singapore base", he said, "is an integral link in the chain of defence on which the safety of Australia depends". Accordingly, when challenged he made no apology for authorising the co-operation of two Australian warships with the British fleet in the Mediterranean towards the close of 1935. He could conceive, he pointed out, that a battle, decisive for Australia's interests might be fought and won far from her shores—the farther the better. Co-operation with Great Britain in matters of defence thus became a basic principle of the Government's policy.

The Prime Minister, in the name of the parties for which he spoke, also declared his adherence to the same principle of co-operation in international affairs, in so far as obligations may rest upon Australia as a member of the League of Nations. In the course of the electoral campaign he announced that the Australian High Commissioner would participate in the enquiry conducted by a committee of the League into the Sino-Japanese dispute, and would represent Australia at the conference at Brussels on the same subject. For these reasons he deprecated any such precipitate and unilateral action against Japan as was suggested by the advocates of the boycott.

In making co-operation for security against external

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In pressing the sheet anchor of his policy, Mr. Lyons had the undivided support of the United Australia and Country parties. The Leader of the Opposition was less fortunate, advocating what came to be called isolation, as opposed to co-operation, Mr. Curtin found himself in disagreement with the zealous minority of industrialists who clamoured for the boycott of Japan, and also with the less radical wage-earners who, while out of sympathy with that minority, still regarded the principle of collective security as the basis of the unionism. He distinguished, however, between collective security in the latter sense and collective security in the former sense, the term is used in European chancelleries. "The Japanese and Chinese have found to their cost", he said, "that 'collective security' is a snare and a delusion". It was obvious that the obvious of Great Britain's capacity, in the present world situation, to give effective help to Australia were she directly asked, Mr. Curtin formulated a policy designed to prevent the Commonwealth from becoming embroiled in disputes other than those of her own making, and to enable her, if attacked by an aggressor, to give, single-handed, an impressive account of herself. He maintained that, while paying due regard to the army and navy, Australia should make the air force the main line of national defence.

Reliance on collective security (he said) is national suicide. . . . So far as we make Australia self-reliant and less dependent on Britain for protection, we render a first-class contribution to the British Empire. The best service responsible men can render Australia is to keep her out of international entanglements.

Mr. Curtin denied that either he or the Labour party advocated a policy of isolation as such, or that he would lead a party to withdrawing Australia from the League of Nations. But those who recalled that the United States had refused to join the League in order to avoid "international entanglements" had difficulty in reconciling Mr. Curtin's several statements, while others interpreted his policy of self-reliance as a camouflaged withdrawal from

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association with Great Britain in the defence of vital imperial interests—to-day in the Mediterranean, to-morrow in the Straits of Malacca. But more discomfiting to the Labour leader was the criticism that emanated from the Left flank of his own army. “One could not imagine a policy better suited to keep the Labour party in perpetual opposition”, said Mr. Garland, the President of the Adelaide Trades and Labour Council, “than that enunciated by the Federal Parliamentary Labour party on the question of defence. The isolationist policy has no relation to living politics. It is not a policy—it is madness. Mr. Lyons”, he continued, “is at least dealing with realities. He speaks of collective security as an alternative to war”.

Another alternative to war, however, was simultaneously advanced by Messrs. Beasley and Lang, two of the more prominent supporters of Mr. Curtin in New South Wales. Their alternative was a Federal Government which shared their views.

The Lyons Government (said Mr. Beasley) has deliberately committed this country to war. A vote for a Government candidate might well be a vote that would send the flower of Australia's youth to its doom on a European battlefield 12,000 miles away.

The leaders of the Government (said Mr. Lang) have been to London rubbing shoulders with the exploiters, the money bags, the war lords and the munition barons, and have signed on the dotted line. As sure as night follows day, they will, if left in office, commit Australia to a European war and send a conscript Australian army to a foreign battlefield.

“Avoid conscription by voting Labour”, thus became the most resounding of the battle-cries in the closing days of the campaign. The Prime Minister declared, in the most unequivocal terms, that the allegations of Mr. Beasley, Mr. Lang, and those who took their cue from them were figments of their imagination, and pledged his Government not to introduce conscription. But even Mr. Curtin professed his disbelief. In 1915, he said, Mr. Hughes, like Mr. Lyons a one-time Labour leader, had declared that

THE ELECTION RESULTS

“in no circumstances would he agree to send men out of this country to fight against their will”. Notwithstanding that pledge, Mr. Hughes had sought a specific mandate for conscription in 1916 and again in 1917. Having thus suggested that history might repeat itself, Mr. Curtin assured the electors that the party he led would regard the vote cast against conscription in 1916 and 1917 as final until varied by them. “The Labour party”, he said, “would require no Australian to serve in time of war outside the Commonwealth except with the approval of Parliament and the people”. Whether this pledge was intended to apply to men in the air force and the navy was not made clear. Nor did either side apparently regard compulsory service anywhere within the Commonwealth in time of war as conscription. The bogey assumed the form of “bones bleaching under an alien sky”. “Your vote on Saturday next”, said Mr. Lang a few days before the poll, “is as much a vote for or against conscription as it was in 1916 or 1917”.

II. THE ELECTION RESULTS

THE actual voting left the United Australia and Country parties in secure possession of the Treasury benches, though in greatly diminished strength in the Senate.* The effect of parading the conscriptionist scarecrow is

* The following table shows the state of the parties before and after the election :

	Before.	After.
<i>House of Representatives :</i>		
U.A.P.	31	29
U.C.P.	15	16
	—	—
Total, Government . . .	46	45
	—	—
Labour	28	29
	—	—
<i>Senate :</i>		
U.A.P. and U.C.P. . . .	33	20
Labour	3	16

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difficult to estimate, but Mr. Lyons expressed the opinion that his majority would otherwise have been greater. He himself achieved a record in federal politics by becoming Prime Minister for the third time in succession. Despite the crushing defeat of his referenda proposals nine months previously,* the unpopularity of a number of the acts of his Administration, and the natural tendency of electors to "give the other fellow a turn", the "other fellow", who during the past two decades has been in office for only 21 months, was denied a turn—apparently for at least another three years.

Manfully refusing, in the words of one of his journals, "to console himself with excuses that will not bear examination", the "other fellow" looked in upon himself in an attempt to discover why he had been so treated. He found, among other facts, that in representative constituencies such as Barton (Sydney) and Riverina (southern New South Wales), the Labour vote was relatively less than it was three years ago. This falling-off he attributed to two main causes: the so-called isolation policy, and the "strife-producing leadership" of "political dictators" in New South Wales—the key state in a federal campaign, since it returns 28 out of the 74 members of the House of Representatives. "The Australian people", said the radical organ of the railway workers, "refused to accept the view that they could be made safe by assuming that fascism, imperialism and world capitalism do not exist". The majority of the electors, it might be added, were unwilling to subscribe to a policy that might seem to suggest indifference on their part either to the possible necessity or to the capacity for assistance of a proved friend and relative who, though menaced and vulnerable, is still the most powerful member of the community of nations.

A commentator in the *Worker* remarked that "if the working class is to win to political victory, factional control must end, dictatorship methods must go by the board, and

* See THE ROUND TABLE, No. 107, June 1937, pp. 651-657.

THE ELECTION RESULTS

Labour's house must be put in order. The job is one that needs attention without delay." The job has already been taken in hand. The leaders of the industrial wing of the Labour movement in New South Wales are again trying to dislodge the group that controls the political machine and supports Mr. Lang. This group has lost control of Labour's broadcasting station and has been reduced in strength on the directorate of the *Labour Daily*, its main line of communication to the world of labour. Its opponents in the unions and political leagues also appear to be gaining ground. These facts and tendencies may presage the end of the turbulent reign of Mr. Lang. Certain it is that, with its close, his political opponents will lose an election-eering asset. But experience has shown the folly of exhibiting the brush before the fox is caught.

The election returns disclosed some other matters of interest. In 1934, the strength of the Social Credit vote was sufficient to be mentioned as one of the reasons for the appointment of the commission of inquiry into the monetary and banking systems in operation in Australia. Possibly by reason of the commissioners' withering conclusions in paragraph 466 of their report, but probably because the market for nostrums is more active in times of sickness, the Social Credit vote was halved in 1937. The Social Credit candidate in the electorate of Wide Bay (Queensland) secured, it is true, the greatest number of primary votes, but he did so, it would seem, on account rather of his religion than of his monetary theories. He was the only Protestant candidate, explained the Ministers' Fraternal and Protestant Association, in a statement made by them in justification of their issuing "How to Vote" cards in his favour. "As leading members of the community, in emulation of our brethren of the Roman Catholic Church in a similar situation", they wrote, "we have directed the conscience of the people in the matter of how to vote"—an oblique reference, possibly, to the activities of the Catholic Taxpayers Association, a body recently

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formed to make a concerted nation-wide effort to secure state aid for Roman Catholic schools. The other two candidates comforted one another by agreeing to exchange their preferences. In the result, the second preferences of the Labour candidate won the seat for his United Australia party rival. The bitterness of the comments of the unsuccessful or almost unsuccessful Labour candidates at the declaration of several polls in Queensland proved that, in that state at least, the embers of sectarianism are still warm. There, too, communism was given more support than anywhere else in the Commonwealth, its standard-bearer, an ex-Rhodes scholar, receiving one in five of the votes cast in the most northerly electorate, thus trebling his party's poll in that constituency in 1934.

In New South Wales, a challenge to pre-selection, and in South Australia the abandonment of that system by the Labour party, had piquant consequences. In Warringah, N.S.W., a constituency in which but one elector in eight voted for Labour, the Minister for Defence * was defeated, with the aid of Labour votes, by a United Australia party candidate opposed to pre-selection. In Adelaide, where three of the four candidates were Labour men, one of them topped the poll when the primary votes were counted, but was defeated by the United Australia party candidate when the preferences of the other two Labour men were distributed. The remarks at the declaration of the poll were frank and vehement.

In Victoria, the political situation was complicated by factors peculiar to that state. There, in state politics, in April 1935 the Country party broke with the United Australia party, and, although numbering but twenty in a House of sixty-five, formed a Ministry, which by the grace of the Labour party has been in office ever since. Early in September last the Governor, at the request of Mr. Dunstan, the Premier, dissolved the Legislative Assembly in order to ascertain the opinion of the electors on

* Sir Archdale Parkhill.

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the Government's proposals for the reform of the Legislative Council. These proposals had been twice accepted by a majority in each branch of the legislature, but on neither occasion by the absolute majority of the Legislative Council required by the constitution. Their aim was to establish the paramountcy, within the legislature, of the Lower House.

The Victorian Legislative Council has been described by Sir Stanley Argyle * as "a property House". Candidates who seek election to it, being thirty years of age or older, must own freehold to the value of £1,000, and the electors must own realty to the value of £10 per annum, or pay at least £15 per annum in rent. The pith of Mr. Dunstan's proposed reform was that any Bill, except a Bill to abolish the Council, or to alter certain salaries fixed by the constitution, or to amend either of these two "safeguards", should become law without the consent of the Council, if, having passed the Assembly and been rejected by the Council, the electors signified their approval of it at an election precipitated by such action.

Mr. Dunstan regarded the results † of the state election on October 2 as an endorsement of his proposals by the electorate and took appropriate action. As the election occurred during the federal campaign, inferences were drawn from its returns by all parties. Labour found ground for hopes which were not borne out by the event; for it gained but one seat in Victoria (albeit the only seat it won anywhere), and that by a narrow margin. Its political ally, the Country party, also secured a seat at the expense of the United Australia party. The winner of it,

* The leader of the U.A.P. in Victoria.

† The following table shows the state of the parties before and after the Victorian elections :

	Before.	After.
U.A.P.	24	21
C.P.	20	20
Labour	18	21
Independents	3	3

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together with another Country party man who wrested a seat from a Country party supporter of a working alliance between the United Australia party and the United Country party, have gone to Canberra as declared doubters of the effectiveness of composite Ministries such as that of Mr. Lyons and Dr. Page.*

III. THE SENATE

THE Senate results provided the paradox of the elections. Labour won sixteen of the nineteen vacancies. The Government's substantial carry-over from the last election, when it won all the seats, allowed it to retain a majority of four in a House of thirty-six. As the Labour party is in power in three of the states, and is keeping the Country party in power in a fourth, it was to be expected that under any truly democratic method of election it would be strongly represented in the so-called states' House. It was also to be expected, having regard to the existing method of electing the Senate, that one party would win all the seats vacant in one or more of the states, despite the size of the vote cast for the other party or parties. This anomaly has been a feature of Senate elections for the past seventeen years, although this is the first time that the Labour party has scored so heavily. But it was not expected that the same electors, voting for the two Houses at the same time, would give sixteen out of the nineteen vacant seats in the Senate to the party to which they gave only twenty-nine out of the seventy-four seats in the House of Representatives.

This surprising result was due to the fact that the system of exhaustive preferential voting gives all the Senate seats that can be won in a state to the party receiving the majority

* Mr. McEwen, a member of the Victorian Country party and a newly appointed member of Mr. Lyons' composite Ministry, has been expelled from his party for accepting office.

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of votes in that state. In five* of the six states that party, on this occasion, was the Labour party. It was so successful, despite its lower aggregate vote for the House of Representatives, partly through the distribution of the preferences of voters who, while dissatisfied with the Lyons-Page Administration, were not prepared to help Labour to power in the more effective House. But the main cause of its success in the Senate was the relatively favourable position of the Labour groups on every Senate ballot paper in the Commonwealth. Priority of position on the ballot paper is determined, for individual candidates, by the place in the alphabet of the first letter of their surnames, or for groups of candidates, for instance the Labour three or the United Australia party three, by their average alphabetical numerical order. As voters, particularly the indifferent, the nervous, and the stupid,† whom our highly arguable law of compulsory voting forces to the polling booths, are prone to mark their preferences straight down the paper, a surname beginning with A, and preferably with Aa, may be of more assistance to a candidate than a brilliant record of public service. Indeed, in the eyes of a hard-boiled party boss, it may well be an essential qualification. If the surname of each of the candidates in a group begins with A, the A's are likely to have it, as the Labour group proved in New South Wales on this occasion.

Apart from its inherent interest because of these features, the election of senators was of little concern to the average elector. The candidates were usually complete strangers to him, and he knew that the group with the majority in the House of Representatives determined the policy of the Commonwealth. In point of fact, the Senate is not what the framers of the constitution intended it to be. They conceived of it as a House of states and a House of review.

* N.S.W. is the only State of the five in which Labour is not actually or virtually in power.

† The total number of informal votes in the Senate election was 416,657, or approximately 10 per cent. of the total number cast.

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In practice it has rarely been either. Except when a majority of its members differ in political complexion from the majority in the other House, as they did during the greater part of the *annus terribilis* of 1931, it has tended to be a replica of the more popular chamber. The party system is as well entrenched within its walls as it is elsewhere. Its members attend the party caucuses and respond to the party whip. The calibre of its membership has deteriorated, and interest in its proceedings is slight. With picturesque inaccuracy, Mr. W. M. Hughes once referred to it as a morgue with thirty-six bodies on the slabs.

An important and continuing cause of this declension in prestige has been the method by which the Senate is chosen. It was introduced in 1919 to correct the then prevailing system whereby party regimentation was handicapped and senators were sometimes returned on a minority vote. The purpose of the change, according to the Minister who carried the Bill through the Senate, was to ensure that the will of the majority of the electors in a state should prevail. But it also meant, as was pointed out by the then leader of the Labour party in the Lower House, Mr. Tudor, that "the party with just one more than half the total number of votes will secure the whole of the vacant seats, provided that the people vote solidly according to parties". The soundness of this forecast was admitted by the Ministry, whose leader, Mr. W. M. Hughes, had in fact intimated that when the Bill was brought down it would provide for proportional representation—a method admirably suited to the circumstances of the case. The hostility of a majority of the Government's followers in the Senate resulted, however, in the adoption of the preferential system.

The defects of this system, as applied to Senate elections, in which each state is a single constituency, were clearly stated by Mr. Glynn, the Minister who steered the Bill through the House of Representatives. As a member of the Federal Convention in 1898–9, he had suggested that

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the Senate should be elected by proportional representation. As Attorney-General of the Commonwealth in 1910, he had prepared a Bill to that end. Yet, by the irony of fate, he found himself in 1919 in charge of a measure which, as he told the House, did not embody a system such as a democratic government should aim at. "The true democratic method", he said, "is to give each party that share of representation in the Senate to which its numbers, as expressed at the poll, entitle it". He accordingly asked members to regard the Bill as being "of a purely tentative character", designed to prevent mistakes as the result of having one method of marking ballot papers for the House of Representatives—for which preferential voting had been introduced in 1918—and another, that of putting a cross opposite candidates' names, when the voting was for the Senate.

The tentative, temporary measure has remained, however, to produce the most recent electoral paradox. It has been condemned again and again. In 1922, Dr. Page, the leader of the Country party, persuaded the House of Representatives to pass a motion in favour of the election of senators in accordance with the principles of proportional representation. In 1929, the Royal Commission on the constitution recommended that the constitution should be amended to provide for proportional representation for a period of ten years and thereafter until Parliament should otherwise determine. In 1934, Mr. Lyons, himself the representative of a state in which proportional representation has been the governing principle in state elections for 28 years, expressed the opinion that it was "scarcely just" that the Labour party should have obtained no representation in the Senate in the elections then concluded. "There can be no excuse or justification", he continued, "for allowing such a system to remain if it is possible to devise a better one". No attempt was made, however, during the life of the last Parliament, "to devise a better one", conceivably because in 1935 the United Australia party

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convention in Sydney rejected, by a large majority, a resolution favouring the system of proportional representation.*

The devil was ill, the devil a monk would be ;
The devil was well, the devil a monk was he.

Another interesting result of the Senate poll was the putting of a period to the hitherto unbroken parliamentary career of Sir George Pearce. For thirty-six years he has represented Western Australia in the Senate, surviving the vicissitudes of parliamentary fortune in a manner only equalled by his companion in political evolution, Mr. W. M. Hughes, whom, up to date, he has surpassed in aggregate length of Ministerial office. His memoirs, which he now contemplates writing, should be valuable to future historians.

Australia,
January 1938.

* The Prime Minister has already intimated to the newly elected legislature that it is the intention of the Government to appoint a committee to inquire into the present method of choosing senators.

SOUTH AFRICA

I. THE POLITICAL SCENE

IN the South African countryside to-day there are only two subjects deemed worthy of serious discussion—politics and the weather—and they are far more closely inter-related than an outsider would think. Politics are always a dominant interest in the minds of most Afrikaans-speaking South Africans, and with a general election at hand they tend to exclude every other interest. In such circumstances even a devastating drought derives much of its significance from its potential effect on electoral chances. The present summer—the rainy season over most of South Africa—started badly. Hardly any rain fell until December. Then the drought was broken, though not very completely in some parts of the country. But with the New Year there is a threat that drought conditions may recur. At the best the season will be a poor one—it may well be a disastrous one. The politically-minded South African farmer surveys the prospects not only from the agricultural but also from the political point of view. The question of the effect of a serious agricultural setback on the Government's position at the forthcoming general election is ever in his mind. If he is a Government supporter, he prays for rain with added fervour on that account. If he is an opponent, he finds consolation for his losses in the knowledge that for the farmers' sufferings the Government can always be blamed.

The shadow of the general election is looming very large in South Africa to-day. The election will probably take place early in June, but already preparations for it are well advanced. South Africa takes its politics seriously. A

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general election is not something to be hurried. Between the dissolution of one Parliament and the election of the next there has to be a minimum period of not much less than two months, but the campaigning and the manœuvring for position begin long before Parliament is dissolved. To such manœuvring the forthcoming Parliamentary session will be all but exclusively devoted. It is to start later than usual—on February 11—the Government hoping thereby to reduce the period available to the Oppositions for using Parliament as a medium of election propaganda. It will last almost certainly until the end of March. The Government intends to devote it almost entirely to the necessary financial measures for winding up the current financial year and taking a vote on account for the new year, leaving the budget to be introduced when Parliament meets again after the election. So far it would appear that the Government intends to introduce only one legislative measure, a Bill, based on agreement between mine-owners and mine-workers, to improve the already generous benefits of sufferers from miners' phthisis. The Government will no doubt seek to expedite the financial debates as much as it can, but it will make heavy weather, since the Oppositions will have ample opportunities for raising contentious matter over the whole field of Government policy, in order to stir the sentiments of the electorate.

The election campaign itself the Government faces with confidence. It has a substantial record of achievement, and on the whole it has made wise use of the prosperity with which it has been favoured. Moreover, although economic prospects in the countryside are uncertain, the towns are still prospering. True, there has been a succession of stock exchange slumps, and the acute observer can descry a growing volume of evidence of a flattening in the prosperity curve; but for the most part the town-dweller, though somewhat irritated by increases in living costs caused largely by the drought, still has the comfortable feeling that things are going well. Yet the Government,

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like other Governments, has made enemies of erstwhile friends and forfeited much of its initial popularity, and the process seems to have been accelerated of late. Over the whole period of five years the Government has maintained its position extremely well at by-elections. The results of the provincial general elections in 1936 were also very favourable to it. But recently one or two provincial by-elections have indicated a marked strengthening in the position of the Nationalist and Dominion party Oppositions. If only because four-fifths of the present House of Assembly consists of Government supporters, the Opposition parties are certain to win seats at the general election, and, if the course of events during the next few months favours them, their gains may well be larger than the Government and its friends would like to contemplate.

There is, of course, no really substantial prospect of the Government's being driven from office. Its position is still too strong for that, and no one of the Opposition parties can hope to supplant it. Most people agree that it will have at least a good working majority in the new House. If, however, the general election holds out no prospect of immediate political change, it may well set in motion a trend that will bring about, more or less swiftly, a radical alteration in the political scene. The interest of the student of politics in South Africa to-day is concentrated not so much on the election as on what will happen after it.

The present Government of the Union came into being as a result of a coalition between the two old parties of General Hertzog and General Smuts, the Nationalist party and the South African party. These two parties have since been fused into one, the United party. The United party Government has done good work for South Africa, not only on the material side, but also in stimulating the coalescence of the two main elements, Afrikaans-speaking and English-speaking, in the South African nation. Undoubtedly the cause of national unity has been advanced

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considerably, and that indeed has been the chief justification of political fusion. Yet within the party itself fusion has been by no means complete; to quite a considerable extent it still represents a coalition rather than a fusion. There have been signs of fissure over personalities and principles, and many people to-day are asking for how long fusion will endure. The indications are that the strains to which it will be subjected during the next few years will be very severe.

There will almost certainly be economic strains. So far the Government has been a fair-weather Government. To-day, quite apart from the danger of war to which we have become almost accustomed, there are clouds on the world horizon, perhaps no bigger than a man's hand, but menacing none the less. If an economic blizzard like that of 1930 were again to strike the world, if at the same time the price of gold, on the present level of which the whole structure of the Union's public and private expenditure is based, were to fall—well, South Africa does not like to contemplate these things, and its Government likes the prospect even less.

But there is also the personal aspect. Save for one change, caused by the appointment of Sir Patrick Duncan as Governor-General, the Cabinet is still as it was in 1933. It is coming to be regarded in the country as an old man's Government, which has long since lost its first fine careless rapture. The cry for new blood is beginning to be heard. General Hertzog is 71 and obviously tiring after fourteen strenuous years of office. His early retirement would appear inevitable, were it not that he seems to be indispensable to his party. General Smuts is 67—young for his age, but his continued vitality cannot be counted on. Three members of the Cabinet are, on grounds of ill-health, no longer able to pull their full weight. One or two others do not command a great deal of public confidence. It is clear that within the next year or two changes will come about, in personnel and in leadership, and these may have

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disruptive effects. The problem of the leadership of the United party, after the two Generals fall away, is going to be a very serious one. Only three Ministers can be considered as *imperii capaces*: Mr. Havenga, and the two youngest members of the Cabinet, Mr. Pirow and Mr. Hofmeyr. Of these Mr. Havenga has been an excellent Minister of Finance and enjoys the full confidence of General Hertzog, who would quite obviously wish to be succeeded by him. But, despite his many statesmanlike qualities, he has hardly any personal following, and would almost certainly not be able to hold the party together for long. Mr. Hofmeyr has secured for himself a considerable administrative and parliamentary reputation, but his liberal views on questions of race relations make him *persona ingrata* to most of Afrikaans-speaking South Africa. Mr. Pirow, easily the most spectacular of the three, a man of outstanding ability and vigour, is distrusted by many in the towns, while he is not followed with any real enthusiasm in the countryside. Moreover, Mr. Pirow and Mr. Hofmeyr have clashed before now on questions of race relations. It seems almost too much to hope that they will keep together, if the restraining influence of their present leaders is withdrawn.

The prospects of the United party are therefore somewhat uncertain, and that fact makes the outcome of the general election the more important. At present the United party has the support of most of the English-speaking people of South Africa and probably of half its Afrikaans-speaking citizens. But if at the general election the Dominion party were to make fairly substantial headway, and so give promise of offering a really effective rallying-point for English-speaking South Africans, instead of being just the Cave of Adullam it has hitherto been, the United party may well suffer a landslide of its English-speaking adherents. And the same may happen on the other side. If, moreover, those economic and personal considerations indicated above were to become effective at the same time, the United party might be so sorely depleted as to lose any reason for

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its continued existence. In those circumstances it is quite possible that South Africa will again have to pass through a spell of unadulterated racial politics, such as it has experienced more than once in the past. At the best, that will mean the end of fusion and the casting into solution of South African politics.

At the worst, however, if the United party goes under, if something like the old lines of division re-emerge, and if a Nationalist Government comes into power, the fusion experiment will still have been worth while. The work of nation-building that it made possible will never be entirely undone, and the ultimate goal of national unity will be substantially nearer. Moreover, no Nationalist Government will be able to obtain power without the support of moderate elements. That fact, as well as the sobering influence of responsibility, will effectively curb any tendency to commit the excesses that might be apprehended if one were to have regard merely to the vapourings of an Opposition party during a general election under South African conditions. And as far as purely South African circumstances count as determining factors, it is difficult to see a position arising in which it will really be South Africa's desire no longer to be associated with the British Commonwealth of Nations on the basis of freedom accepted to-day.

II. THE NATIVES REPRESENTATIVE COUNCIL

DECEMBER 6, 1937, was a day of very great importance in the history of race relations in South Africa. On that day there met for the first time a statutory, mainly elective, body, representing all the Bantu people of South Africa, charged with specific duties in relation to legislation and administration. This body is known as the Natives Representative Council, and it has come into being as a result of the enactment in 1936 of the Representation of Natives Act*. The significance of the occasion

* See THE ROUND TABLE, No. 103, June 1936, pp. 535-538.

THE NATIVES REPRESENTATIVE COUNCIL

was marked by the fact that the Council was opened by General Smuts deputising for the Prime Minister. It was described by one of the native members as "the dawn of a new day".

The Representation of Natives Act deprived the natives of the Cape Province of the right certain of them had enjoyed since 1854 of voting along with other citizens in the election of parliamentary and later of provincial council representatives, and it effectively barred the extension of that right to the natives of other provinces. By way of compensation it empowered the natives of the Cape to elect on a communal basis three members of the House of Assembly and two members of the Cape provincial council, it provided for the representation of the natives in all four provinces by four elective senators, and, potentially most important of all, it created a Natives Representative Council, a body whose powers are, it is true, merely advisory, but whose functions have nevertheless been defined in such a way that it may be said to occupy a definite, though subsidiary, place in the constitution of South Africa.

The Council consists of twenty-two members, of whom six are European officials, the chairman being the Secretary for Native Affairs. The remaining sixteen members are natives, four nominated by the Government and twelve elected, the elections being indirect in character. In the Transkei the Bunga or United Transkeian Territories General Council, which has grown from the seed sown by Cecil Rhodes when he introduced his "Bill for Africa", the Glen Grey Bill, in 1894, acts as the electoral college. Elsewhere the voting units are chiefs, and headmen, and local councils, and native advisory boards, and, in certain cases, special electoral committees.

The Council's duties and functions may be grouped under three main headings:

First, it must consider and report upon any proposed legislation in so far as it may affect the native population of the

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Union, and no Bill specially affecting the interests of natives may be dealt with by Parliament until it has been so considered and reported upon.

Secondly, it must, before each session of Parliament, consider and report upon estimates of revenue and expenditure in respect of services specially concerning natives. The estimates dealt with at the 1936 session amounted to about £2,500,000.

Thirdly, it may deal with any matter referred to it by the Minister of Native Affairs, or, on its own initiative, with any matter specially affecting the interests of natives in general.

Will the institution of the Natives Representative Council prove to be an adequate *quid pro quo* to the natives for the common franchise that they have lost, as an actuality in the Cape Province and a potentiality elsewhere? In the debates on the Representation of Natives Act, some friends of the natives, like General Smuts, contended that it would, others, like Mr. Hofmeyr, maintained that it would not. It is of course only an advisory body, but its functions are so defined that it must meet annually and that it must be consulted. Everything will depend on the way in which its advice is regarded by Government and Parliament. That, of course, only the future can reveal. Certainly, if it is to be established as an effective piece of constitutional machinery, a great deal of prejudice in the minds of a large section of the Union's European population will have to be broken down. But equally certainly the Council has had an excellent start. It is clear that the natives, sane and moderate as South African natives generally tend to be, have chosen the members of their first Council very wisely. The proceedings of the first session were characterised by dignity and a high sense of responsibility. The conduct of the debates and the form and matter of the decisions taken were such that they cannot but be regarded with respect. At the conclusion of the proceedings the native members emphasised their appreciation of the knowledge they had acquired of the constructive work in native administration and development which the Government, through its Native Affairs Department, is doing. The Secretary for

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Native Affairs, as Chairman, made the following remarks in closing the session:

While it is true that your functions are only advisory, if you continue on the pathway of moderation that has marked this first session, there is no doubt that you will, in the future, exercise a great influence for good upon all matters relating to native affairs.

All who wish well to the Bantu people, and indeed to South Africa as a whole, will join in the hope that this prediction will be fulfilled, and that December 6, 1937, will indeed come to be looked upon as marking "the dawn of a new day".

III. NATIVE LAND PURCHASE

THE purchase of land for native occupation under the Land Act of 1936 progresses steadily. One aspect that has hardly received the attention it deserves is the question of cost. A sum of £10 million has been set aside for the purpose, while the intention of the Act is presumably to add a further 7,250,000 morgen to the reserves. According to the report of the Auditor-General for the financial year 1936-37, farms to the extent of 72,200 morgen had been purchased between September 1, 1936, and March 31, 1937, for £200,560 together with costs of transfer.

Such information as has since appeared does not suggest that later purchases have been at a lower average price, and the obvious question arises, how long the £10 million will last. The Prime Minister, it is true, when introducing the Bill, promised that, if £10 million was not enough, more would be made available and the land would be bought. On the other hand more than one Minister of the Crown has met criticism of undue generosity to the natives by pointing to the difference between this £10 million and the much larger amounts lavished on European land settlement, while one Government supporter—though admittedly speaking with less authority—is reported to have

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said that money would always be made available to buy land for European settlement, but that the £10 million was all that would ever be spent on the natives.

The official view is, apparently, that when the first allocation of money is spent the Native Trust has only to ask for more. But, in view of the lack of any definite obligation to make a larger amount available, there would still appear to be some risk, if a period of financial difficulty were to coincide with the term of office of a less sympathetic Administration, that the completion of the 1936 Land Act might suffer the same delays as that of the Act of 1913. As there is no particular virtue in the amount of £10 million, and the constant reiteration of that figure in all discussions of the Act may give rise to future misconceptions, might it not be wiser to make a start with accustoming the public to talk of the £20 million that will certainly be necessary at the present rate of progress?

It must not be forgotten that the scheme, while providing the natives with land for occupation, is also of direct benefit to many European landholders, by initiating the purchase of land on a large scale, with a marked rise in land values as a result. The Minister of Lands has stated that the basis of land purchase by the Native Trust is to pay an agreed or assessed fair value for the land, plus an amount for improvements, and add another 20 per cent. to compensate the owner for having to move. But the fair basic value is not easily determined where the purchaser is bound to buy.

Some extreme instances of the difficulty of valuation are given in the Auditor-General's report. In one Crown grant case the Lands Inspectors' valuation of £167 and the Central Land Board's valuation of £534 were made in the same month. A farm that had changed hands in February 1935 for £510 was bought by the Native Trust for £2,900, of which £2,892 represented the value of the land and only £8 improvements. Another farm, which had passed to the seller by way of donation in August 1935, when it was valued at £2,034 and transfer duty was paid on that amount,

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was bought by the Trust in February 1937 for £7,500. Of this £4,407 was the new value of the farm and £3,093 was accounted for by improvements. This transaction formed the subject of a question in the House last session, when it was explained that the increase in price was due, first, to the extensive improvements, and secondly to the general rise in land values.

There seems to be no reason to doubt that this is a perfectly genuine explanation; but that in itself calls for comment. It is beyond controversy that one of the main causes of the rise in land values is the Trust's purchases—which lead to further purchases in other areas by dispossessed farmers—and, assuming that the improvements are in this case fully valued, it shows the range of advance in price which is not considered abnormal. Reports from this area (Pietersburg), tell of a boom in the sale of town sites and a building boom, caused by local farmers who wish to retire on the proceeds of their land sales, while (for what the figures may be worth) the registrations of new motor cars in the division show a rise of over 34 per cent. in the twelve months ended October 1937 over those of the previous twelve months. There does not appear to be anything to puzzle over in General Smuts' statement that the farmers are not reluctant to sell, but on the contrary complain that purchases are not made quickly enough.

IV. MUDDLES IN BUTTER AND MAIZE

PERHAPS the chief function of the Dairy Industry Control Board ("Dicboard") is to secure a remunerative price for butter and butter-fat on the home market by the forced export of all "surplus" butter. From time to time it makes determinations of the amount that has to leave the country, employing the proceeds of a levy of 1d per lb on all butter produced to finance sales at a loss overseas. Unfortunately, the board never seems to have had at its disposal the means of accurately forecasting the amount of

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the "surplus", and this year it was further out than ever. New factors of uncertainty were introduced by the extension of the scheme for supplying state-subsidised butter to the poor—apart from natives—at 6d, 5d and 4d per lb, which brought an almost incalculable factor into the home demand, and by extreme climatic variations.

During the period from November 1936 to February 1937 a heavy production seemed probable and large quantities had to be exported, according to "Dicboard" determinations. The late summer rains affected pasture adversely, and afterwards extreme dryness prevailed. In generally overstocked areas any abnormal lack of rain all too soon creates a drought. From the latter part of March onwards the production of milk and butter-fat became progressively less. In order to attract extra supplies while maintaining its policy of stabilised prices, the "Dicboard" decided to raise the price of butter-fat to the producer by paying a subsidy out of levy funds. This extra inducement could not, however, draw milk from dry cows, though it may have attracted some butter-fat to the creameries which otherwise would have been made into farm butter. The elasticity of demand for butter is to some extent still in dispute. The "Dicboard's" action must, however, have tended to sustain demand in face of diminishing production, until eventually the board took fright and dictated a rise in price to the distributors.

Meanwhile, although as early as August the board had secured powers to import butter, it used these powers as sparingly as possible. As a result an absolute shortage of butter overtook the Union. Creamery butter in cold storage had fallen from 2,299,400 lbs in March to 91,800 lbs in October, and farm dairy butter from 469,600 lbs to 14,500 lbs. In the black month of November, butter cost 4d per lb more than in April, and even so was often unprocurable, shopkeepers having strictly to ration their customers. The board was therefore forced into a more active acquiescence in the import of supplies to make good

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the deficiency. Even so it could hardly be unconscious of the fact that the farmers, its chief constituents, were not impressed with its record of achievement. It did not want to risk the further charge of having allowed the cold storage shelves to be piled up with imported butter when the drought finally broke and South African production was resumed, and it tended to play for safety from such a charge rather than safety for the consumers' interests.

The Imperial Cold Storage and Supply Company, convinced that the dilatory tactics of the board would result in the very thing it hoped to avoid, namely, a disastrous shortage followed by frenzied over-importation, hired cargo space for the round voyage from Southampton and back again for a large consignment of butter, trusting that the urgency of the situation when the butter arrived in Union ports would justify their forethought and lead to the sanctioning of its import. In point of fact public clamour caused sanction to be given when the butter was only a few days out from England. The ironical situation thus emerged, that, although the "Dicboard" was supposed to have been set up as a check on the alleged anti-social activities of such large distributors as Imperial Cold Storage, in this instance the public were undoubtedly inclined to hail the latter as their saviour from "Dicboard"! A further ironical twist is that the independent action of Imperial Cold Storage does not seem to have endeared the company to the Government, although there can be little doubt that public dissatisfaction with the butter situation would otherwise have prolonged harsh memories through the six months' interval before the general election.

The Maize Industry Control Board was also the victim of a wide discrepancy between forecast and actuality. Early in the season it appeared that a record crop might be expected, nearly twice as much as in 1935-6, and in order to maintain internal prices a 66 $\frac{2}{3}$ per cent. export quota was fixed from June 1937 to May 1938. In other words, two bags out of every three produced had to be exported. As

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the board believed that even this would be insufficient to deal with the surplus, it secured the Government's consent, on June 14, to pay a guarantee of 3s. a bag (afterwards raised to 4s. 6d) on all maize exported above the quota. Shippers were unable to find space for all the maize to be offered for export, and freights rapidly doubled. But the drought once more upset calculations, and instead of a surplus it appeared that insufficient maize would remain in the country for drought relief. As a result the export of maize was prohibited in December, with a result wholly ridiculous, for export was compulsory one day and prohibited the next. The consequence of maintaining a high export quota when crops were failing was to create a scarcity even more serious than that of butter, since the natives grow maize for food, not for the market, and were being forced to export their larders. As their voices are neither raised so loud nor heard so readily, less attention has, however, been paid to maize than to butter.

V. THE POLICE AND THE NATIVES

THE report of the commission appointed by the Government to enquire into the causes of the Vereeniging riot * shows that there is no ground for the view frequently expressed from public platforms that communist propaganda was at the bottom of the outbreak. Nor does it give support to the view countenanced by the Prime Minister that the riot pointed to "a deep-rooted and far-reaching hostility, perhaps organised, among the natives towards the white man". The commission finds that the riot was due, first and foremost, to harsh police methods symbolised for the natives by the patrol or "pick-up" van; that the stoning of the police on Saturday, September 19, was due to a spontaneous flaring up of resentment at the sight of the van, but that the next day's riot was planned in advance when it became known that the police intended to repeat the raid;

* See THE ROUND TABLE, No. 109, December 1937, p. 196.

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that the management of the Vereeniging location by the municipal authorities was defective; and that the administration of the liquor law, which seeks to deprive the native of his beer, has been an important source of friction between the police and the natives.

The main conclusions of the Vereeniging commission are strikingly confirmed by the police commission, whose full report has become available to the public since the last South African contribution to THE ROUND TABLE was written. The commission was appointed as the result of certain scandals connected with the administration of the liquor law on the Witwatersrand, but its terms of reference involved an enquiry into the whole police system of the Union. It has carried out its task with thoroughness and impartiality. While it finds that "the conduct, tone and efficiency of the force as a whole are satisfactory", it has, nevertheless, a number of important criticisms to make, the gravest of which deal with the attitude of the police, or rather of many policemen, towards the natives.

The commission is convinced that there is considerable ground for the hostility with which the natives, and especially the urban natives, at present look upon the police. The latter are not to blame for the unpopular pass laws, tax laws and liquor laws which they have to administer. These laws are bound to be regarded as oppressive by the natives. But their oppressiveness may be intensified by harsh police administration. The commission reports that cases have occurred of the arrest of natives within 50 yards of their employers' premises for failure to produce their passes, "when even the most perfunctory enquiry would have revealed the fact that the natives in question were in regular employment and had the requisite passes at their quarters". It recommends that the patrol van should be used for more important purposes than "the harassing of passless natives".

On the subject of the administration of the liquor law, the commission appreciates the difficulties of a police force in the face of a people almost unanimously determined to

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evade it. The difficulty of discovering illicit liquor by raids carried out during the day has led to frequent night operations.

The entering of houses on these occasions is made the subject of very bitter complaint, the police being accused of breaking open doors when not opened immediately on demand, of invading the privacy of bedrooms, of ransacking furniture and bedding in the search for liquor, of assaulting those who remonstrate and often arresting them for the offence of obstructing the police.

While making due allowance for the fact that the police may be called upon to perform military duties anywhere in the Union, the commission is, nevertheless, emphatically of the opinion that the training of police recruits is too militaristic in character. Too much time is devoted to "drill, musketry and other military or quasi-military subjects" and not enough to instruction in police duties proper. Such instruction should do a great deal towards the elimination of the abuses that have been revealed. Among other things the recruit should be taught the importance of tact in the handling of the public, the manner of giving accurate evidence of an occurrence, and the heinousness of concealing any part of the truth even if the truth might convict a brother policeman.

The police force of the Union is to-day mainly of Afrikaner rural extraction. Young men of British parentage are reluctant to enter the police because they fear that they will not be at home among the Afrikaners in the force or that they may be drafted to an area where they will be required to communicate with the public in Afrikaans. It is gratifying to record that the commission has discovered no trace of racialism in the attitude of the police toward Europeans, and that it considers that the relations between the police and the Indian and coloured communities are satisfactory.

Union of South Africa,
January 1938.

NEW ZEALAND

I. THE BUDGET

ON September 29 the Minister of Finance (Mr. Walter Nash) introduced his second budget. It evidenced the same degree of orthodoxy in arrangement and compilation as his first. There were no surprises. While there were no remissions of taxation, the taxpayer learned with relief that at least there were no additions. The principal items of revenue and expenditure were as stated below:—

	1937-38. <i>Estimates.</i>	1936-37. <i>Results.</i>
<i>Revenue.</i>	£	£
Taxation	30,338,000	26,941,000
Interest receipts	2,285,000	2,387,000
Other receipts	2,155,000	1,819,000
Total	£34,778,000	£31,147,000
<i>Expenditure.</i>		
Debt services	11,096,000	10,961,000
Transfer to highways revenue	3,058,000	2,509,000
Other permanent appropriations	601,000	618,000
Annual votes :		
Social services	12,168,000	9,913,000
Other votes	7,505,000	6,674,000
Supplementary estimates and contingencies	300,000	
Total	£34,728,000	£30,675,000
Surplus	50,000	472,000
Unemployment levy and tax	5,180,000	4,261,000

The increase in expenditure falls mainly under three headings: social services, defence and general administration. Social services are estimated to cost £2,255,000 more than last year. The defence vote shows an increase

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of £585,000, and general administration an increase of £701,000. The public works programme calls for an estimated expenditure of £17,367,000, which is to be found partly out of revenue and partly out of loans at interest from other departments. On the revenue side, customs duties are expected to yield £10,500,000, or a little more than £1,000,000 over last year. Income tax is expected to produce £7,500,000, which is £881,000 more than in 1936-37, and sales tax £3,650,000, an increase of £605,000. The public debt, having increased by £5,109,102 in the year, stood on March 31, 1937, at £287,670,200. Of this amount £156,737,017 is domiciled in London, £891,900 in Australia and £130,041,283 in New Zealand.

The Government case was based upon the plea that it had restored wages and salaries, increased pensions, and provided better facilities for the promotion of health and extension of education, at an extra cost of £8½ million; as, however, this comes out of an aggregate of private incomes which has increased by at least £20 million, the people who have paid the extra money are still left with £11½ million more than before the readjustments were made. It is evident, on the other hand, that the Minister has based his expectation of increased revenue upon the single hope that present commodity prices will be maintained. Opposition criticism, both inside and outside the House, has been directed principally to the non-fulfilment of Labour's pre-election pledges to reduce taxation and to the assumption that prices will be maintained. The question is asked, "if prices fall, what then?"

During the whole of the budget debate and the debate on the Land and Income Tax (Annual) Bill the main lines of defence and attack remained unvaried. The Government defended on its chosen ground of social expenditure, while the Opposition attacked from the vantage point of how much the country could afford. "The general buoyancy in revenue", said Mr. Nash in his budget speech, "has enabled substantial improvement to be

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effected in the lot of the less fortunate section (of the community) . . . and until the Government's objective in connection with a more equitable distribution of the national income has been attained the whole of the additional income will be required for this purpose". The Leader of the Opposition (Mr. Adam Hamilton) described the Minister's work as an "eat, drink and be merry" budget. The Prime Minister (Mr. M. J. Savage), responding to Mr. Hamilton in the debate on the Land and Income Tax (Annual) Bill, said :

The Honourable Member asked what we are going to do with the big bad wolf round the corner when it turns up. We are not going to let it turn up. As long as we are capable of producing a decent standard of living in New Zealand, the people of New Zealand are going to enjoy it. . . . We are not going to be harnessed to the chariot wheels of other nations.

The Minister of Finance maintained the same attitude. Opposition speakers, he said, had suggested that taxation should be adjusted to meet the cycles of trade. This meant that the Government was being asked to accept in its entirety the theory of slump and boom. If that theory were accepted, then the country would inevitably have to go to the point where people starved because there was too much production for the purchasing power of the people. The Government would never allow New Zealand to go back to that stage again. Surely it was not beyond the scope of human achievement to provide insulating factors that would protect the people from the impact of another slump, or to devise methods of protecting their purchasing power. That, at any rate, would be the aim of the Government. Later Mr. Nash said: "Mr. Coates has asked how the existing taxes would be carried if prices fell. All that need be said in reply is that the Government would not do what the Opposition had done when in power". Discussing the estimates, Mr. Nash became a little more explicit. The Government's view to-day, he said, was that it was unnecessary for the people

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to suffer again as they had suffered a few years ago. It had never been affirmed, he continued, that what had happened overseas should not happen in New Zealand. Everyone in their senses would admit that if less goods were brought into the country there could not be the same standard of living as previously, but if the commodities brought in fell in the same ratio as the commodities sent overseas there was no reason, even if prices fell, why the standard of living should be lowered. In the absence of any definite statement to the contrary it seems fairly clear, therefore, that the Government envisages some form of economic nationalism, linked with monetary control through the Reserve Bank, as its answer to any possibility of having to face again the experience of the depression.

II. PROTECTION OF INDUSTRIES

THERE is a growing feeling in the country that the halcyon days are coming to an end and that the Opposition attitude towards the budget was more than a mere fulfilment of its duty to oppose. It is no longer possible to deny that the manufacturing industries of the Dominion are facing a difficult period. While, beyond doubt, incomes have in the aggregate increased considerably, the ratio between increased income and increased costs is steadily diminishing. Thus, when the Minister of Finance points out that the people are still left with some £11½ million additional income, he is correct only so far as he is speaking in general terms. On closer scrutiny it appears that from the additional income must be deducted, first, the greater sum paid in unemployment taxation, and that the residue has to bear the increased charges for goods and services. Manufacturing concerns have admittedly benefited by the impetus given to money circulation by the present Government, but since about May or June of this year the situation has undergone a considerable change. Higher wages and shorter hours have generally led to increased costs of

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production. These increased costs have placed the local manufacturers at a serious disadvantage in competition with the overseas manufacturer.

Dominion manufacturing interests are becoming more persistent and more vociferous in their demand for government action. But the hesitation of the Ministry to take the necessary steps can to some extent be understood. If the Government were to give immediate protection by raising tariffs, which would be contrary to the general terms of its policy, it could hardly avoid the unpleasant result of still higher prices. If, on the other hand, it controlled imports either by quota or by licensing, it might easily damage the vital export trade, and in any case would still be faced with the probability of increased prices. That it must do something, and that something very soon, is becoming daily more obvious. The difficulty seems to lie in the fact that the Government's external trading policy is at variance with its internal programme for the expansion of domestic industry. The *Otago Daily Times* of October 13, writing of the footwear industry, reported that

in the Auckland district during the three months ended September 30, over £4,000 was lost by the workers in wages, large numbers of employees having either worked on short time or been put off in that period. Only a few days ago it was reported that an Auckland firm that had never previously had occasion to reduce its staff had put sixty of its workers on short time. Similar conditions obtain in Wellington, where staffs are said to have been drastically reduced and some manufacturers have been compelled to open retail establishments in an endeavour to quit their accumulated stocks.

Ironical as it may sound, the people of New Zealand are beginning to feel the pinch of high wages.

The President of the New Zealand Employers' Federation, Mr. A. C. Mitchell, prefaced his introduction of a review of recent legislation in relation to its effects on business and industry with these words :

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The legislation placed upon the Statute Book of this Dominion by the present Government is all tending in the direction of increased costs and prices. Few would probably seriously question the sincerity of purpose or good intentions of the Government, but there is a large and rapidly increasing volume of public opinion which definitely challenges the statesmanship of the Government policy.

A statement recently issued by the Associated Chambers of Commerce points out that "manufacturers in New Zealand have of late been producing a good deal of evidence to show that the protection enjoyed by them in the past has been neutralised to a considerable extent through increases in costs of production brought about by recent industrial legislation, and that heavy imports of manufactured goods have adversely affected the output of New Zealand factories, led to staff reductions and even imperilled the continued operation of some plants". Discussing the possible remedies, it suggests that one of three things must happen. Either the Government must increase the customs tariff, or it must cut down imports through a system of licensing and rationing, or it must take action that will permit of a reduced cost of manufacture in the Dominion. The objections to the first two methods have already been stated. Yet it is difficult to see how the Government could adopt the third alternative without having to admit at least the partial failure of its policy of high wages and more leisure hours.

It is at the moment in communication with both the United Kingdom and the Australian authorities on trade matters. The value of Australian goods imported into New Zealand in 1932 was £2,681,393; in the eight months ended August 31 last it was £4,334,016. Exports to Australia from New Zealand were worth £1,444,860 in 1932, and in the first eight months of this year £1,279,676. The trading policy of the Government has all along been based on *quid-pro-quo* arrangements. The offer made to the United Kingdom was a market here equal in value to the balance of credits from the sale of New Zealand

THE GERMAN TRADE AGREEMENT

products in England; the recently ratified trade agreement with Germany, which is described below, is on a goods-for-goods basis. Clearly, then, there is an opportunity, indeed a necessity, for some adjustment in the trading relations of these sister Dominions.

The Minister of Industries and Commerce (Mr. D. Sullivan) said during the budget debate that the Government intended to give adequate and effective protection to New Zealand industries. It was not possible, he added, to work a plan out in five minutes. New Zealand has been termed the social laboratory of the world. If the Government can overcome the difficulties experienced by local industry to-day, not all of which are new or can be traced to recent legislation, it will have contributed something of substantial importance to political science in relation to industry.

III. THE GERMAN TRADE AGREEMENT

AS a result of negotiations conducted by the Minister of Customs (Mr. Nash) during his recent visit to Europe, the Trade Agreement (New Zealand and Germany) Ratification Bill was introduced in the House of Representatives by Governor-General's Message on October 6. Urgency was claimed for the passage of the Bill, which was passed the following afternoon. From New Zealand's point of view, the primary object of the agreement, which will expire on September 30, 1939, is to gain admission into Germany for New Zealand products for which there is a market, particularly butter and fruit. Under the payments agreement, which comes into force on January 1, 1938, Germany undertakes to make available for the purchase of New Zealand products the full amount of foreign exchange accruing to her from exports to New Zealand. Provision is made for an extension by each party of "most-favoured-nation" treatment to the goods of the other.

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The imports covered by the new agreement are as follows :—

<i>Goods.</i>	<i>Present Duties.</i>		<i>Proposed Duty on German Goods.</i>
	<i>British Preferential Tariff.</i>	<i>General Tariff.</i>	
	%	%	%
Drugs and chemicals * . . .	20	45	40
Braids and bindings * . . .	20	45	40
Lenses, all kinds	Free	20	20
Artists' materials	Free	25	20
Camera cases	20	50	40
Clocks	20	45	40
Pianos, organs and similar instruments	Free	45	25
Musical instruments * . . .	Free	45	25
Cameras	20	45	40
Photographic goods * . . .	20	45	40
Emery paper	Free	25	20
Paperhangings	Free	25	25
Engines specially suited for cycles	10	40	30
Artificers' tools *	Free	25	25
Field glasses	20	45	40
Builders' hardware	Free	45	25
Kalsomine and distempers in powder form	Free	35	25
Wine, other than specified kinds (per gal.)	4s.	6s.	4s. †

* Not elsewhere indicated.

† Plus 20 per cent., or 6s. per gallon, whichever is the lower.

German goods of the classes mentioned will be exempt from the surtax of 9/40ths of the duty payable on goods liable to the general tariff.

An important provision of the payments agreement is the requirement that the existing procedure of "Aski" accounts, through which export trade has been conducted with Germany, shall be immediately terminated. In future, trade between New Zealand and Germany will be conducted through ordinary commercial channels. The payments agreement is binding for two years, but unless notice of termination has previously been given it is to continue in

POPULATION AND MIGRATION

force thereafter subject to three months' notice of withdrawal by either party. Explaining the preparatory negotiations, Mr Nash said :

After having ascertained from the German representatives what commodities they would like to trade with us I approached the United Kingdom Minister concerned to see whether he had any objection to the concessions it was proposed to make. I was informed that there was not the slightest objection, and when our representatives met members of the Board of Trade a similar answer was received; in fact, they were told that the Board was anxious for agreements of the kind to be made. We then cabled to New Zealand to see whether any ill-effects were likely, and were assured that everything was all right. . . . The purpose we had in mind was that, from the credits Germany had here, it should buy wool, butter and apples, but mostly wool. Germany has agreed that, of the credit built up by the sale of German goods here, 25 per cent. of the first £400,000 worth shall be used for the purchase from us of butter, together with 50 per cent. of anything in excess of £400,000. The second point is that 5 per cent. of the first £400,000 worth of credits created must be spent in the purchase of apples from New Zealand, while to the extent that this figure is exceeded 20 per cent. must be spent on apples, with a limit of £60,000 in any one year. We may substitute 5 per cent. of pears.

The price at which Germany would purchase New Zealand butter would be the London parity at the time of the purchase. Germany is to go on the London market during the three months of the year when New Zealand supplies are in greatest quantity.

Generally speaking, the agreement has been accepted without much enthusiasm. It is recognised that the possibilities are somewhat limited and that no great expansion of trade can be expected as the outcome. Opinion is inclined to accept the arrangement for what it is worth, and to wait and see how it works out in practice.

IV. POPULATION AND MIGRATION

THE full analysis of the 1936 census is not yet completed, but the details so far available are sufficient to show that the problem of population in New Zealand is serious. A comparison of the total population figures recorded at

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the last two censuses * is disquieting. Inclusive of Maoris the inter-censal increase in the decade 1926-36 was 165,671. Excluding Maoris the increase was 147,015, or 10.93 per cent. This is equivalent to a mean annual rate of increase of only 1.05 per cent., and is the lowest yet recorded. The decline is partly due to a fall in the rate of natural increase and partly, though to a much lesser extent, to a decline in the net migration increase. The general trend is demonstrated in the following official figures : †

<i>Annual Average Percentage Increase</i>					
1906-11.	1911-16.	1916-21.	1921-26.	1926-31.	1931-36.
2.60	1.57	2.31	2.05	1.40	0.70

The birth-rate in 1935, the last year for which official figures are available, was 7.92 per thousand, and is again the lowest on record. It has been falling steadily over the last sixty years. Serious changes are taking place in the age constitution of the population. Whereas in 1921 the proportion of the population under ten years of age was 21.44 per cent. and the proportion sixty years or over was 7.48, the 1926 census revealed these percentages as 19.92 and 7.84, respectively. The corresponding figures for the 1936 census are not yet available, but there can be no doubt that the difference will be still more marked. It is clear that the position of New Zealand's population is already highly critical. Calculations of net reproduction rates, based upon the Kuczynski method, ‡ show that replacement is no longer taking place in the Dominion. The total area of New Zealand, including inland waters, is about 103,415 square miles. The density of population at the 1936 census was, therefore, 15.22 persons per square mile, inclusive of Maoris. For the North Island the figure was 22.99 and for the South Island 9.40.

* A census was due in 1931, but was abandoned because of the financial conditions caused by the depression.

† Population Census, 1936, Vol. 1—*Increase and Location of Population*.

‡ See THE ROUND TABLE, No. 106, March 1937, p. 310.

POPULATION AND MIGRATION

During the period 1921-25, arrivals in New Zealand exceeded departures by 49,988; for the period 1926-30 the excess was 24,627, but from 1931 to 1935 departures exceeded arrivals by as many as 9,918. Governmentally assisted immigrants arriving in New Zealand during the last decade were as follows :—

1926.	1927.	1928.	1929.	1930.
10,766	5,899	2,220	1,878	1,405
1931.	1932.	1933.	1934.	1935.
489	77	9	1	0

Of recent years the subject of migration has been among the political "untouchables". No party has dared to include any scheme for the resumption of immigration as part of its general policy. The reason for this evasion of a major problem is that there is a public belief that many of the present economic difficulties facing the Dominion are traceable to the large influx of immigrants during the immediate post-war years when there was a lack of proper organisation, supervision and control. It is extremely doubtful whether any party will be prepared to tackle this problem until there are definite signs that public opinion has swung in favour of a resumption of immigration; the risk of political unpopularity is too great a deterrent. Despite the alarming position revealed in the last two censuses, the majority of people are still strongly opposed to any immediate resumption of migration.

Nevertheless, over the past few years increasing attention has been given to this question in the press and in the utterances of public men. Early in this year the Hon. W. E. Barnard, Government member for Napier and Speaker of the House of Representatives, formed an organisation known as the New Zealand Five Million Club. The objects of this organisation are threefold: first, to present the facts in a clear and intelligible manner in the hope that with a better knowledge of the position the public will adopt a more reasonable attitude; secondly, to make

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a careful study of the question of the falling birth-rate, with a view to finding some way in which this threat to national welfare can be overcome; and thirdly, realising that some time must elapse before there can be any hope of arresting the decline in the birth-rate, to examine the possibilities of increasing the population by means of organised migration. Since its inauguration the Five Million Club has established branches throughout the country and its membership is increasing at an encouraging rate, thereby demonstrating that public opposition is slowly being overcome. The members are drawn from all shades of political opinion and all walks of life.

The extent to which public thought is turning upon this subject was again illustrated by the fact that the Government member for Kaiapoi, Mr. L. M. Williams, pointed out during the budget debate that

we are building public works, new railways, new highways, all on the assumption that they will be needed, but if the process that has been going on during the last 15 or 20 years continues the time will come when these highways will be desolate and the houses we are building untenanted. It is a matter of mathematical certainty that unless there is an increase in our birth-rate the population of New Zealand will rapidly decline as has the population of many older countries.

It was all the more significant that this utterance should have fallen from a member on the Government benches, since Labour is inclined to be more hesitant than its opponents on this subject, owing to nervousness as to the reaction among trade unions.

Some indication of the attitude of the Federation of Labour is gained from its reaction to the recent importation of skilled carpenters from England and Scotland by the Fletcher Construction Company. This concern is one of the building companies engaged in the erection of houses under the government housing scheme, and it has also several contracts for the construction of public and commercial buildings. Owing to the temporary shortage of skilled artisans in the building trade the company has

RECENT LEGISLATION

recruited men from England on an understanding of three years' employment. The total number to arrive under this arrangement is one hundred. Protests against the immigrants' "getting more favourable terms than New Zealanders, in being given three-year engagements, if such a contract really exists", have been voiced by the Secretary of the Christchurch Branch of the Amalgamated Carpenters and Joiners Union. The question exercising the minds of local union officials is whether it will become necessary to put off New Zealand carpenters if the building trade should become slack during the next three years, and thus to discriminate in favour of the immigrants by reason of the terms of engagement. There is some justification for this attitude on the part of the Carpenters Union, and it may well be that if such a position does arise opposition to any resumption of immigration will harden considerably. This experiment of the Fletcher Construction Company may become a test case. There is no doubt that the Trades Hall will watch the position very closely, and will be prepared to use all its influence if any hardship, real or imagined, can be claimed by the New Zealand worker.

Although not officially represented at the recent conference on migration convened by the Lord Mayor of London, the Dominion took some part in the deliberations through the presence of certain New Zealanders who were in England at the time and who accepted an invitation from the Five Million Club to represent it. While it cannot be expected that New Zealand will embark on any substantial scheme of immigration, either now or in the immediate future, the possibility of some resumption reasonably soon is distinctly more promising than it was two years ago.

V. RECENT LEGISLATION

ALIVELY debate ensued when Government introduced, on October 20, a Broadcasting Amendment Bill to separate the commercial broadcasting service from the

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National Broadcasting Service and to authorise the appointment of a Controller of Commercial Broadcasting. Some five years ago broadcasting was established as national service on the lines of the B.B.C. Control was vested in a Broadcasting Board. In 1936 Government abolished the Board and placed broadcasting under the direct control of the Minister of Broadcasting. The position of Controller of National Broadcasting was filled by the appointment of Professor Shelley of Canterbury College, University of New Zealand. Professor Shelley stated that his aim would be to utilise broadcasting in the best interests of culture, education and entertainment. The Government, pledged to establish commercial broadcasting, purchased a number of privately-owned stations and appointed Mr. C. G. Scrimgeour, who was to be nominally under Professor Shelley, to take charge of the new commercial service. It was obvious from the start that the aims of the Controller of National Broadcasting would to some extent come into conflict with the more popular programmes considered necessary for commercial purposes by Mr. Scrimgeour. While suggestions of disagreement between Professor Shelley and his subordinates have been denied, the difficulties arising from contrasting purposes can well be imagined. The only practical solution was the separation of the two services.

Opposition members took strong exception to the Bill on the ground that there would be costly duplication of staff and equipment, and that the new service was tending to lower the standard of broadcasting in New Zealand. The Opposition demanded a Royal Commission to enquire into various aspects of the Government's broadcasting policy. Strong exception was taken to the appointment without calling for applications and at a generous salary of a man who had come into prominence chiefly by his flouting of the regulations made by a previous Government. Mr. Scrimgeour, at the time of the last election, was conducting a semi-religious broadcasting service known as

RECENT LEGISLATION

the Friendly Road, which was supposed to be non-political, from an Auckland station. After repeated warnings that political propaganda either direct or indirect was not permissible, the Government of the time just before the election "jammed" the station. In demanding a Royal Commission the Opposition was anxious to dispel an unsavoury lingering of false accusation against the then Minister of Posts and Telegraphs (Mr. Adam Hamilton) and to clear up certain ambiguities in the business associations, agencies, and financial transactions connected with commercial broadcasting and the new controller. The Government, however, refused a Royal Commission on the ground that the Opposition could not bring forward any specific charges that would justify a public inquiry, and the Bill was finally passed.

The Petroleum Bill introduced by the Minister of Mines (Mr. P. C. Webb) vests in the Crown the ownership of all petroleum existing in its natural condition on or below the surface of any land in New Zealand. Prospecting or mining for petroleum can be carried on only under licence issued by the Minister. The Government is empowered to acquire petroleum, products of petroleum or petroleum works when necessary in the public interest. There was no opposition in principle to the Bill, as it is generally recognised that oil is a natural product over which the State is justified in exercising a strict control.

The Government fulfilled an election undertaking when it introduced legislation providing for the reversion to a three-year parliamentary term and a new procedure for voting in Maori electorates. The Electoral Amendment Bill had a speedy passage through the House.

The Primary Products Marketing Amendment Bill was introduced on December 1 for the purpose of regulating—though some would prefer to call it socialising—the internal marketing of dairy products, fruit, honey, eggs and other foodstuffs specified from time to time by order in council. The measure is a logical sequence to the Primary Products

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Marketing Act controlling the export sale of butter and cheese. The Bill provides for the subdivision of the Primary Products Marketing Department into the Dairy Products Export Division and the Internal Marketing Division. Prices may be fixed in respect of any defined area or for the whole of New Zealand and may refer to either wholesale or retail prices at which any foodstuffs covered by the legislation may be bought or sold. In addition, margins may be fixed within which the foodstuffs concerned may be bought or sold, and general conditions may be laid down to govern the sales. Margins may be fixed, as maximum prices and minimum prices, or by reference to the amounts or percentage by which the selling prices may exceed the buying prices. There is a requirement that price margins or conditions of sale fixed by the Department must be notified to the persons directly affected.

The principal Act imposes a penalty for the sale of dairy produce except at the fixed price. This provision, with its penalties ranging from £200 in the case of an individual to £1,000 in the case of a company or corporation, is extended to cover the sales of other foodstuffs now to be brought under the legislation. Under the Bill regulations may be made, if necessary, authorising the Department to take at fixed prices any of the foodstuffs concerned, and to export the surplus not required for local consumption. Regulations may also be made authorising the Department to control the export of foodstuffs by any other person or authority. The Internal Marketing Division is to have a separate account at the Reserve Bank, with the same overdraft provisions as apply to the Dairy Industry account. The export or the local price for dairy produce fixed for any one season or for any specified period may now be varied from time to time by order in council. Any variation increasing the price to be paid for dairy produce may be made to operate retrospectively in regard to the price to be paid by the Department, but will not be

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retrospective with regard to the price paid by any other person. No variation reducing the price for dairy produce will apply in cases where there is a definite prior obligation to pay a higher price.

The attitude of the Opposition to this Bill was very similar to that adopted at the time of the introduction of the principal Act, and the Government was accused of dictatorial tendencies resembling those of Russia. Nevertheless, the Bill now before the House is a logical sequence to the principal Act, and a natural element in the Government's policy of endeavouring to obtain orderly marketing and eliminate wasteful competition. At the same time one is left wondering whether there is not a further reason for the introduction of the Internal Marketing Bill. There is some justification for believing that it is part of an attempt to control the rising cost of living by fixing the price of foodstuffs at attainable levels and thus retaining the support of that powerful voting factor, the housewife, whose sympathy has been alienated by the higher prices due, to a measurable extent, to the recent industrial legislation passed by the Government.

VI. LORD RUTHERFORD OF NELSON

THE passing of Lord Rutherford of Nelson was an irreparable loss to the world of science. To the Empire it was the passing of yet another man who has by his work illuminated its history. To New Zealand it was a deeply personal bereavement. That Lord Rutherford should find his last resting-place in Westminster Abbey is but a just recognition of the immense benefits he has brought to humanity during his lifetime, and is an honour which New Zealand acknowledges with gratitude for one of her most brilliant sons.

New Zealand.

December, 1937.

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THE ROUND TABLE

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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

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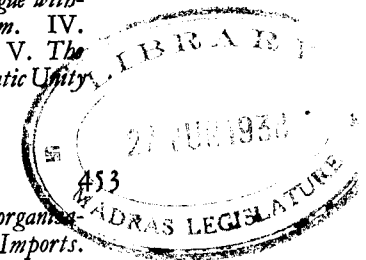
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THE COMMONWEALTH AND THE DICTATORSHIPS

THE events of the last few months, including the absorption of Austria into Germany, the resignation of Mr. Eden and the agitation for an expanded air programme in Great Britain, have gradually brought home to the public mind the tremendous change that has come over the international scene and the position of the British Commonwealth through the colossal rearmament of the totalitarian Powers. Many of the comfortable assumptions upon which public thinking had rested have been rudely shattered. In consequence there has been an unusual degree of uneasiness and of political recrimination about foreign policy both in the Dominions and at home. This article is an attempt to set forth the realities with which any foreign policy for the Commonwealth must deal.

I. EUROPE WITHOUT AMERICA

THERE are two popular explanations of the dangers with which we now find ourselves faced. The first is that the feebleness or lack of conviction of the principal members of the League of Nations, and notably of the British Government, in fulfilling their obligations under the Covenant, is the cause of all the trouble; that if only they had stood firm we should still be living in a world of peace and "collective security"; and that if they would only stand firm now the old security could be rapidly restored. The second is the Marxist explanation that the successive National Governments in Great Britain, particularly the Chamberlain Government, being essentially

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bourgeois creations, are necessarily pro-fascist in their sympathies, and that in their fear of communism they are treacherous to the League of Nations and are conniving at a victory for the fascist Powers in Europe, even at the risk of thereby gravely endangering the security of the British Commonwealth. These doctrines are comforting in their simplicity, but neither really explains the facts.

The breakdown of the League of Nations, though it has certainly been accelerated by the vacillating policy of its members, has been fundamentally due to deeper causes. The first has been that the League never achieved universal membership. This destroyed from the beginning the thesis upon which the sanctions contemplated under article 16 rested, that economic boycott by the whole of the rest of the world would suffice to deter or defeat an aggressor. The second has been that, because the members of the League retained their full sovereignty, it has never been able to revise treaties or remove the economic and political causes making for war; for revision could take place only with the consent of every Power directly concerned. Hence the discontented Powers, being unable to secure redress of their grievances at its hands, began to go into opposition to the League.

Even so the League as a new system of diplomacy might have accomplished far more than it has actually to its credit, had it not been for the withdrawal of the United States, and the failure of the Commonwealth nations to realise that the League could not succeed unless it could both assure collective justice and mass overwhelming collective power behind its judgments. We say this in no critical spirit of the United States, who had her own strong reasons for refusing membership of the League. But the whole peace settlement assumed the continued co-operation of the United States in trying to bring the ravaged world back to peace and order; her withdrawal from such co-operation had consequences of which most people, including almost all Americans, are largely unaware, but which must

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be understood if we are to judge correctly the present position.

Woodrow Wilson had declared at Paris that one of the first duties of the League would be to revise treaties of peace that had been made while war fever was still high, and while it was still universally believed on the Allied side that Germany was solely responsible for the war. The withdrawal of the United States deprived the League of the support, not only of the strongest Power in the world, but also of the Power most detached from the inner quarrels of Europe. That withdrawal carried with it other fateful consequences. It wrecked the joint Anglo-American treaty of guarantee to France, which had been one of the essential foundations of the Paris settlement. France, with a population of 40,000,000 over against a more highly industrialised German population of 65,000,000, had abandoned her policy of dismembering Germany only on condition that the United States and Great Britain shared the risk by undertaking to come to her assistance in the event of "unprovoked aggression" by Germany. When this joint guarantee lapsed, France reverted to the policy of keeping Germany permanently weak by enforcing the disarmament and demilitarisation clauses of the Versailles treaty, by ringing her round with military alliances, by invading the Ruhr, and later by refusing any revision of the essential discriminations of the treaty system. Great Britain shared the responsibility for all this, because she did not offer her own unilateral guarantee until the autumn of 1922, when the alliances had already been made and when M. Poincaré was preparing to invade the Ruhr in order to compel full execution of the treaty. The withdrawal of the United States from the Reparations Commission similarly turned it from a potential instrument for revising reparations, and relating them to inter-Allied war debts, into a relentless collector of the maximum possible sums. Even the Locarno treaties sought to perpetuate the discrimination against Germany in the shape

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of the unilateral demilitarisation of the Rhineland. The main outcome of this policy of repressing Germany, to which France thus felt driven, was the rise of Herr Hitler to leadership of a National Socialist Germany.

II. THE LEAGUE WITHOUT POWER

THE zeal of the British nations for disarmament, coming after the withdrawal of the United States, had not less far-reaching consequences from the standpoint of power. It meant that they were unable either to give to France the security without which she was unwilling to abandon her repression of Germany, or to maintain behind the League the superiority of power necessary to give it authority. Overwhelming power in the hands of the state is necessary to maintain peace and the rule of law in domestic affairs. Similarly, power is the ultimate governing force in international affairs, and, if a League system is to work, it will only be because it has irresistible power behind it. A League with universal membership could have had power in a lightly armed world: a partial League required adequate superiority of armament. American failure to support the League, and the disarmament policy of the British Commonwealth, meant that power eventually passed out of the hands of the democratic and League countries into the hands of those individual nations that were prepared to make the sacrifices necessary to build up armaments. The great aggregation of power represented by the United States, the British Commonwealth and France, which had won the war and enunciated the ideals of the League, gradually dissolved.

The consequence became clear as soon as war exhaustion began to wear off. The militarists of Japan decided to embark on a policy of continental expansion. They knew that the signatories of the Nine-Power treaty could never be induced voluntarily to consent to such action. Under the Washington naval treaty, however, Japan possessed a navy

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that made her completely master of the China Seas; and with Russia still outside the society of respectable nations the Japanese military leaders felt secure against effective intervention. They were right. At no time was there any likelihood that Mr. Stimson or President Hoover, let alone Congress, would risk war with Japan over Manchuria. Because the Singapore base was not ready and because any fleet that Great Britain could possibly mobilise in the Far East was far inferior to that of Japan, Great Britain could not take action involving the risk of retaliatory attack by Japan, unless she was assured of the full co-operation of the American navy. That co-operation was never offered. The Japanese Government, on the other hand, now under the control of the military, understood the realities of the power situation. The English-speaking democracies were still bent upon disarmament and still relied upon the efficacy of the moral judgment of mankind unsupported by any readiness to make active sacrifices for it. It was the first illustration of the truth that, in a world in which membership of the League was not universal, article 16 of the Covenant could be made effective only if the nations invoking it were prepared to risk war, and moreover possessed such a military preponderance that in the event of war they could be certain of rapid victory.

The Abyssinian case illustrated the same truth. Mussolini decided to try to solve his internal problems and to gratify his own ambitions by seizing the one part of Africa that was not under European control. Like the Japanese militarists, he knew that he could not obtain the consent of the League Powers for any such enterprise, and realising that his time was short, if he was to succeed before Germany was rearmed, he invaded Abyssinia in the autumn of 1935. This flagrant breach of all that the League stood for was clearly a final test of the theory of collective security. If Mussolini succeeded, the League as a system of collective security was dead. For the scene was no longer in the Far East, where admittedly the League countries could exercise

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directly but little power, but in a region where they could certainly manifest decisive superiority, both economic and military, as against Italy. Despite a valiant beginning, mainly under the impulse of British public opinion, the attempt faded away in impotent failure. Though a more resolute leadership by the British Government might have saved the situation and prevented many of the disasters that have happened since, the reasons for failure went deeper. The first was that public opinion in none of the democracies was really prepared to go to war in defence of Abyssinia and the League, though it might have been pushed into it by resolute leadership; moreover, because of their faith in disarmament, the democracies were actually unprepared for war. The League, in the popular mind, was then a system for running the world without war, not a system of collective security whose efficacy depended upon the readiness of its members to go to war in order to check aggressors. The second basic reason was that France and most of the active continental members of the League were far more concerned with the German menace than with saving Abyssinia; they were therefore quite unwilling to become involved in a war with Italy that would allow Germany to escape from the fetters and frustrations of Versailles.

Since Abyssinia the situation has progressively deteriorated. The members of the League have been unable to agree either to make any concession to Germany on the fundamentals of the Versailles treaty or to take common action to prevent her from rearming. By making the worst of both worlds they have given to Herr Hitler and the National Socialist régime three resounding victories for totalitarian power diplomacy over League methods. They have been unable to prevent either wholesale intervention in the Spanish civil war, or Japan's attempt to destroy the whole nationalist movement in China, as the necessary preliminary to turning China into a satellite State and a private economic preserve.

The entry of Herr Hitler into Austria was a decisive

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triumph of power politics over the League thesis. Not only did nobody do anything but mildly protest; the incorporation of Austria in Greater Germany involves a change in the whole strategic situation which makes it far more difficult than before to apply League sanctions in central and eastern Europe.

It is no use crying over spilt milk or trying now to assess exactly where the British or any other Government went wrong. The fundamental truth is clear, that the new way of international life implied in the League of Nations could have succeeded only if the victorious democracies that established it had stood together in strength to maintain the two principles upon which any system of collective diplomacy must rest. The success of the League system does not depend on fidelity to the literal text of the Covenant, which is too rigid and legalistic to fit the conditions of a changing world. League diplomacy, if it is to succeed, must on the one hand be able to remove the grievances that induce nations to consider paying the price of war in order to redress them, while on the other it must be able to prevent or defeat attempts to alter the *status quo* by war or the threat of war. The two principles are inseparable. Unless the League can apply both it will, in practice, be able to apply neither. Just as within the state a failure to remedy grievances or to prevent individual resort to force ends in revolution or civil war, so a similar failure on the international stage leads to alteration by violence or to war.

At the moment it is clear that the League can discharge neither function effectively over the greater part of the globe. It is even doubtful whether it can, in fact, do so anywhere in Europe. The first object of democratic policy should be to convince the world that in the adoption and execution of those principles lies its real hope of peace, progress, and national and individual freedom. But there is a long and difficult road to travel before that goal can be reached. Readjustments will first have to be made by old-style diplomatic means. The first step towards it is that the

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democracies should understand the part that power must inevitably play, whether in the League system or outside it, in a world whose nations still cling obstinately to the principle of national sovereignty.

III. COMMUNISM AND FASCISM

BEFORE considering the place of power in the contemporary world, however, we must turn to another aspect of the international situation, which, as the League declines, is becoming increasingly menacing—the so-called ideological conflict between communism and fascism. Both ideologies seek to remould society by enabling a single party to capture the machinery of the state by revolutionary violence. All revolutionary parties rest on an emotional rather than an intellectual basis. The emotion that animates communism is class feeling, and the philosophical doctrine is the Marxist interpretation of history. The emotion that animates fascism is racial nationalism, stirred to vigour partly by the violence of the communist attack on the *bourgeoisie* and the national tradition, and partly by a sense of unjust treatment or unfulfilled racial destiny; the philosophy is fundamentally the Nietzschean cult of power and violence as the test of right. Both are anti-Christian and anti-liberal. Both seek to achieve their ends by compulsion, propaganda and the suppression of all opposition and all contrary opinion. Though both proclaim the restoration of individual liberty for re-made man as an ultimate goal, both in practice treat the citizen as a means to the end of the dominant party rather than as an end in himself.

Historically, fascism is a counter-violence to the violence of communism. Whatever may be the future of socialism as a method of organising a democratic society, there seems to be no doubt that, once communists try to put into practice the fundamental Marxist and Leninist doctrine that socialism can be established only by violently “liquidating” the *bourgeoisie*, fascism always wins; for nationalism is a

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more potent cry than class war, which splits the nation, and the *bourgeoisie* are better organisers and understand the use of force far better than the proletariat.

The conflict between fascism and socialism explains a good deal of contemporary world politics. One of the reasons that drove Japan to intervene in China was fear that communist Russia should absorb China itself. One of the reasons that influenced Hitler in supporting Italy in Abyssinia was fear lest the victory of the League might end a “red” Italy. But the most conspicuous case has been Spain. The full facts are not yet known, but there seems to be little doubt that both communists and fascists, in Spain itself and in foreign countries, sought to use the difficulties which the republic found itself in 1936 as an opportunity to overthrow liberal institutions and to capture the Spanish state, partly in order to expand their own power, partly in order to prevent a victory for the rival gospel. The outbreak of the civil war was followed by intervention from both quarters. Whether it was ever possible for France and Great Britain to prevent foreign intervention by resolute action, without becoming involved in a European war, or whether if the Government and General Franco had both been accorded full belligerent rights it would have made a decisive difference, is a hotly disputed question to which we shall not attempt an answer here.

There is no dispute that the successful fascist intervention has introduced a new element into the world situation which is exceedingly disquieting to the British Commonwealth and France. May not the ending of the Spanish civil war by a final victory for General Franco mean that Spain will fall under the domination of a party which has embraced fascist ideals, and is therefore naturally aggressive and expansionist, or even of the great fascist powers themselves, and so become an outpost of world fascism on the coast of Europe, threatening the security of France and the communications of the Commonwealth? The most sinister explanation of British policy, that it

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deliberately favours fascism, can certainly be dismissed. The passivity of its policy is probably due to the normal determination of every democracy not to become involved in war, to the fact that both the French and British Governments were backward in their armaments as compared with their rivals, and to the practical difficulty of doing anything effective in Spain unless the democracies had been willing to intervene in the Spanish conflict itself as openly as the rival system. However that may be, the course of events in Spain has introduced a vehement division into the discussion of foreign politics. Left-wing and trade union opinion, in England, in the Dominions, in India and in the United States, as well as in France, is becoming so alarmed at the growing power and audacity of fascism that it is almost prepared to join with communism in fighting it actively everywhere. Rather than side with communism, Right-wing opinion in these same countries would prefer to see the victory of the fascist Powers themselves.

THE ROUND TABLE takes neither of these views. It considers that both systems of party dictatorship are fatal to free institutions and to the development of the fully responsible moral individual. Modern war, however, is also fatal to free institutions. The convulsions caused by the late war have destroyed what we mean by freedom over nearly two-thirds of the globe. Another world war would compel the remaining democracies to adopt, at least for the time being, some authoritarian system in order to defend their national existence. In our view the right policy for the Commonwealth, and for all democracies which are free to do so, is to avoid commitment that might lead to participation in an ideological war, but rather to prepare themselves to defend their own common heritage if it is attacked. It is now clear that they will be able to do this only if they are both adequately armed and can show a united front to the rest of the world.

THE PROBLEM FOR THE COMMONWEALTH

IV. THE PROBLEM FOR THE COMMONWEALTH

ANOTHER article in this issue * gives some detailed consideration to the problem of strategy and power as it faces the nations of the British Commonwealth to-day. Two main points stand out. The British Commonwealth, for two reasons, is much more vulnerable now than it was in 1914. The first reason is that whereas in 1914 it had only one hostile navy to consider, if the anti-Comintern pact were to become a military entente it might now have to face naval war on three fronts—the North Sea, the Mediterranean and the Far East. Such an onset the British navy, at its present or its planned strength, could not, by itself, sustain. The French navy, however, is a strong support in the Mediterranean. Moreover, while the United States adheres to her policy of armed isolation, she seems to contemplate keeping a larger fleet than the Japanese in the Pacific, and this fact acts as a strong deterrent to any possible attempt by Japan to attack Singapore or the Dutch islands or Australasia.

The second weakness of the British Commonwealth is the new vulnerability of Great Britain and of the communications of the Empire from the air. The proclaimed air standard for Britain is parity with the strongest nearby continental Power. But parity must refer not only to quality and quantity of front-line aeroplanes, but also to the means of defending industrial cities and ports, including the organisation, evacuation and provisioning of the civilian population of vast cities like London, under the kind of constant aerial bombardment that modern air forces can inflict. Germany is said to be so organised that she can deal with 25,000 air-raid casualties *per diem* in the event of war. To-day Great Britain has not more than half the aeroplanes, half the organised productive power, and half the anti-aircraft organisation that Germany possesses, and France is alleged by an eminent French general not to possess

* See below, p. 470.

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more than a third of these. That is one of the main reasons for the recent decision to correlate the armaments of the two countries for defensive purposes, and strenuous efforts are now being made in both democracies to make good the days "that the locust has eaten".

This weakness in armed power of Great Britain and France illustrates aptly the other central fact of the present-day power situation, which is that collective security, in the sense generally implied by the use of the word on the political platform, simply does not exist. Most of the smaller Powers have proclaimed their intention to remain neutral rather than risk war by fulfilling their obligations under the Covenant. The delay in the rearmament of Great Britain and France, and the executions in Russia, coupled with the superior efficiency in war preparation of the totalitarian systems of Germany and Italy, render doubtful the outcome of an armed conflict between the three main League Powers and the anti-Comintern group. (At the moment, indeed, perhaps the greatest security against world war is provided by the vigour and tenacity of the Chinese resistance to Japanese aggression.) Nothing will restore the active support of the lesser Powers for collective security under article 16 save the re-appearance on the League side of an overwhelming preponderance of armed strength, coupled with the conviction that in a crisis it will be used, even if that may mean war.

This analysis does not necessarily imply that any of the great Powers, fascist or otherwise, wants or is planning general war. Under conditions of international anarchy the greatest deterrent to war between the great armed Powers is the fear of general war itself. Power politics is a game in which economic concessions, or extensions of political influence or territory, are obtained by playing diplomatically the cards of armed power, or occasionally by swiftly crushing weak opponents. It does not contemplate general war because of the inevitable destruction that protracted war involves for those making it, and because of

THE CHAMBERLAIN-EDEN CRISIS

the uncertainty of the result. General war may come about, as in 1914, through an accident or the mischief of a fool or a rogue. But it is not an objective in itself.

Until the nations can be brought to the two principles of collective diplomacy already described, the best security for peace is that the world should be divided into zones within each of which one of the great armed Powers, or a group of them, is clearly preponderant, and in which therefore other Powers do not seek to interfere. Then there may be peace for a time. The peace of the nineteenth century rested on the fact that the supremacy of the British navy kept the whole oceanic area free from general war. The wars of Europe and the Far East were prevented from spreading to this sheltered zone, while the independence of the Americas was protected by the Monroe doctrine. Freedom only extends under conditions of stable peace, and the unparalleled growth of free institutions during the nineteenth century was due to this *Pax Britannica* on the seas. The vital question now arises whether in that same zone, to which France and Scandinavia must be added, it is not possible, despite the immense armaments of central Europe, Russia and the Far East, for the democracies to create the security, stability and peace in which liberal institutions can survive. The oceanic zone in fact constitutes the one part of the world in which it is possible to-day to realise the ideals of the League of Nations. There is general contentment with the *status quo*, and any necessary modifications of it can probably be made by pacific means. The one uncertain question is whether the democracies can act together and collectively mobilise the preponderance of force that will assure them against external aggression.

V. THE CHAMBERLAIN-EDEN CRISIS

A GAINST this background occurred the crisis that led to the resignation of Mr. Anthony Eden.* Its exact nature is still obscure. To a certain extent it was a

* See below, p. 542.

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clash of personalities. Mr. Baldwin had left his Foreign Secretary a free hand. Mr. Chamberlain had very definite ideas of his own about foreign policy and insisted on the predominant rôle which, in the last resort, belongs to the Prime Minister. But there was also a conflict, not perhaps of policy, but of approach to policy. It seems clear that Mr. Eden, who had approved of opening negotiations with Italy, would not have resigned merely on a question of how and when the negotiations should be opened unless there had been a further divergence in the background. What that divergence was can probably be explained thus: Mr. Eden, whose political career lay in the post-war age, was very closely bound to the French school of collective security, entrenched at the Quai d'Orsay and among the Little Entente Powers and the politicians he constantly met at Geneva, who meant by collective security the maintenance of the treaty of Versailles as against Germany. He was anxious to retain the support of the Left and of the League of Nations Union at home behind his policy, and so was reluctant to involve himself in negotiations with the dictators which were bound to end in some compromising of the full League position. Mr. Chamberlain, less fully steeped in the post-war tradition, considered that the official League policy had failed in that it had not given security to China or Abyssinia or Spain and was not solving outstanding conflicts, while its practical outcome had been to drive Germany, Italy and Japan into an association extremely dangerous to the British Commonwealth and menacing to world peace—an association which the League Powers, in the existing condition of their armaments, were in no position to resist by war. In these circumstances he determined to break through the ideological antagonism that separated Leaguers and anti-Leaguers, democrats and dictators, anti-fascists and anti-communists, and to see whether it was not possible by direct, frank discussion to arrest the drift towards world war by the road of compromise and agreement.

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It is too early yet to say whether Mr. Chamberlain's policy is going to succeed, though it seems certain that in the present conditions of power Mr. Eden's policy could not have succeeded either. The Prime Minister has won an undoubted success in the first round with his agreement with Italy, which has outwardly ended the active hostility of Italy to Great Britain and eased the position in the Mediterranean. But if he is to succeed fully he has three very difficult problems to face. The first is that of Spain. Mr. Chamberlain has secured his agreement with Italy at the price, it seems, of abandoning any serious effort to end Italian or German intervention on the side of General Franco. Although there is still a formidable stream of volunteers and munitions moving into Spain on the Government side from France and Russia, Mr. Chamberlain's policy arouses vehement hostility on the Left at home, and he has still to ensure that at the end of the civil war Italian men and material are actually withdrawn from Spain and that Spain itself does not remain under the control of Italy and Germany.

Then there is the Far East. China is certainly fighting on the side of world freedom in her gallant struggle with Japan. So long, however, as the policy of the United States is neutrality, and the diplomatic struggle in Europe is as acute as it is to-day, it is impossible for Great Britain, even with the assistance of Australia and New Zealand, to interfere in the Far East or do more than defend the Singapore front.

Finally, there is the most acute and dangerous problem of all, that of Germany. Germany has now attained certain of the objectives she has sought. She is heavily rearmed and is safe from invasion, despite her exposed strategic position. After three centuries of division, she has won the essential unity of the German people—long opposed by the French tradition inaugurated by Richelieu—and by reason of her disciplined and totalitarian organisation she is now the strongest single military Power in Europe. But she

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still has other aims. She has unsettled the future of the Sudeten Germans and the other German minorities, in Poland, Memel, possibly in Denmark. She repeats her demand for the return of her former colonies. She has to build a secure economic foundation for the well-being and improving standard of living of the German people. And there still remains to be elucidated the part that Germany is to play, as a world Power, in moulding the future of the world.

The solution of these problems has been made infinitely harder by two further elements. The first is the momentum and prestige that totalitarian power diplomacy has gained through being able to take by unilateral acts what negotiation failed to secure, combined with the difficulty felt by the rest of the world in recognising the changes in the balance of forces that must follow the emergence of Germany from the almost helpless and subordinate position which she occupied after the war into that of a world Power of the first order, determined to secure an equal share with her rivals in strength, territory and influence. The second is the character of the National Socialist régime itself. Never has a nation been so disciplined and so organised to exercise pressure abroad, by power politics and if necessary by war, as the "total" Germany under the leadership of one of the most remarkable leaders in history. Nazi Germany may be largely the creation of Versailles, but it also represents the Hegelian worship of the state as an end in itself; and while the immediate aims of Nazi diplomacy may be not unreasonable its methods are likely to be as high-handed and ruthless and formidable as have been the methods adopted by the National Socialist party in its seizure of power in Germany itself.

Czechoslovakia is apparently the danger spot of the next few months. It will require high statesmanship on all sides to find a peaceful and stable solution of the minorities problem. The critical question for the next six months is whether the four great Powers represented by the

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Franco-British entente and the Berlin-Rome axis can make up their minds that they will not go to war with one another, and that they must settle outstanding problems by agreement together. Until that is done it is difficult to see how there can be a cessation of the competition in armaments or security against world war. Mr. Chamberlain's diplomacy logically leads to that end, if the others will agree and are reasonable in their demands.

VI. DEMOCRATIC UNITY AND PREPAREDNESS

ONE conclusion at least is clear. Whether we wish gradually to restore the basic League principles as a universally accepted international system, or whether we are concerned to preserve free institutions and democracy as a way of life; whether we feel that a real settlement with our rivals is possible only if it is made from strength and not from weakness, or whether we are only anxious to preserve our own nation or the British Commonwealth from attack and possible destruction, the first and paramount necessity is armed power adequate for the purpose. Pacifism in the sense of non-resistance is no answer. It is only a *laissez-passer* to the gangster. Resistance by non-violence is a creed that has never been tested in international relations and that few understand. The final ending of war and of competitive armaments will be reached only when we can create a world government, which alone has arms, which represents the whole human race, and whose legislative and executive acts are controlled by constitutional process. That is far beyond the horizon.

The issue that the western democracies will almost certainly have to face sooner or later is whether they can preserve their freedom and security without a political and defensive integration among themselves even closer than that of the League Covenant. Until a new equilibrium is reached it is clear that far greater sacrifices, the nature of which cannot yet be fully seen, will be required, if our

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edom and institutions are to be secure, than most people have realised. What each member of the Commonwealth could do will vary according to its strategic and geographical position, and is for itself to decide. In Great Britain the most urgent need is the achievement of air parity and the proper organisation of air defence. We believe that an essential step, immediately necessary, is the preparation of a universal national register which will allot every available citizen the task he can most usefully perform, so that he can be trained to perform it. If, then, an emergency does arise it can be met with smooth efficiency and not confusion. The adoption of such a policy would probably do more than any other single act to deter aggression, because it would be evidence of a vigorous national morale. In the long run, however, the surest and the most permanent contribution that the oceanic democracies, including the United States, could make to peace and freedom would be to organise a league for collective justice and collective security among themselves.

AGRICULTURE ON RELIEF

By a Special Correspondent

I. AID FOR BRITISH AGRICULTURE

IN discussions on agricultural policy, the issues are invariably complicated by a curious mixture of economic, political, sociological, and even sentimental considerations. From time to time the desire to have a bigger or stronger farming industry in Great Britain has shown itself in various measures of aid to agriculture. But the object of these efforts is not always precisely defined. Is it to improve the living conditions of those already on the land? Is it to increase the production of foodstuffs that would be required in time of war, or of those that might obviate the present malnutrition of some sections of the people? Or is it to increase employment in agriculture and to augment the rural population? It cannot be assumed, unfortunately, that measures designed to achieve any one of these objectives will automatically succeed in the remainder. In fact, it is more probable that each conflicts with the others. The only apparent point of unanimity among those who prescribe for a sickness which they do not always pause to diagnose is that something must be done for farming.

In the urgencies of short-term planning and emergency legislation, it is often convenient to forget that the bulk of the 46 million people in the United Kingdom owe their livelihood and their present standards of consumption to the growth of a system of international trade which is based primarily on the importation of food and raw materials in exchange for exports of manufactured goods and the provision of certain services. If, therefore, the stimulation

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British agriculture affects seriously this fundamental economic organisation, it is likely to result in lower standards of living all round. For these reasons, any measures that aim at helping agriculture through the regulation of imported food supplies must have a special significance for the country as a whole.

The recent discussions at Sydney among representatives of Empire producers may prove to be of considerable importance in relation to Great Britain's trade policy. According to cabled reports, agreement was reached on two main principles. First, the conference reaffirmed the dogma of post-1931 policy: the home producer first on the British market, the Empire producer second and the foreigner third. Secondly, resolutions were passed with the aim of securing a more orderly marketing of Empire produce; commodity councils, controlled and financed by producers, are to be set up to regulate the flow of supplies of primary products to the United Kingdom, to such an extent as may be necessary to avert restrictive action under statute by the United Kingdom Government.

Developments in the Government's agricultural policy had suggested that the general idea of restriction of imported supplies had been dropped in favour of other methods of assistance, but the discussions at Sydney and the contributions by the British delegation, which bore signs of having been inspired by Whitehall, indicate that the conclusion was premature. Experience of the last few years has shown very definitely that a policy of restriction is dangerous, not only to the industrial interests of Great Britain and to the exporter from the Dominions, but also to the British agricultural community for whose benefit the control of imports is presumably undertaken.

In estimating the value of past agricultural policy and the probable effects of any new policy on Empire trade and on British farming, it is essential to consider the steps already taken by the United Kingdom Government to foster the agricultural industry. Much of the assistance has originated

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since 1931, but it must not be supposed that before that date British agriculture had been left entirely unprotected from the onslaughts of the competitive system. Admittedly the special benefits conferred on farming were for the most part indirect, being mainly derived from relief from rates and from the provision of special funds for agricultural research. Apart from the sugar beet subsidy, which was worth about £4 million a year to the industry, the estimated value of this indirect assistance, according to Dr. Venn, was about £21 million a year.

Since 1931 the value of assistance, both direct and by relief from taxation and rates, has approximately doubled. Recent legislation has adopted three main lines of attack: the reorganisation of marketing, protection from imports, and more direct assistance by means of subsidies.

II. REORGANISATION OF MARKETING

It is difficult to estimate the effects of the recent marketing reorganisation on the returns to the British farmer. One of the objects of the Agricultural Marketing Acts of 1931 and 1933 and of more recent legislation was to enable producers, by granting them powers to control their output, to overhaul their methods of marketing. Control of the home output was intended to help the farmers in three ways: first, it was to give producers, when organised, added bargaining power in their dealings with the middleman; secondly, it was to stabilise prices by enabling producers to distribute the available supply in such a way as to avoid gluts and shortages on individual markets; thirdly, it was to give producers the opportunity of increasing their returns by reducing either the quantities of produce sent to market or the total amount produced.

Controlled distribution of market supplies, according to the second of these purposes, may be effective in increasing the farmers' returns. Zoning of supplies, the elimination by the Milk Marketing Board of that wasteful criss-crossing

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of milk supplies which was a feature of unorganised buying and selling, and the provision of better market intelligence by the Potato Marketing Board are examples of the methods whereby organised marketing may improve the regulation of the market and obviate some of the excessive price fluctuations that characterised agricultural marketing in Great Britain. It is impossible to put a precise monetary value on these efforts.

Available price statistics seem to indicate that increased bargaining power has so far had little or no effect in reducing the margins between what the consumer pays and what the farmer gets; in fact, for milk and pigs, middlemen's margins may have been stabilised at a slightly higher level than in pre-marketing-scheme days. For potatoes, changes in marketing methods and trade practices have been more notable, but here again they have had little apparent effect on actual distributors' margins.

Those provisions of the Agricultural Marketing Acts which gave organised producers monopoly powers over the home output are effective in raising returns to the farmer only where the total supply is under control and where the consumer considers the commodity to be sufficiently essential to make him pay considerably higher prices. Where a large proportion of the supply is imported, or where the consumer switches over to some other foodstuff rather than pay a higher price, monopoly powers are of little value to the home producer, unless, of course, the alternative supplies are also curtailed. So far as the existing schemes go, the powers of supply control for this purpose have probably been effective for milk, hops and potatoes. By controlling the supply of liquid milk to a market that was naturally protected, the Milk Marketing Board has been able to maintain "uneconomic" prices—prices high enough to attract a supply of milk in excess of the market's requirements. It is impossible, however, to make any reasonable estimate of the cash value of the monopoly powers under this scheme. The hops marketing scheme,

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with its more rigorous restriction of supply, has probably raised the hop growers' returns by as much as £500,000 a year compared with pre-scheme years, though that must necessarily be a very rough approximation. For potatoes, total supplies have been stabilised at a high level, and prices have been consequently so low that production control has yet exerted little or no influence on general market conditions. The riddle regulations,* however, by cutting marketable supplies, may have succeeded in increasing producers' returns in one or two years.

In summary, therefore, the measures for the reorganisation of agricultural marketing have probably had but a slight effect on farmers' returns beyond preventing a decline in milk prices and securing an increased return for potatoes and hops, the latter a very unimportant source of income to British agriculture as a whole. The Agricultural Marketing Acts, as means of raising farm returns through marketing organisation, have not come up to expectations.

III. RESTRICTION OF IMPORTS

THE financial benefits of import regulation are easier to assess, since it may be said with the conviction resulting from both theoretical and statistical analysis that with minor exceptions such regulation has not materially increased the returns to the British producer.

The policy of restricting imports failed to achieve its objectives because it was fundamentally unsound and not because the methods employed to cut down imported supplies were ineffective. The figures given below indicate the changes in the volume of the food imports that are most directly competitive with British farm produce. Between the pre-depression period, 1927-29, and 1931, food imports had increased by as much as 17 per cent., partly as a result of

* In preparation for market, potatoes are passed over riddles or sieves; if the size of the mesh is expanded, the proportion that does not pass through—the marketable supply—is reduced.

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increasing production in the exporting countries and partly as a result of the closing of several of the normal markets, such as France, Germany and Italy. Economic nationalism aggravated the depressing effect of increased output and accumulating stocks, and prices fell precipitously. At the end of 1931 and in subsequent years, a number of measures were introduced which were calculated to restrict United Kingdom imports; the most effective of these were the departure from the Gold Standard, the Import Duties Act, the Ottawa Agreements, the Irish Free State (Special Duties) Act and the Agricultural Marketing Act of 1933. The Empire preferences or exemptions concentrated the effect of these measures mainly on supplies from foreign countries.

INDEX NUMBERS OF THE VOLUME OF FOOD IMPORTS INTO THE
UNITED KINGDOM FROM EMPIRE AND FOREIGN SOURCES,
1931 TO 1937.
(1927-29 = 100.)

Source.	1931.	1932.	1933.	1934.	1935.	1936.	1937.
From Empire countries .	117	123	141	137	137	152	142
From foreign countries .	116	99	87	84	82	75	79
From all countries .	117	111	107	104	103	105	103

Between 1931 and 1937, the total volume of food imports had declined by 12 per cent. An increase of 22 per cent. in shipments from the Empire had been more than counter-balanced by a cut of 32 per cent. in supplies from the foreigner. The policy of "the home producer first, the Empire second and the foreigner third" was to all appearances successful, so far as the shares of the home market were concerned. The market for imported food had been cut by 12 per cent., and the Empire's share of what was left had risen from only 38 per cent. in 1931 to 52 per cent. in 1937.

The underlying theory of import restriction was that a reduction of imports would raise the prices of British farm

RESTRICTION OF IMPORTS

produce, thereby encouraging the British farmer to increase his output to fill the gap thus made in total supplies. There are three more or less distinct reasons why such a policy, even if it had applied to Empire supplies as well as those from foreign countries, need not have been expected to accomplish this object. The fact that it left unaffected a large part of the total supply, that from the Empire, made it fairly certain that home prices would not be increased materially.

In the first place, the imported commodity is not always directly competitive with the British product. In general the latter is higher priced, and restriction of the cheaper commodity may have little or no effect on the dearer, since it certainly does not increase the consumer's purchasing power and enable him to buy the dearer article, for which there is presumably a preference. Evidence of this is seen in the results of the bacon import policy; it was realised that a tariff might be unreliable in reducing imports, and the quotas allocated to the main supplying country, Denmark, were well below her previous rates of export. The price of Danish bacon, cuts of which were previously sold at about 6d. per lb. below the corresponding cuts of British bacon, rose practically to the same level as that of home-grown bacon and, for a few months, even above it. British pig prices were left almost unchanged, although it must be admitted that home prices did not fall as home production increased.

This lack of direct competition between British and imported products is fairly widespread; the restriction of chilled and frozen beef imports did not affect the price of good British beef cattle; British eggs are normally dearer than imported eggs, and the tariff, even if it had been successful in reducing imports, would therefore have had no effect as a means of raising prices. Similarly with butter and most of the other live-stock products, the relation between the imported supply and the home price is weak.

In the second place, the overseas product often comes on

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the market at a different time of year from the British one; this is particularly true of imports from the Southern Hemisphere, the source of an increasing proportion of overseas supplies to the British market.

Finally, there are certain types of commodities for which the consumer is not willing to pay an unlimited amount; hence it is difficult materially to raise prices by cutting down supplies. Any suggestion of higher prices drives the consumer to find a substitute, and the demand for the product drops. Since these substitutes have become increasingly easy to find, the number of commodities that fall into this category is now very great. There are, of course, still commodities which the consumer will buy in certain quantities, regardless of the price, in which case prices may be raised very considerably by restriction. The distinction may be more clearly illustrated by a comparative study of what has actually occurred as a result of decreased supplies of eggs and cheese: a drop of 10 per cent. in supplies caused retail cheese prices to rise by as much as 40 per cent., whereas a similar deficiency in egg supplies raised egg prices by only 5 per cent. To look at it another way, raising the respective prices of cheese and eggs by 10 per cent. would apparently necessitate cutting cheese supplies by only 2½ per cent. and egg supplies by as much as 20 per cent.

There are, of course, exceptions to the generalisation that import restrictions do not raise farming incomes in this country. Tariffs that have been placed on a number of fruit and vegetable imports may possibly have improved the market for the home crop, chiefly where they have lengthened the period when foreign supplies are not on the market and where the cost of "out-of-season" production does not increase sharply. Yet the effects of even these tariffs upon farming as a whole are not extensive; fruit and vegetable production yields less than 10 per cent. of the agricultural income, and there has been little permanent change, as a result of the tariffs, in the total area of land devoted to these crops.

DIRECT ASSISTANCE

IV. DIRECT ASSISTANCE

WITH the comparative failure of marketing reorganisation and import regulation, the third method, direct assistance, became increasingly popular. Until 1931, sugar was the only crop that had been singled out for such special favour, but after that date it was followed by a quick succession of commodities—wheat in 1932, milk and fat cattle in 1933, barley and oats in 1937 and pigs in 1938. In addition, assistance was also given for the provision of certain fertilisers, for drainage and for the eradication of disease.

The following is a rough list of the sources of special assistance to the agricultural industry at the present time. There are other sources of help, but they have been omitted as not being distinctively of benefit to agriculture. A few of the earlier items on the list are little more than rough estimates:

	£ million.
Special research and education	3.0
Rating relief	16.0
Reduced transport rates	0.8
Smallholding grants	1.0
Sugar subsidy and revenue rebates	5.2
Wheat	1.3
Milk	0.8
Fat Cattle	3.9
Barley and oats	1.8
Lime and slag	1.0
Drainage *	0.2
Disease *	0.9
Pigs	1.0
	36.9

* Agriculture Act only.

The preferential treatment may therefore be taken as worth approximately £37 million a year at the present time. This ignores the questionable value of statutory monopoly powers, tariffs, quotas, special assessment for income tax, reduced tithe payments, and so on. Against this total, a

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number of writers offset the computed increase in wages enforced by the wages boards. While this is justifiable in considering the position of the farming employer, it is not a special burden peculiar to the agricultural industry; other industries have their wages boards, many of which are more effective in maintaining wages than those for agriculture.

This total of £37 million is not a maximum liability for the state under the various measures; for example, whereas in 1936-37 the amounts paid out under the wheat, fat cattle, milk and sugar subsidies totalled only £11 million, in 1934-35 the total had been over £20 million. It is possible, therefore, that if world price levels fell again total payments might easily amount to about £50 million.

It has become increasingly evident that there is a limit to the price Great Britain is willing to pay for the luxury or the necessity of maintaining her agricultural production. After all, where 94 persons out of every 100 are primarily interested in getting the kind of food they want at as low a price as possible, the remaining 6 persons cannot push their own interests too far. Periodic fear of shortage, when war threatens, may create a sudden interest in the farmer, but it is usually too ephemeral to promote confidence in the future of the industry.

The more recent measures of assistance all reflect efforts by the Government to attain a "limited liability". Thus, for example, the full guaranteed price for home-grown millable wheat is limited to a quantity not exceeding 36 million cwt.; any excess proportionately reduces the deficiency payment, and the total liability of the Government varies only with the world price of wheat. The sugar beet subsidy now has a proviso limiting the full assistance to an output of sugar equivalent to 560,000 tons of white sugar; the fat cattle subsidy is limited to £5 million; the barley and oats subsidies, and the subsidy on milk used for manufacture, all have their limits.

It may be assumed, therefore, that the present level of expenditure, both direct and indirect, is about as much as

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"the traffic will bear". With other claims of even greater urgency upon it, the Treasury is unlikely to disgorge more, nor will the legislator, the elector and the Empire producer easily tolerate further restriction of the market. What, then, is the outlook for British agricultural production? Is there any prospect of further expansion, or must it merely maintain its present position, recently described as that of a "permanent pensioner" of industry?

V. CAN BRITISH AGRICULTURE EXPAND?

IF we rule out the possibility of any material increase in artificial aid, there are three possible means whereby further expansion might be achieved, namely:

Lower production costs,
Lower marketing costs,
Increased demand.

Lower production costs include three possibilities: first, an absolute reduction in costs; secondly, a reduction relative to costs in other home industries; or thirdly, a reduction relative to costs in overseas countries. Only the two latter would be calculated to lead to a general expansion in British farming.

The recent changes in agricultural technique are sufficiently well known to make a recapitulation of them unnecessary. There is no doubt that in post-war years very great progress has been made in facilitating the output of more food from the same unit of land or capital and from the same quantity of labour. Improved varieties, better breeding and management of both crops and livestock, the introduction of labour-saving devices, have all helped to increase agricultural production by lowering costs.

Improvement in agricultural technique is not sufficient, however, to guarantee increased production and the greater use of land, labour and capital in farming, unless the progress is more rapid than in other industries. While agricultural progress is probably more rapid to-day than before

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the war, it is doubtful whether the present rate of progress is as high as in other industries, even those industries which have been exceptionally depressed.

Finally, it is essential, in the absence of artificial stimulus that progress should be more rapid than in those countries from which competing agricultural products are imported. If scientific discoveries applied to Great Britain alone, and were sufficient to overcome the differences in natural conditions and human aptitudes which are the basis of international trade, then Great Britain might produce on equal terms the food that she now buys abroad. Scientific discoveries, however, cannot possibly be confined to one national area.

In support of his policy of protecting British agriculture the last Minister of Agriculture, Mr. Walter Elliot, used to maintain that such protection would only be temporary since science was levelling out the comparative advantage of certain countries in certain lines of production. In obtaining nitrogen from the air, for example, England would no longer be at a disadvantage relative to the countries which had easy access to natural supplies of nitrates. This thesis is not an easy one to sustain. In fact science has tended to emphasise rather than nullify natural advantages. The rapid development of transport by land and sea during the last century did not overcome the natural advantages of the different countries, but made it possible to use them to the full extent; vast areas of the world were brought into cultivation, better suited to certain lines of food production than the older countries. The refrigeration opened up the pampas of the Argentine as cattle-raising areas for the British market; those factors which favour grassland farming in Great Britain are present to an even greater degree over millions of acres in Argentina which the discoveries of science brought into fuller use. More recent research by the chemist, physicist and botanist on fruit storage is now preparing the way for a greater utilisation of the tropical conditions favourable to fruit

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production. New Zealand, which at one time could export little else but wool, has been enabled by the invention of refrigeration and the cream separator to become the "world's dairy farm" and to utilise her special advantages to the utmost. While the output of milk per cow in Great Britain increased by less than 2 per cent. a year, the output of butter-fat per cow in New Zealand increased by over 3 per cent. a year. The recent advances in fodder conservation have aroused considerable hopes of reduced costs in dairying in Great Britain; very similar discoveries are at the same time opening up new areas for dairying in Australia. Many other examples could be given to suggest that improvements in productive efficiency are making as much, if not more, headway in other countries, by comparison with Great Britain. It would be optimistic to expect a marked increase in the output of British farming as the result of a rapid change in relative costs of production.

The second possible source of an expansion of production is a reduction in distribution costs. Any decline in these would stimulate the demand for the output of agriculture as a whole, while a relatively greater decline in the costs of marketing home-produced, as compared with imported, foodstuffs would stimulate especially British agriculture.

It would take too much space to enter into a discussion at this point on such a controversial subject as the alleged wastes and redundancy in the marketing system in Great Britain or to attempt to assess the possible savings that might be achieved by reorganisation; the tendency is to over-estimate them. So far as relative costs are concerned, there are inherent features of British farming, such as the wide dispersion of production, its diversification, with a consequent output of small quantities of produce at different times of the year, the perishability of most of its produce, which add greatly to the costs of marketing. Imported produce is commonly less perishable, more uniform, its areas of production more localised and specialised—features which make for bulk handling and lower costs. Unless

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domestic marketing methods are capable of considerable reorganisation, the reduction in marketing costs will probably be more rapid for imported than for home-produced foodstuffs so long as the present nature of British farming remains unchanged.

The third possible source of expansion is through an increased demand, derived from an increase either in the total population or in the *per-capita* consumption of the existing population. As to the former possibility, it is generally agreed that the rapid increase in the population of western Europe that characterised the nineteenth and early twentieth centuries has ceased and that after a few years of relative stability it is likely to decline. Such a development must have far-reaching effects on agriculture as a whole, though possibly less serious effects for British farming than for overseas countries.

Experience has shown that as standards of living rise there is a marked transition from one type of foodstuff to another, from "cheap" to "dear" foods. The lowest rung on the dietetic ladder is comprised of the starchy foods, such as rice, potatoes, rye and the like. The next step is the substitution of wheat for the cheaper cereals, followed by the consumption of live-stock products, such as meat and dairy produce. Next, fruits and vegetables take their place in the dietary. Such advantages as British farming still has over its competitors are in the production of "dearer" foods, through its suitability for live-stock farming and its nearness to a market with high standards of living. If, then, standards of living continue to rise in Great Britain in spite of a declining population, then British farming may continue to gain at the expense of other agricultural exporting countries. If standards of living fall, then the natural advantages from which the home producer has been benefiting more and more in the past hundred years would no longer be effective.

The British farmer's market is, of course, the industrial urban population, and it is on the purchasing power of

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industry that British agriculture is dependent. As industry prospers, so does farming; if the shipyards on Tyneside are busy, the Northumberland farmers know that there will be a ready market for their bullocks; if the South Wales coal-fields are more active, there is an improved demand for mutton from the surrounding valleys, which is in turn reflected in higher prices for younger stock in the Welsh hills; even the Essex dairy farmer benefits by higher prices for fat cows. This dependence on industrial conditions cannot be over-emphasised. It is entirely misleading to claim that "the industrialist's best market is a prosperous agriculture"; it is a distortion of the facts which can only lead to harm both to agriculture and to industry. Urban industry has a home market in the towns which is probably at least twenty times as large as that of the farming community, if allowance is made for the relatively greater *per-capita* purchasing power of the urban population; and even it has its export market in addition. The demand of the agricultural community is a relatively negligible factor in the considerations of industry.

Agricultural prices have moved in close relationship with the purchasing power of the urban wage-earner, rising when employment has been active and wages increasing, declining when unemployment has been widespread and wages falling.

INDEX NUMBERS OF CONSUMERS' SPENDING POWER AND OF AGRICULTURAL PRICES IN GREAT BRITAIN.

(1927-29 = 100.)

	1931.	1932.	1933.	1934.	1935.	1936.	1937.
Consumers' spending power .	90	87	89	94	96	104	113
Agricultural prices *	83	77	74	79	81	84	92

* Prices of British farm produce, excluding subsidies.

The above figures show the changes since 1927-29. There was a fall in consumers' purchasing power until 1932,

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followed by a rapid rise; agricultural prices fell until 1933, and then rose. The general trends—particularly the improvement in prices since 1933—cannot readily be explained by the changes which occurred in supplies. The decline in imported supplies has been largely offset by an increase of about 18 to 20 per cent. in the home output, so that total supplies have remained on the whole remarkably stable during the last four or five years. Between 1933 and 1937, agricultural prices rose by 25 per cent., spending power having risen by 30 per cent. in the same period. The failure of British agricultural prices to rise to their previous level must be attributed to some extent to the relative increase in the home output; prices of imported food rose more rapidly, a fact which reinforces the suggestion that imports and home production are not directly competitive, and have independent effects on prices.

There is one other factor in the demand situation which must also be considered as favourable to agriculture, and that is the possibility of a redistribution of incomes. As incomes rise, a smaller proportion is spent on food and a larger proportion on what might be termed "luxuries". If, with a given total national income, the number of large incomes declines and the lower incomes correspondingly increase, then the total amount spent by the community on food will be raised. From such a redistribution of national income, British farming would gain more than overseas producers.

The conclusions already reached may now be summarised. Agriculture is receiving at the present time a very fair measure of preferential treatment; the benefits of marketing reorganisation, tariffs and quotas, in augmenting the farmer's income, may be more apparent than real, but other assistance of a more direct kind amounts to not much less than £40 million a year. There are limits beyond which the state is unwilling to go in assisting the industry, and if those limits have been reached then continued expansion must depend on other factors than protection and subsidies.

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Possible causes of expansion would appear to lie in lower production costs, reduced marketing costs and increased demand. Of these three, the first two do not at present hold out any special promise for British farming. Scientific progress and technical reorganisation may be relatively of greater benefit to the overseas producer.

The future of agriculture in Great Britain must be largely dependent on industrial prosperity. Any factors that react adversely on consumers' spending power must seriously handicap the British farmer. If this line of argument is correct, then a policy of import restriction cannot materially improve the position of home agriculture; every rise in the price of imported food, when due to reduced supplies and not to increased demand, makes it more difficult for the housewife to "buy British". The prosperity of British farming is probably more directly related to cheap than to dear food imports. A rise in the price of New Zealand butter will divert the bulk of consumers' purchasing power not to British butter but to margarine; nor does such a policy of restriction necessarily increase the total returns to the New Zealand farmer, whose sales may fall off in greater proportion than prices rise.

For these reasons, therefore, import regulation and the organisation of producers, whether nationally or internationally, for the purposes of supply restriction, must be subjected to the most critical scrutiny. If British agriculture is to be maintained at its present or a higher level—and here may be considerable justification for such a policy—then it would probably be better to seek this objective by means of subsidies from the Exchequer than to rely on methods that would be likely in the end to curtail the consumers' demand for British produce.

BRITISH COMMONWEALTH DEFENCE

I. THE NEW PROBLEM

WHEN rearmament began in earnest in 1935, public and political thought in the British Commonwealth about the broader aspects of defence was caught unawares. To some extent, even thought in service circles was in the same position; at least it had not impressed its conclusions on the consciousness of those who in the end decide service policy in a democratic State. Suddenly a whole series of questions which had been shelved during the period of disarmament presented themselves urgently and insistently. It would be unfair to suggest that either the soldiers, sailors and airmen or the politicians and the public as a whole were still thinking strategically in terms of 1914. But recognition of differences had not yet translated itself into practical reforms, or even into clear-cut views of contemporary needs.

It may be well to begin by reviewing the principal changes that have in fact come about since 1914 to alter the problem of British Commonwealth defence. These changes group themselves under three heads. First, there are the changes in British Commonwealth relations and in the internal politics of the different members of the Commonwealth; second, there are external politico-strategic changes, which alter the character both of our liabilities and of the possible assistance that we may hope for; third, there are technical changes in military (including naval and air) science. It is difficult to say which of these three groups is the most far-reaching and important.

Within the Commonwealth, the Dominions have secured

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an acknowledgment of their complete external as well as internal autonomy. Not only do they maintain and control their own defence forces, but they are also entitled to conduct their own foreign policies, to which those forces are in the end an adjunct. This is a change rather of degree than of principle by comparison with 1914; but in considering the possible rôle of the defence forces of any self-governing member of the Commonwealth it is to-day necessary to concentrate first on those political interests and defensive needs which apply particularly to that member. It is dangerous to assume an equal interest among all the members in a strategic asset or liability anywhere in the world, even though it may be represented as an asset or liability for the whole Commonwealth. The Dominions, in brief, cannot be regarded merely as reserve sources of strength for a centralised scheme of imperial defence, controlled and maintained by Great Britain.

Although India has not yet achieved the status of the Dominions, she is on the road to that goal, and the same considerations apply in a large measure to her also. The principle that the army in India exists for India's own purposes has been reaffirmed in the Government of India Act of 1935. The control of the Indian people over the country's defence forces and over the finance whereby they are maintained is bound to increase progressively, through the dynamic action of democratic institutions, even in the absence of further revisions of the formal constitution. There are, moreover, other parts of the Commonwealth that are moving on the path to self-government, and therefore to an independent status in matters of defence.

The politico-strategic changes since 1914, though enormous, are difficult to summarise because the trend is not persistent and uniform; what is true in this field to-day may not be true to-morrow. The Anglo-Italian agreement, for instance, may possibly be the beginning of a new

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diplomatic realignment in Europe; even on the narrower scale of its actual terms, its defenders claim that it will greatly reduce the strain in the Mediterranean and Red Sea zone. Again, the outcome of the Spanish war has still to be seen. Even if a complete military victory for General Franco is accepted as probable, there remain the questions of the attitude of the new Spanish Government towards Great Britain, France and other countries, and of the degree in which Italian and German personnel, material and influence will remain in the Spanish peninsula. These are among the more striking fluid factors in the politico-strategic complex that British defence policy has to face.

There are, however, certain more rigid factors which distinguish the present complex from that of 1914. In the Far East, the Anglo-Japanese alliance, and the whole system of relations that it stood for, are no more. The alliance enabled the Pacific to be virtually evacuated by the British navy. Since the war, the British Commonwealth has had to maintain a defensive "front" from Singapore to New Zealand, and to act in respect of its naval and other preparations as if Japan were a potential enemy. In the Indian Ocean, on the other hand, British strategic dangers have been reduced by events since 1914. The ending of Germany's colonial empire has meant that no European Power other than those which we have every reason to regard as constant friends has now a footing in or around that ocean, save for the strategically poor Italian territory of Somaliland. The Indian Ocean is in effect a British lake, and this factor has been strengthened, in regard to the lands to the north, by the suspension of the Russian southward drive which so much exercised pre-war diplomats and strategists. The Near East, however, like the Far East, is an area where British Commonwealth liabilities have been increased, both by the assumption of the Palestine mandate and the alliances with Egypt and Iraq, and by differences with Italy, who has substantially increased her

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strength in the Red Sea zone as well as the eastern Mediterranean. This increase of liabilities is offset by the facts that Turkey is no longer to be regarded as a potential enemy but as a friend, and that the presence of permanent British forces in Palestine, together with the new arrangement with Egypt, renders easier rather than more onerous the defence of that vital Commonwealth interest, the passage of the Suez Canal. In Europe, the politico-strategic change of the greatest importance for British defence is the resignation of Germany from naval rivalry with Great Britain. So long as the Anglo-German naval treaty endures, the pre-war naval race will not be renewed, and Great Britain need not plan for the concentration in the North Sea of a great fleet capable of giving battle to an enemy force of similar scale to itself.

Finally, there are the technical changes, incomparably the most important of which is the rise of air power. Apart from compelling every Power to maintain three defensive arms instead of two, air power has exposed Great Britain itself to a danger greater than any that has threatened since Nelson gained command of the seas from Napoleon, and has added vital new difficulties to the task of defending routes of supply and of securing the safe existence and movement of the other arms. Strongholds like Malta and Gibraltar, in narrow waters near foreign shores, may become defensive liabilities instead of key assets. Almost as important are the mechanisation of armies, which has greatly increased the strategic value of industrial capacity, and the construction of great permanent works of defence along the frontiers of the western countries.

The picture that these changes present is highly complicated, but a few salient facts emerge. The first is that the points of defensive liability of the Commonwealth are more numerous and more scattered than when we last stared the possibility of general war in the face and planned our defences in grim earnest. The second is that communication between those points is threatened by a new

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nger, which is not to be warded off by the command the seas alone, but which imperils the navy itself just it imperils the troops or economic supplies which the vy shields. The third fact is that the same source of nger menaces the heart of the Commonwealth so gravely at the knock-out blow, against which the navy was rmerly a sure guard, is now to be feared above every- ing in our strategic calculations. The fourth is that, en more decisively than before 1914, co-ordination among e different arms is as vital as the strength of any of them; ile the movement of land forces needs to be screened the navy, the navy—with its bases—needs to be pro- tected both by land garrisons and by anti-aircraft fire and id-based aeroplanes; and the air forces in their turn, well as the navy, must needs have their bases protected a screen of land forces.

The effect of these various considerations is to be seen recent statements of the priorities of British defence. fore the war, the recognised order of importance could simply stated. First and overwhelming was the task the navy to guard the country's shores and to keep e seas, particularly the narrow northern waters, open r the commerce on which Great Britain's life depended. cond came the land defence and internal security of India d the garrisoning of a number of Empire outposts, any of which were acquired and held in the interests of val power. Finally came the maintenance at home of strategic reserve which was designed, following the glo-French military entente, to act as a small continental ny of the standard type. Behind this was a territorial ny whose purpose was not clearly defined and which is swamped, when war came, in the formation of a vast ized army fighting in continental land warfare, the war masses.

This tabulation may be compared with the order of orities recited by the Prime Minister in his speech on e Defence White Paper in the House of Commons on

THE RÔLE OF THE BRITISH ARMY

March 7. The corner-stone of our defence policy, he said, must be the security of the United Kingdom. Therefore our first main efforts must have two main objectives: we must protect this country, and we must preserve the trade routes upon which we depend for our food and raw materials. Our third objective, Mr. Chamberlain continued, is the defence of British territories overseas from attack, whether by sea, land or air. The fourth and last objective, he said, is co-operation in the defence of the territories of any allies we might have in case of war. On the face of it this list of objectives simply repeats the pre-war order. If, however, we examine it in the light of modern conditions, we see that there is a great difference from the old conception. The Prime Minister's comment on what he called the corner-stone of our defence policy was this:

Our main strength lies in the resources of man-power, productive capacity and endurance of this country, and unless these can be maintained not only in peace but in the early stages of war, when they will be the subject of continuous attack, our defeat will be certain whatever might be the fate in secondary spheres elsewhere.

The clear implication is that, while sea power remains a paramount necessity, the official view of imperial defence is acquiring a much more local focus. This point was emphasised in the Prime Minister's reference to the "secondary spheres" of imperial defence. As long as we are undefeated at home, he said, although we sustained losses overseas we might have an opportunity of making them good hereafter.

II. THE RÔLE OF THE BRITISH ARMY

EVEN more notable was Mr. Hore-Belisha's account of the rôle of the army in the debate on the estimates for his department. The first purpose of the army, said the Secretary of State for War, is home defence, and under this head the order of priority is as follows: defence against

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the air, internal security—which assumes a widened scope in the light of air-raid precautions—and coast defence. Second in classification to home defence, he continued, comes the discharge of British commitments overseas, including defended ports on the trade routes. The final head is the maintenance of a strategic reserve, available to send assistance to an ally or to operate otherwise as circumstances might determine.

A study of this description of the army's rôle throws some searching sidelights on the wider problem of Commonwealth defence. The function and organisation of the British army are little understood by public opinion, and are at present the object both of intense controversy among experts and of official review in the light of the new factors that have been analysed above. The rôle of the navy is well known to every citizen of the Commonwealth: to prevent invasion by sea, to cover the movements of troops and munitions to overseas theatres, and to guard the trade communications without which Great Britain would perish and other Commonwealth countries suffer hard privations. The performance of these tasks demands mastery of the sea in two senses—ability to defeat any enemy fleet that might give battle, and ability to keep in check the raiding of commerce or isolated coastal points by small naval units, submarine or surface. Again, the rôle of the air force is not a matter of critical debate, except as regards the relative weights to be given to offensive and defensive action in the home area. Apart from its police functions and its co-operation with the other two arms wherever they may be acting, the air force has to fight the enemy air force when it attacks British territory or shipping, and to counter-attack against enemy territory and shipping. The rôle of the army, however, is much more difficult to define succinctly with any prospect of general agreement, and this very uncertainty about the army epitomises some of the key issues in the whole defence problem of the Commonwealth.

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Mr. Hore-Belisha's statement did not go far towards liquidating the uncertainty. If his classification of the purposes of the army were really to determine its organisation and distribution, the foundations of the present structure would be shaken. The Cardwell system of linked battalions took as its starting-point, not the requirements of home defence, but the overseas demands on the British army. It laid down (in the words of one of its most eminent present defenders) "that the best value in men and money will be obtained if there can be at least one home battalion for every one abroad". "The foreign battalion was always fit to take the field, while the home battalion had no pretence to be so without 'mobilisation' by calling up the regiment's reservists and sending immature men, invalids, etc., back to the depot."* The Cardwell system produced an amorphous strategic reserve of 100,000 regular soldiers, which Lord Haldane moulded into a six-division army on the continental model. The army at home also naturally discharged duties of garrisoning forts and other defended points in the British Isles. Nevertheless it is clear that the existing army system has evolved from a completely different order of priorities from that enumerated by Mr. Hore-Belisha. The defence of the overseas empire was original and primary, the maintenance of a strategic reserve subsequent and secondary, while home defence was incidental to the other determinants of army distribution and organisation.

If, indeed, we look at the regular army alone, it is clear that Mr. Hore-Belisha's priorities are at best an aspiration rather than a reflection of facts. The first purpose of the army (home defence, sub-divided into anti-aircraft defence, internal security and coast defence) is actually being discharged in the main by the territorial army. Two enlarged

* See letters from Sir Charles Harris in the *Economist*, December 18, 1937, and April 9, 1938. The need for calling up reservists in order to bring the potential expeditionary force up to war strength was not, of course, peculiar to the British army, but applied equally to the French and German forces.

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territorial divisions, established at 48,000 men, are at present entrusted with the duty of defending Great Britain from air attack. It is true, as the Secretary of State pointed out, that the territorials count on "an increase of strength and an acceleration of action" from the regular anti-aircraft units available at home, but in practice the volume of assistance thus afforded is relatively small. It is no discredit to a fine body of men to describe the territorials as second-line troops; they are part-time soldiers, and cannot have the same training or discipline as the regular army. Their status in army organisation has been lately raised, and more up-to-date equipment is now being supplied to them, but hitherto they have had to take second rank in the elaboration of army policy and in the provision of modern armament. Yet they are discharging what is acknowledged to be the first and most vital of all the duties of the land forces.

This anomaly is a measure at once of the need for a more powerful effort to improve our home defences, by increased army recruitment as well as other means, and of the inappropriateness of the Cardwell system to present circumstances. Apart from the problem of distribution of forces, the pace and nature of changes in the army at home must be guided, as things now stand, by conditions in India, where 55,000 men of the British army are stationed. This applies to improvements in pay and amenities designed to attract men to the army but imposing an additional burden on Indian finances, and to mechanisation and motorisation, which may be either beyond the means or inappropriate to the needs of India. On the other hand, the central reason for the creation of the Cardwell system remains extremely powerful: that the only alternative to a single British army divided between home and oversea stations is a separate, long-service army for overseas, with all the additional expense that such an army would lay upon India. The whole system is now the object of inter-departmental enquiry. In the meanwhile it is sufficient for

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the purpose of this article to concentrate attention on the war-time rôle of the army at home, whatever may be its peace-time relations with the army overseas.

That rôle is a triple one: to reinforce such oversea garrisons as might be threatened by the enemy; to reinforce the territorials in home defence, against air and coastal attack and internal disorder; and to furnish a striking force for action against an enemy either on foreign soil or in some invaded part of the British Empire. It was plainly implied in Mr. Hore-Belisha's speech that the first-mentioned rôle came last in order of priority, and that efforts would be made to diminish its importance, by relying to a greater extent on local forces, and by so fixing the garrisons "that each of them, where its communications could be interrupted, should be maintained in peace at a strength adequate to discharge its defensive duties at the outbreak of war".

The use of the reserve in the event of war must depend on two main factors: where it is most needed, and how safely it can be transported there. Both these considerations weigh against any distant action by the British army available at home. In the existing state of world politics and relative national forces, the greatest danger-point for Great Britain and the whole British Commonwealth lies in the north-west of Europe. Strategic conditions there have changed, of course, since 1914. Some experts declare that, in land warfare at least, the power of defence is now dominant, and the age of the war of numbers is over;* Mr. Hore-Belisha himself referred to the "masterly and formidable defences of the Maginot Line" as illustrating the truth that "the problem of holding positions is not, in the same degree as it was, a problem of personnel". Yet no one who remembers the existence of the huge armies of continental Europe, and the fact that the independence of France and the Low Countries is just as vital a British interest as ever it was, can rule out of

* See article on "The Past and Future of Warfare" on p. 507.

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account the possibility that the British Commonwealth might one day be called upon to provide a large-scale army for service on foreign soil, or at least that a new generation of "Old Contemptibles" would have to help hold the fort in France and Flanders while other forces—British and allied—fought more decisive actions in other fields. As Sir Edward Grigg suggested in the debate on the Defence White Paper, if we have not to face the necessity of conscription in Great Britain that is only because there is conscription in France.

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LET us now look beyond these army problems to the wider issues of British Commonwealth defence. Three main facts emerge: first, the overwhelming strategic importance of what may be termed the local defence of Great Britain, including the defence of the Low Countries and France against hostile domination; secondly, the difficulties of a centralised system of defence when communications may be imperilled; thirdly, the importance of mechanisation (with its handmaid, industrial power), both in opposing the great mechanised armies of the continental States and in enabling Great Britain, with her peculiar geographical position and her repugnance towards conscription, to produce an effective striking force. Considerations of air power strongly underline all three conclusions, and considerations of sea power do not weaken them.

In theory, at least, part of the response to these facts must obviously be to match widely distributed defensive liabilities with widely distributed sources of defensive strength, organised in relatively small but mobile units with a high ratio of machine-power to man-power. In providing the sources of strength, the Dominions and the larger colonies have a distinct and important rôle to play. It is an accident, but a very fortunate one, that the

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development of their independent defensive capacity has marched with the development of their independent political rights. The Cardwell system was founded on the assumption by the larger colonies—now Dominions—of responsibility for their local defence, and this is the core of all Dominion defence policies. Part of Mr. Hore-Belisha's plans to secure greater fluidity of military forces is an extension of this reliance on local colonial forces. The defensive responsibility of the Dominions, however, as the greater number of their people recognise, cannot, as a matter of mere national interest, be confined to local defence in the narrower sense. It is true that Dominion opinion as a whole repudiates the idea of sending great citizen armies again to serve on distant battlefields in Europe, and that in the new strategic situation this might be neither desirable nor possible. But Europe is not by any means the only danger zone for the nations of the Commonwealth, though it is to-day the most serious; there are others in which the several Dominions are much more closely interested, as a matter of purely national concern. Moreover, while their willingness or their ability to send forces of the required type and size to Europe may be limited, there are also, as we have seen, much stricter limits than in pre-war days on Great Britain's ability to send out forces to non-European danger zones. The limits are set by the "ceiling" of total defensive power, by the added vulnerability of Great Britain herself, and by the impediments to safe movement. The order of priorities in defence is the same for Great Britain as it is for the Dominions; in relation to Commonwealth defence, she and they stand on much more nearly the same footing than ever before. Therefore when it is suggested that the Dominions should be regarded as separate sources of strength in relation to all-Commonwealth dangers and liabilities, this is not an attempt to shift duties from shoulders that can and should bear them to others that ought not, but a practical synthesis of national needs and national abilities.

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In the defensive system of which the Singapore base is the main strong-point, for instance, Australia, New Zealand and India can play important parts, and are already doing so. They provide, in effect, a reserve of man-power and of machine-power, over and above their ordinary peace-time preparations within their own territories or in their home waters. Of the two, machine-power is likely to prove even more important than man-power. If in any future war it may be hazardous to transport large bodies of troops over long distances, it will be equally hazardous to transport large supplies of munitions, mechanised equipment or aeroplanes. The nearer the source of supply to the theatre of action, the less the danger and the quicker the movement. Australia's arsenals and aeroplane factories are every whit as important a contribution to British Commonwealth defence as her navy or militia. The Government of India's decision to proceed with plans to render India self-sufficient in high explosives is likewise an important milestone in the progress of imperial defence. Every week brings news of similar developments in the Dominions and India. The latter, of course, has as close an interest in the Red Sea defile as in the Malay Straits. In some future war the Mediterranean door to Egypt and the Suez Canal zone might perhaps be virtually closed to us, and our main line of communication might have to be by the "back-door". It would be of great advantage in such an event if India, Australia and South Africa were independent sources of mechanised strength, including air power. It is not too optimistic to include in this aspiration the Union of South Africa, despite its vigorous local nationalism; for South African opinion generally accepts the theory that the Union cannot be indifferent to what goes on in other parts of Africa, and the Red Sea front is part of the first line of defence against the irruption of European war into the dark continent, with all that that might eventually entail in the relations between black and white.

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While South Africa, India and the Pacific Dominions have all their own "spheres of interest"—danger zones far beyond their own territories which on purely national grounds they might feel themselves called upon to defend—Canada is in a more fortunate position, unless and until some European or Asiatic nation becomes powerful enough to strike across thousands of miles of ocean and dare the resistance of the whole of North America. This is not to say that Canada can wash her hands of what happens in other continents or to other parts of the Commonwealth; but Canada's contribution to Commonwealth security, for which preparation can be made in peace time, must needs be rather different from that of her more vulnerable partners. In fact, her active defence forces are almost negligible in relation to her size, wealth and population. In passive defence, including coastal artillery and a chain of aerodromes, she is relatively better equipped, but her greatest potential military asset is her industrial power. The recent statement of the Canadian Minister of Defence that 700 factories had been inspected with a view to their capacity to make armaments is of more than passing significance. Even more important is the proposal lately voiced in London that Canadian factories should be enrolled to manufacture aeroplanes for the Royal Air Force. An expert mission sailed from England late in April to examine the possibilities of obtaining supplies of military aeroplanes, not only from the United States, but also from Canada, where several British aircraft firms already have subsidiary or associated factories. Properly organised for the purpose, Canadian industries are capable of supplying a very important part of the Commonwealth's armament needs in war-time. It is well to remember, furthermore, that Canada is many days' sailing nearer than Great Britain to Australia and the Singapore "front".

A diagrammatic map of Commonwealth defence problems and preparations would show large arrows pointing to four

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main nodes of liability and danger. The first arrow would point to Great Britain, with the narrow waters around its shores, and the tip of the arrow would be on London, the biggest and most vulnerable target for air bombing that it is possible to conceive. The second arrow would point to the south-eastern quarter of the North Atlantic, and its tip would be at Gibraltar; for all extra-European ocean traffic except that with Canada and the United States has to pass through this zone, whether its route is to South America or to Panama or to the Cape or through the Mediterranean; and even if the Mediterranean had to be regarded as impassable in war the control of its western exit would be absolutely vital to British Commonwealth security. The third big arrow would point to the zone of the Suez Canal and the Red Sea, with its tip in Egypt, and the fourth to the south-west Pacific zone, with its tip at Singapore. Another feature of the map would be the shading of those areas which British sea-power, combined with American friendship, would justify our regarding as reasonably "safe" in a world war. The shading would cover the North and South Atlantic beyond the European coastal zone, the eastern and southern Pacific, and the whole of the Indian Ocean.

A study of such a map would enforce at least one plain conclusion on the strategist's mind: that the security of the Commonwealth can be maintained only if the maximum use is made of the shaded area as a channel of reinforcement and supply of men and munitions to the points of the arrows, and if the sources from which those reinforcements and supplies are to be derived are as many and as self-sufficient as possible. The rôle of each country of the Commonwealth emerges as a natural corollary of that conclusion. The rôle of Great Britain is a tremendous one. She must first make herself strong in defence, and in potential offensive power, in her own area; a first charge on imperial defence as far as she is concerned is anti-aircraft defence and the organisation of the whole population

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to withstand assault from the air. In addition, she must furnish the naval power that keeps half the map of the world's oceans shaded as "safe"; she must assume practically the whole responsibility for the second danger zone in peace and war; and for the other danger zones she must provide almost all the fixed defences (barring, that is to say, Dominion and colonial contributions to the Singapore base), and all the man-power and machine-power available there at the outbreak of war. The total white population of the Dominions is roughly half her own; their industrial development is, of course, nothing like as far advanced, but it has already turned them into great manufacturing countries capable of supplying machine-power in at least as great a measure as they can supply man-power. That they can and should play some part in the war-time defence of the two Eastern danger zones is self-evident.

Thus a new pattern of Commonwealth defence presents itself to-day. The fact that it has not emerged more clearly is partly due to the state of flux through which Great Britain's own defence policy is passing. It is natural that each Dominion, and the United Kingdom likewise, should be concentrating its thought as well as its energy on its own particular defensive urgencies. But amid our hurry it is vitally necessary that we should retain a view of the problem of defence as it faces the whole Commonwealth.

THE LETTERS OF JOHN DOVE

THE *Letters of John Dove* * deserve honourable mention in this review, which he edited for more than twelve years. They are valuable both for the matters of which they treat and for the picture that they present of the writer. He is disclosed, first as a devoted and conscientious civil servant and administrator, and then as a thoughtful observer of public affairs on the grand scale, whose reflections are always weighty and whose prescience is sometimes uncanny. But equally the *Letters* reveal the rich and varied character of the man himself—student, sportsman, painter, writer, publicist and mystic. Here is one who sought diligently after the causes of things and who endeavoured to relate the seen to the unseen; who really loved his fellows, and animals, and nature; and who knew, if ever man did, what truth and goodness and beauty mean.

The letters vary in kind from familiar domestic epistles to news-letters about public questions and essays on policy. Those from South Africa, for example, are a simple record of treks in the Transvaal and Rhodesia, with descriptions of scenery or incident, varied by a few personal sketches. In writing to his sisters Dove makes only passing reference to the bigger problems which interested him, such as those of white settlement or the relations between the races. The keynote of this part of the book is his feeling for colour. Colour he loved rather than line or composition. His thoughts turn most readily to Turner and the Venetians. He is fascinated by the rich mistiness of the bushveld, the gorge of the Limpopo, dawn at Nylstrom, or sunset over a marsh near Buluwayo: and above all by the splendour of the great Falls, which leaves him

* Edited by R. H. Brand. (London) Macmillan.

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dissatisfied with his own earnest endeavour to depict it in words.

Dove went to India on the business of the Commonwealth Trust Company in 1919, a troubled year, memorable for the Punjab disorders and the Afghan war, as well as for the investigations of the two committees of inquiry which were then busy supplementing the scheme of constitutional reforms sketched out the year before in the Montagu-Chelmsford report. India was new ground to him, though he had once thought of its civil service as a career. In his Indian letters, too, is evident his interest in colour and scene: he has faithfully caught the old-world repose and dignity of Madras and the cheerful brilliance of a Ranchi garden. Illness unfortunately spoiled Calcutta for him, and Delhi he did not like. Simla reminded him of Freiburg, and a sudden vision of the great white altars of the Himalaya cheered and refreshed him. His work took him much into missionary fields, and he writes with sympathy about Christian converts and their hopes of a united and distinctively Indian Church. He tried without much success to like the Brahmins, and of the Mohammedans he saw only the Moplahs.

He does not discuss the tragedy of Jhalianwala Bagh. He was more interested in long-range processes than in temporary happenings. He sympathised with Indian nationalism, and saw in it more than "the curious mixture of devotion, self-centredness, prejudice and emotion" which was its most conspicuous manifestation. But he also describes himself as "better able than I used to be to appreciate the difficulties of government in India". In 1919, when dyarchy was as yet no more than a paper scheme—defended by those who were confident that its aim was sound and that with patience and good will it could be made to work, and criticised by those who distrusted untried methods and did not believe that the functions of provincial government could be cut in two and harnessed to different sources of power—Dove writes "I am a

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confirmed dyarchist". He adopts it as a policy of "help", and he is anxious that in full force help of the right kind should be forthcoming. Will Englishmen still come forward for the Indian services? Can anything be done to break down social and racial barriers? As in his later letters, in the face of difficulty he searches for signs of a change of heart. He understood how religion in India must impinge on politics, and he divined not only the threat to Brahmin ascendancy but also the impediment to the conversion of the submerged classes that might result from political processes.

It may well be that in the career which he actually followed Dove found the best service of which he was capable. Apart from its climate and discomforts, India with its insistent pressure of immediate problems against a background of infinite uncertainties might have tried him, body and mind, too highly. But his letters from India show that in him the I.C.S. would have gained a recruit whose generosity and breadth of vision, braced by the experience which he would by that time have gained, would have been of immense value to India in the difficult years that began about 1917.

Letters from Mesopotamia record the impressions of his homeward journey, over-land in the cold weather of 1919-20. As before, his first impulse is to make his reader see the pictures that delight his own eyes: the afterglow on the Tigris, the deep-blue desert nights, the colours of a Bedouin's robes, and the mauve shadow that was the Persia which he might not visit. Islam as he saw it in the Arab was indeed noble and compelling, but also stark: his own gentle nature inclined after the softer thing which the religion of Mohammed became under Persian influence. Dove carried with him memories of Herodotus and Gibbon, as well as his copy of the *Arabian Nights*; but for his interpretations of people and places he drew mainly on his own close knowledge of the Bible. As the motor-cars were approaching Damascus, what thrilled him was to

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recognise Mount Hermon in a peak on the western skyline; and when, after anxious hours with unfriendly Arabs in Damascus, which had just been vacated by British troops, the party pushed on by train to Samarkh, the worries and the discomforts of cold and wet and lost luggage and even boring Anglo-Indian reminiscences all vanished together in the realisation that the Sea of Galilee lay before his eyes.

The letters from Germany and Geneva disclose his mental stature at its height. In retrospect some of us tend to regard the unhappy state of Europe to-day as the result of an inexorable march of events, from the moment when America declined the treaty of guarantee, and France turned desperately to alliances with Poland and the Little Entente, and by that act saddled herself with responsibility for maintaining the territorial settlements made at Versailles. Because she could not, for fear of alienating her allies, make any advance towards the discontented States, France could see no way but the mistaken one of trying to keep Germany weak. Hence reparations and the Ruhr; hence also, in due course, the failure of disarmament conferences and the growing conviction in Germany that nothing was to be hoped for except by positive action, a conviction that finally broke the Weimar republic and accelerated the rush of Nazi ascendancy.

But to John Dove nothing was inevitable or irretrievable. He was always looking for remedial action. His impressions may be likened (in an image which perhaps he might himself have used) to the alternations of sun and shadows over a March landscape, but with the shadows thickening. In 1921, he thought he found in Germany passivity and patience: bitterness over post-war doings, but not over the war itself: blame of England only for her failure to withstand French policy, and even a tendency to look to England for understanding and help. In 1923 what he saw was confusion and instability, acute financial difficulty, strain and suffering: no national cohesion or definite resolve: hope beginning to fade into a fatalism

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which was the least promising basis for democracy. Yet through all this he discerns in the Germans an innate perseverance and a dim and unpredictable purposefulness. His main thesis is unvarying. He can understand the French position, but he cannot praise it. It is still not too late: much might be done by a change of attitude, a generous approach, while emotions were still fluid in Germany and men's hearts not immedicably hardened. His hopes then rested on the triumph of the struggling democracy which was threatened, he thought, by a revival of Junkerism: but he did not rule out a constitutional monarchy as in some ways better suited to the national character.

Dove was always susceptible to atmosphere, and a visit to Geneva, even at the cheerless moment of the rejection of the Protocol, left him optimistic about the League. Prague refreshed and Berlin chilled him. He saw how Czechoslovakia ("What a name, when they had Bohemia!") would be threatened if the *Anschluss* came about, though at an earlier stage he had thought the *Anschluss* likely to weaken Germany by dividing her loyalties on the lines of history and religion between Vienna and Berlin; but in 1925 he hoped that the problem of the Sudeten Germans would be adjusted without external interference. In Paris Dove was at pains to ascertain and test enlightened opinion; but the reiteration of French fears, however strongly founded they might seem, left his own conviction unshaken. "You cannot keep a great nation down permanently by force." No risk compares with the risk of drifting. "The world is rapidly changing, and too nice calculations are a mistake." The events of thirteen years have shown the sober wisdom of such words.

A second visit to Geneva after Locarno and the German accession to the League, while it momentarily kindled his hopes of international appeasement, left him troubled about the machinery of the League itself, and while he will have nothing to do with making it a super-State he discusses

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earnestly the possibility of modifying it on group or regional lines. But even his survey of international relations ends in shadow. Stresemann had come to his strength and the German people had put their trust in him. Rebuffed over the Saar and again over the Rhineland, he still held out an olive-branch and appealed for general disarmament. Dove thought this the supreme moment to meet him. "As surely as water finds its own level, if the French fail to reduce their armaments in response to Stresemann's appeal, sooner or later the Germans will build up their own. It can't be prevented indefinitely." His last word was to urge the early evacuation of the Rhineland.

Dove, who was a lover of peace and kindness and half a mystic, was in sympathy with the gentler romantic southern Germany which he had loved before the war. Himself an idealist, he discerned the idealism in the German character, and because he retained a large measure of youth himself he notes and sympathises with the first early stirrings of vitality in the German youth. At one time he hoped that the Roman Church might fill the void left by the collapse of other authority, and lend its guidance not merely to national reconstruction but to the ordered nurture of all the generous impulses of the younger generation. That was not to be. Not even Dove's clear eyes could foresee how continued repression and discontent would end by driving all the vigour and energy of the country to enroll under a new and aggressive religion of the state.

The book ends with some miscellaneous letters to friends, mostly written when Dove was battling bravely with illness, though remaining at his editorial post. He has written his political testament in the letter of October 1932 to Professor Clarke, in which he emphasises the value of the British Commonwealth to the world, analyses the bonds that hold it together, and insists on the need for cultivating what he is not afraid to call "love for one another" if the already achieved British Commonwealth is to survive, and

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if through it there is to be some day achieved the dimly discerned ideal of a Commonwealth of Man.

A word may be added about the literary quality of the letters. That Dove enjoyed writing them is apparent. He knew that letters to personal friends were his natural medium of expression, and so he employs them, even when his thoughts are impersonal and his correspondent little more than a consignee. "When I try to think, I fail: self-consciousness is too strong." He writes, he says, only as the thoughts come. This is true alike of the earlier and of some of the later letters. In these we meet the happy unmeditated phrase which, for instance, compares the painted-out arms of the Grand Duke on a Freiburg gate-house to the fading grin of the Cheshire Cat, or his own inquiries in Berlin to "tilting up the lid of a vast cooking-pot". Dove's love of sports had sharpened his eye for animals' habits. He sees men's interest in economic recovery as "an instinct as sure as that which glues hounds' noses to the trail". Again, the expression on the face of a friend who has just achieved a dialectic triumph reminds him of the look of a pointer dog, confident after a long and exhausting point that he has got his quarry.

As the letters progress, their craftsmanship improves. Aware of the difficulty of reaching sound conclusions from sporadic observations and talks, John Dove takes immense pains to discipline his natural easy habits, and so to sort and order and compose his material as to lead up to and sustain his conclusions. The admirable balance, clarity and effectiveness of the letters from Germany can never have been attained without labour; but the art conceals itself, with the result that these political essays are an example of serene, coloured and forceful English prose. As he begins to relish his mastery of technique there are faint appearances of virtuosity. Sometimes he cherishes a fine phrase for its own sake. Of autumn tints in Baden he says: "God never gave any animal such a *kaross* as these slopes wear." He compares Babylon to "a buried giant who has already

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managed to struggle partly free from his grey winding-sheet". He recurs to the animal simile less convincingly: "The German's blindness is like the mole's. He burrows because he wants to get to the roots." But Dove's lapses from his natural "sophrosyne" generally occur under the impulse of emotion, such as he felt when he drew near to Palestine. They are small blemishes. Only an insensitive or captious reader could lay down this book of John Dove's thoughts without acknowledging that he had been in converse, not merely with a very delightful companion, but with a character of no common nobility and strength.

AMERICA IN THE BALANCE

I. DIPLOMACY AND THE DICTATORSHIPS

AMERICANS to-day are of course deeply interested in the world crisis. But they are far more preoccupied with their own plight. With the economic indices standing as low as they did in May 1933, two months after President Roosevelt took office, an atmosphere of deepest pessimism and uncertainty pervades the nation. Opinion on foreign policy takes a secondary place. That does not necessarily mean that the United States will be less of a force in world affairs than formerly; it may even mean that the minorities which are always interested in foreign policy can make their influence more effective.

Such minorities have been intensively at work lately. Their foremost aim has been to secure the lifting of the Neutrality Act from its application to Spain, in the quixotic hope that at this hour, just before midnight, some psychological encouragement may come to the loyalist forces. The Roman Catholic groups, whose convictions lead them to different views, have been far more quiet. They are evidently convinced that time and events are working for them, and that it is not necessary to precipitate an internal row. They are sure that the neutrality ban will not be lifted, and probably they are right.

Hence the most vocal single force in American public opinion on foreign policy is that which leans toward what may be called the Left. Groups interested in preserving the collective action principle—in the lamented cause of Geneva—are fighting a rearguard action against vast if passive forces. President Roosevelt and Secretary Hull have often lately pledged their moral support to the

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“democracies” and have condemned the treaty-breakers. The Secretary of State, in a notable address following the annexation of Austria, made strong and solemn official condemnation of the trend represented by that action. And it is not forgotten that the Czechoslovak republic was born in Pittsburgh and Washington, in large measure through the influence that Professor Masaryk and the Czech groups here, with their zealous American professorial advisers, brought to bear upon President Wilson. American sentiments will therefore come under even greater stress if the German penetration thrusts next toward Prague. Likewise American sympathies, warmly engaged in China, link the desperate and gallant battles of the republican armies against Japan with the European conflict. And closer to home, in Latin America, we hear a great deal about the continual penetration of the overseas fascist powers.

All these factors combine to make such American opinion as is expressed rather pointedly critical of Germany, Italy, and Japan. By transference, the same opinion is critical of Great Britain for negotiating the Italo-British pact. But on this point opinion is more reserved. There is a certain recognition, even in the emotionally-minded groups that we are considering, of the severe difficulties of the British problem.

The active anti-fascists, though but a minority, are constantly hammering away at the State Department. They work, likewise, upon Congress, and they have persuaded a truly formidable number of senators to support lifting the Neutrality Act from Spain. So much for the vocal elements—the sound and fury that rise out of American opinion.

These vocal elements are constantly conditioned, even inhibited, by far more powerful factors. First is isolationism. To-day, as truly as ever before, the ordinary American—particularly if he lives at a point remote from the seaboard—feels that his Government should stay out of overseas adventures. If any fascist penetration on the American

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event of war would be special policing to guard against sabotage, to patrol the lines of communication for dispersing city inhabitants or for military movement, and to control the black-outs during night air raids. But clearly the task is even wider than that. Industry, including distribution and public utilities, is the mainstay of defensive power, and if it is paralysed, either by damage or by lack of man-power or materials, then armies or navies cannot win a war. The population must be fed and clothed; millions, perhaps, will have to be removed from danger zones, and new lines of distribution built up for them. Some industries, such as munition works, aircraft factories, shipyards and their supporting industries, must expand vastly in the event of war, while others, less essential for the national effort, must be rationed or curtailed. Here is involved a great distribution of man-power, comparable in scale with the mobilisation of a great continental army, and every whit as important. Every nation has its military mobilisation plans laid well in advance; our equally vital industrial mobilisation must be planned in detail now, and the plans periodically revised.

Nothing less than universal national enrolment, with compulsory training or service for those whose appointed duties in an emergency require it, is adequate to the problem. The international political crisis, with its grave strategic implications, has run far ahead of our political and defensive preparedness, and we must make a supreme effort to overtake it while there is yet time.

The Englishman's instinct and all his traditions are against conscription. It smacks of militarism and fascism, calls up historical memories of the press-gang, and makes him think of unwilling cannon-fodder herded to death on alien battlefields. None of these things is implied in universal national service of the kind here contemplated. If we were never to send a large-scale expeditionary force abroad again, it would be none the less necessary. It does not even conflict with the conscience of the true religious

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pacifist. Men who would sooner themselves die than knowingly compass the death of a fellow-man would gladly enrol in services designed to save the lives of non-combatants attacked from the air, or accept their allotted rôles in a re-direction of internal economic life.

What the British citizen must realise, if he is to see his country safe, is that war is no longer an away match, a professional affair in which the private citizen need have no direct concern. There is no such thing as a private citizen in totalitarian warfare, nor in the totalitarian States which conduct themselves in peace-time in constant readiness for war. The dictatorships have great advantages over the democracies in the clash of power, whether that power is active or passive. Unless the democracies prove by their efforts that a strong national defence can be built up within the frame of freedom of expression and representative government, both they and democracy will perish.

Universal national service is to-day the most effective contribution Great Britain can make to future world peace. It cannot and will never be an instrument of aggression or a temptation to war. Its whole purpose is to make war obviously unprofitable for those Powers which most threaten the peace of the world, and thus to push war further and further into the background. Nor should it be a party issue, any more than conscription is a party issue in democratic and socialistic France. Rearmament is no longer a party issue in Great Britain, and universal service is the keystone of rearmament. In the disturbed and dangerous world we now live in, our influence for peace and justice, as well as our chance of surviving as a free commonwealth, depend on our strength, with that of our friends, against those who would assault us and our ideals. Our strength, in turn, is the strength of our most vulnerable point. Few will question where the weak point lies, and perhaps the time will soon come when the mass of people in Great Britain will cry out for that essential means of strengthening it which to-day seems far from practical politics.

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outposts continue to be pushed down into the South Seas, with the apparent consent of Great Britain. Behind the peaceful façade of the Department of the Interior (which, by an odd anomaly that the Reorganization Bill might have ended, controls our overseas territories) there is proceeding a steady laying-down of stepping stones all the way to the Antipodes.

A chain is being forged—for naval and air purposes—which connects with the British chain from Australasia and Singapore. The most important single link is Canton Island, possessing a lagoon ideally adapted for a big force of seaplanes. If the American claim to this coral pretzel is made good, most of the other islands now in question can be forgotten. The island lies across the line that Japan would most reasonably follow from her mandated outposts if she were to strike at the Panama Canal. That is the vital spot in American long-range defense. So much for the American thrust into far stretches of blue ocean, almost forgotten since the whalers from New England, along with their British compeers, traced a thousand paths over them a century ago.

The second development has been less noticed. For a year or more, the American Government has been disturbed at the daily blasts of European fascist radio propaganda directed at this continent. The propaganda has been clever, ranging over a wide field. Some of it has been directed toward the United States itself. A German announcer from Berlin will say: "Tonight we shall play a special composition in honor of Wilhelm Schulz and all his friends, who are gathered for his birthday in Milwaukee. . . . To Herr Schulz and all his good German relatives and friends, the Vaterland sends her special greetings. . . ." This sort of thing went on at a great rate, facilitated by German-American groups in the United States. Ordinarily it would have caused little stir—pleasant, cultural, *gemütlich*. But in these days of stress a good deal of political argument has been mixed in with the old German folk-songs—

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argument with a direct bearing on the formation of American foreign policy.

However, the United States Government figures it can take care of its own citizens. The real irritation comes over propaganda directed toward South America. Programs conveyed on the short waves from Europe to Brazil, for instance, will say: "There is a big strike in the General Motors plants in Michigan to-day. Deliveries of cars in the export trade are held up. Prices will be higher . . ." And so on. Of course, too, there is interminable tendentious discussion of events—interpretations highly at variance with what the United States considers a fair statement of the facts.

To counteract this tide of propaganda, the American Government has set up a committee, and is stimulating its radio companies to improve their short-wave services, particularly to Latin America. The American radio industry is a veritable giant, rich and powerful, fed on the strong meat of advertising. Its managers are eager to co-operate with the Government, which holds the power of licensing. They are prepared to do their part in bringing the United States viewpoint to Latin America. Already they have begun to tailor their programs for consumption among the "good neighbors". Thus the United States, too, joins the world battle of the air waves.

In another field, the United States is taking concrete action. That is in organizing the flow of refugees from Europe. The campaign is in its earliest stages. But, under present immigration quotas and if the regulations are interpreted liberally, about 18,000 refugees from Germany-Austria could be admitted in the rest of the fiscal year to July 1, and 27,000 places would be available for the next year. This number probably far exceeds those who would be able to come, but it shows that the United States is once more a haven of refuge for those who can escape and make their way here. Many domestic organizations would be glad to help them, and, although there are varied demands

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on American-Jewish charities these days, no small part of their abundant budget could go to help compatriots from Herr Hitler's domains.

All these varied problems, with their world implications, have some meaning to Americans. And events in Vienna, in Shantung province, are brought home to every farm and hamlet by an unparalleled reportage. The newspapers are doing their share, but the radio is showing what it can do in a crisis by pouring into our thirty-seven millions of receiving sets a vivid, excited, close-range account of the events. Beyond any question, this radio story exceeded—in the Vienna crisis, at least—any reporting of the kind that has ever been accomplished before, particularly in its penetration to every corner of the nation, in fullest detail, and as close as if the events were happening in the next square. Yet there is no sign that this vivid crossing of the Atlantic and the Alleghanies has brought anything more than a renewed desire to "keep out of trouble". Certainly it has not dispelled the major preoccupation, which is one of bread-and-butter, jobs and profits, Roosevelt and the new depression.

II. THE SEARCH FOR INTERNAL STABILITY

THE great problem for Americans is again recovery. Now that spring and the moment for business revival have come, and revival has not come therewith, the gravest forebodings are spreading through public opinion. Leaders of business and finance are in the blackest of moods. Very few of the members of Congress who are prepared to vote for it have much confidence in the new Roosevelt pump-priming program. Among the people, doubt and uncertainty are pervasive.

The *New York Times* weekly business index on April 24 reached a point just equal to that of a brief depression in October 1934—a depth that had not otherwise been touched since May 1933. The precipitous descent that began last

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August and continued without real interruption until January has only paused, it seems.

The depression is curiously intertwined with the President's political difficulties. It began at about the date when he started having difficulties with Congress over his plans for Supreme Court reform. The indices have gone downward steadily with each additional sign of the President's political troubles. As it has become clearer that Congress is relatively dominant, so the depression has got worse. And that goes to show how illogical the whole thing is when you attempt to apply psychological tests too literally. For, when anti-Roosevelt opinion should have been encouraged by the President's defeats and impotences, it seemed not to be. And it is interesting to recall that the most booming business moments of the last five years have generally occurred when the President was riding highest—when the most experimental and sweeping legislation was being enacted.

Little in the past eight months of recession indicates that the President knew what to do, or would be able to do it if he did. In September and October, at least, he denied that a recession was under way. His speeches on his trip across the continent and back in early October harped on the joyous theme that recovery was really with us. For the next five months, the President tried to ride out the storm. He could no longer doubt the existence of a real recession, but he took the view that it would blow over—that recovery would be resumed in the spring. Came spring and no recovery, so the President produced his pump-priming program.

This program was adroitly conceived politically, and its reflationary influences should be perceptible, unless the whole effect of the new spending is neutralized by the doubts and discouragements of business itself. One little incident—a true one—illustrates what the President is up against. One week-end a lot of Congressmen and a few newspapermen went on a "junket" to Charleston, South Carolina.

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Among those who met them was a prominent textile industrialist, one of the leading proprietors of mills in New England and the South alike. This gentleman spoke quite freely of his viewpoint on the new spending program. He said :

"As soon as I heard of the President's pump-priming plans, I laid off one-third of my workers. I had to. Goodness knows what is ahead! I'm going to be careful!"

This attitude may seem almost unbelievable. But the story is literally true, and the industrialist ranks among the six most prominent textile employers in the country. His fear and mistrust of the Roosevelt program were translated immediately into a crippling blow to the economic security and well-being of the workers in the numerous towns—north and south—where his mills are mainstays.

So far, President Roosevelt has done nothing to conciliate employers like this. It happens that the industrialist in question has hitherto been looked on with favor by the Administration. Indeed, he acted in an important advisory capacity to Mr. Roosevelt, unofficially, for the first two or three years of the President's term. That does not alter his views now, nor mitigate the effect upon the economic system of arbitrary curtailments of employment because the managers of industry are fearful of the national politico-economic situation.

Doubtless the blame for industrialist policies like this can be placed on the President and on business both. The textile manufacturer may not consciously have been trying to sabotage the Administration. He may honestly have felt that a reversion to earlier tactics brought peril, which demanded retrenchment. And it is obviously up to the President to avoid getting industrialists into such moods, if there is any earthly way in which he can do it.

The lack of confidence, shown in an extreme form in this incident, is now one of the major deterrents to recovery. At the very moment when the President, in his pump-priming program, was reversing the deflationary policies

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of last year, the psychological effects of his action produced another powerful deflation. There are few signs that Mr. Roosevelt realizes the need of tackling the confidence problem. In his fireside chat about pump-priming, he adopted a soothing mood. But at that very moment, and subsequently, he continued to be responsible for policies that roused new apprehensions. Thus the Administration pressed on with an attempt to save its face over the tax legislation. When the Senate had passed a tax Bill repealing the undistributed profits tax, and the House had passed a version clinging to the bare bones of that measure, the Administration's pressure was put strongly behind the House draft.

Thus, for some months, the White House forces have been fighting a rearguard action, constantly in retreat, constantly forced to make concessions, but never making concessions in advance and triumphantly taking credit for them. Indeed, the attitude of the Administration toward its business and congressional opposition has been very much like the attitude of France toward Germany over evacuation of the Rhineland and other revisions of the Versailles treaty. Concessions have come aplenty, but never in time to stop the rout. The disarming advantages of magnanimity have never once been recognized.

Another concrete illustration of the President's attitude comes to hand. Last week the American Society of Newspaper Editors met in Washington. They make up an important group, and nowadays a worried group. They came from communities existing under a black pall of gloom. They have been anti-Roosevelt in the past, many of them, but this time they were in a mood to enlist in a great national drive toward recovery. They were ready to let bygones be bygones.

As is customary, the editors spent a long evening conferring with the President at the White House, "off-the-record". What was said cannot be printed. But the editors' emotions on leaving the White House could not

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be concealed. Some of them were irritated, some disappointed, some saddened and some as angry as hornets. For the President—it appears—had simply scolded them. He did not choose to lay his cards before them and talk frankly about the national problem of economics and confidence. He did not urge them to help him in the future. He dug up old bones and picked them with the editors. They returned to their editorial desks, all over the nation, convinced that Mr. Roosevelt had no grasp of the immediate national problem.

That problem, it cannot be over-emphasized, is an achievement of a truce to bickering, an enlistment of business co-operation in bringing about recovery. The sole sound purpose of pump-priming is to start the water flowing from the cool depths below, and these depths are in the control of private business. The attitude of large segments of private business is sufficiently shown in the quotation from the textile employer. Oddly, that quotation came to light on the very same day that sixteen other industrialists pledged their united efforts to assist in recovery—a pledge of fair words, similar to many such utterances during the Hoover period, a pledge whose elevated message is sadly damaged by knowledge that many employers are behaving just as the textile man behaved.

President Roosevelt has thus far shown no real determination to conciliate his economic opposition. He constantly irritates them with pin-pricks. Not the least of these was his insistence on retaining a face-saving sham of the undistributed profits tax (if Congress will really agree to retain it) rather than repealing the measure outright as a gesture of encouragement to business. Another pin-prick is in his continual pressure for a rather meaningless resolution on wages and hours. Mr. Roosevelt, all agree, is one of the most determined men in the world, if not one of the most stubborn. His friends and family describe it as “getting his Dutch up”, and he has been in this mood toward business for a long time. His secretaries, for

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ample, have responsibly stated this very week that a business-organized scare was responsible for defeating the reorganization Bill, and that similar tactics are to be tried against the pump-priming program. Maybe so; but business must ultimately be conciliated if recovery is to take place.

The big question is whether Mr. Roosevelt can perform his act of conciliation, and finish his term with a reasonably stable economy, political and industrial. The President is an exceedingly facile and ingratiating politician, with an undenied hold on great groups of the people. Business itself recognizes this hold. Thus if, with that behind him, Mr. Roosevelt made a real appeal for co-operation based on a determination to help business make profits again, he might be able to clear the air. His magnetic personality might recapture some of the magic of 1933. Particularly if such tactics were matched by an announcement that he did not intend to stand for a third term, the President might graduate to a position of non-partisan eminence which would immensely increase his real authority with the people and go far to placate business.

Of course, the President contends privately that he does not propose to run for office again, but that to announce this publicly would destroy his political authority. Perhaps once this might have been true, but under present circumstances such an announcement would seem the first step toward two remaining years of a sort of “national union” Government; and if problems are not being met by 1940 it would be the best possible preparation for “draft Roosevelt” sentiments among the people.

In making such a statement, the President might also pay his tribute to the profit motive, promise no more disliked reforms, and call for a hearty mobilization for recovery, with his reflation and spending program as a first fillip. There would be some carping and criticizing of such a program; some of the politicians would begin to set their caps toward control after 1940; but in the present

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mood of the country it would seem that the vast generality would enlist in the drive with zestful gratitude.

For the President to secure acceptance of himself as the real leader of the country, instead of a tragic figure increasingly isolated and frustrated in the White House, he must positively make himself the leader. But in this latter day leadership must be based on the co-operative assistance of the present doubters. The choice before the President is between the fate of Wilson and Hoover on the one hand, and a patriotic concentration of national union on the other. Congressional leadership is not the answer to the national problem; for it is negative, fickle and selfish. Only the President can lead; the alternative is deadlock, as all American precedent testifies.

Solution of this recovery problem not only means much to the United States, it is of great significance to the world. A strong foreign policy is dependent in no small measure on a pacified domestic situation. And a major American depression is of course contagious. Nothing can contribute more to the stabilizing influence of the United States than that stability should begin at home. Thus it is that in the end the issues of American foreign policy and of recovery twine inextricably together. One cannot overestimate the stakes, for America, for the world.

United States of America,
May 1938.

THE PAST AND FUTURE OF WARFARE

By a Correspondent

THROUGHOUT Europe the general staffs are whistling to themselves in the dark. New tactics, strategies and military formations arise from time to time and disappear again. An enormous and constantly increasing military literature covers every conceivable aspect of present-day warfare: infantry and machine-gun tactics, co-operation between infantry and tanks, infantry and aircraft, tanks and aircraft, independent aerial warfare and so on. The lessons of the wars in Abyssinia, Spain, China are scanned with eager expectation, and distorted to fortify the most divergent opinions.

Consciously or subconsciously, everybody is acutely aware that the riddle of the coming war has not been solved, that it is becoming more inscrutable with every new invention. In this perplexity, military thought has turned for its guidance to history; unfortunately, in doing so it has misunderstood the nature of the help to be found in that quarter. When rational thought had failed to penetrate the mist overhanging the future, it was futile to expect the process of historical analogy, too often merely superficial, to throw an intelligent light upon the situation. The true function of military history for the understanding of the present and the forecasting of the future is to retrace the development of the present out of the past, and thus to expose, not misleading similarities, but, on the contrary, the fundamental differences that distinguish the warfare of to-day from that of past ages.

THE PAST AND FUTURE OF WARFARE

I. FROM FREDERICK THE GREAT TO SCHLIEFFEN

IT was in the late seventeenth and eighteenth centuries that our modern form of warfare was born. The establishment of standing armies, by eliminating the unreliability of feudal or mercenary troops, for the first time since the Roman Empire made strategic planning possible. But what the conduct of war had gained, on the one hand, in cohesion and precision, it lost, on the other, in mobility and spirit. The mere technical features of warfare at that period—the ponderous armament, the rigid tactics, the incommensurate importance attached to fortresses—constituted in themselves a powerful check upon the mobility and action of the forces. Far stronger, however, than these technical brakes was the fact that armies and warfare were founded upon the narrow basis of absolute monarchy, rather than the economic and moral forces of the whole nation. The composition of the armies out of the dregs of the population, the magazine system of supplies, which made far-reaching and bold movements almost impossible, and the fear of losing such a costly and irreplaceable instrument by exposing it to the risks of open combat, combined to confer upon eighteenth-century warfare its curious hesitancy and indecisiveness—the preference for manœuvres and other non-committal forms of action, such as sieges; the evasion of battles unless they were unavoidable or offered an opportunity too tempting to be resisted; the failure to press home and exploit to the utmost a victory won.

It was in this last respect that the virtual segregation of the monarch and his army from the life of the rest of his subjects made itself most plainly felt; for the purely dynastic character of the wars, neither affecting nor meant to affect the mass of the people, found its expression, not only in the limited nature of their objectives, but above all in the constant intervention of non-military, political considerations, upsetting all military rationality. Frederick the Great himself, the leading captain of his age, in his first two

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wars showed himself such a past master of the political exploitation of military situations and the execution of sudden *volte-faces* that, in the end, he lost his moral credit with everyone, and at the beginning of the Seven Years War found himself facing an overwhelming coalition, including his disgusted French allies. In the life-and-death struggle that ensued, he rose indeed for a time to the full possibilities inherent in the nature of war, but soon had to give up such decisive strategy as too exhausting for the meagre resources at his disposal. In the end he owed his salvation to the consummate skill with which he used the more limited methods of his own age.

It is significant that the fundamental change, which at the end of the eighteenth century overthrew the whole system of war as an instrument of diplomatic fencing, was primarily not a revolution of armament, tactics or organisation, but one of the spirit in which all these means were employed. There sprang up an entirely new conception of the nature and objectives of war. It is true that all kinds of material reforms—the organisation of armies into independent and self-contained units, *tirailleur* tactics, the improvement of artillery and the abolition of the old ponderous system of magazine supplies and baggage—had to be achieved before this new form of war could come into being. But all these reforms failed to bring about any appreciable change in the inner nature of war, until the French Revolution made resistance to the invading Powers an affair of every citizen and of the whole nation. Even then, under commanders of undoubted efficiency warfare retained its old indecisive character for several years more. Not until Napoleon grasped the instrument that had been gradually forged for him, and began to use it ruthlessly in an entirely new spirit, was there born that decisive form of mobile warfare of which its great interpreter, Clausewitz, claimed that it was but the realisation by war of its true eternal nature.

In violent contrast to the indecisive spirit of eighteenth-century warfare, Napoleon's warfare derived its furious

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energy from the single-mindedness of its inspiration, from the indomitable will to conquer, at all costs and at every risk to himself if necessary. To march straight against the enemy in an elastic order assuring the mutual support of all units; to force him to battle under the most advantageous conditions that superior mobility could bring about; to exploit to its utmost every tactical success by ruthless pursuit; to pile victory upon victory until the enemy was physically or morally incapable of continuing his resistance: that was the sum and essence of Napoleon's strategy. Its success—apart from the genius of the man who directed it—depended upon the superior organisation and mobility of his forces, the ability of his lieutenants to handle separate corps intelligently, and last but not least the surprise effect of his methods. It was defeated when that surprise effect had worn off, when his enemies had learnt to turn his own methods against him, and when in addition his system broke down internally because the growing size of his armies made their effective direction impossible with his still primitive staff technique, and his lieutenants proved incapable of independent action.

Napoleon himself fell, but the impulse he had given to warfare did not pass away with him. Once the true nature of war, as an act of unlimited violence aiming at the complete overthrow of the enemy's power of resistance, had been fully revealed it could never be forgotten, and the mobile form of decisive warfare continued to dominate the battlefields both of the Old World and of the New as long as it did not meet with an insurmountable check. Moreover the general development of civilisation in the nineteenth century favoured rather than hindered it. The difficulties in handling large masses, which had so greatly contributed to Napoleon's downfall, had been overcome by the middle of the century through the rapid perfection of staff work and the development of the railway and the telegraph. Hence on the eve of the world war the control and the mobility of the armies, despite their enormous

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growth since 1870, had advanced beyond any standard ever attained by Napoleon.

In Schlieffen, the last and in a way the greatest of the "pure strategists", the man who had done most to apply Napoleon's strategy to the conduct of armies counting no longer by tens of thousands but by millions, this idea of mobile, decisive warfare reached its logical conclusion. The concentration of the forces to the last available man in the decisive battlefield, with a total disregard of all distracting side issues; the planning of every battle from the beginning, not merely towards an ordinary "victory" but towards a decisive success by the direction of the forces against the enemy's flank and rear; the conception of every success merely as a step towards the complete annihilation of the enemy's power of resistance: these were the means, embodied in his famous plan, by which Schlieffen hoped to offset Germany's numerical inferiority and to bring the war to a swift conclusion before its exhaustive effects upon the modern industrial world should make themselves felt.

II. DEADLOCK IN THE WORLD WAR

THE first weeks of the war on the western front seemed to justify him completely. The unexpected efficiency of artillery firing from cover proved indeed a most disagreeable surprise. But the very intensity of its fire had the effect of forcing the Germans forwards at all costs against the French infantry, who in their agitation seem to have fired so badly that the actual losses of the German regiments were often considerably less than those they had suffered in 1870. By the second week of September Schlieffen's plan had broken down, not through the resistance of the enemy, nor through defects in supplies and communications, but through fundamental errors of generalship. A new factor then intervened, not only to enable the Germans to stand at bay and recover from the effects of their defeat in the battle of

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the Marne, but also to bring about the greatest and most decisive change in the whole history of land warfare—the absolute barrier to advance in the open that is created by modern quickfiring armament, above all the machine gun, if it is coolly and properly handled.

Thanks to this factor the thin line of men that stretched from the Alps to the North Sea succeeded in warding off every attempt to effect a decisive break-through. Above all, by forcing the Allies to adopt the most disadvantageous of all forms of tactics, the direct frontal attack, it abolished at one blow the whole mobile and decisive strategy that had reached its culmination in the period from Napoleon to Schlieffen. There was no more skilful manoeuvring in space, no turning of the flank, no attack in the rear, no pursuit to expand a limited advantage into a decisive victory. The disguising of the actual point of frontal attack was practically the only element of skill remaining in this complete abdication of the art of war and leadership.

Out of this deadlock, which reigned for nearly four years on the western front, there arose the war of exhaustion. The mainstay of the defence, the machine gun, owed its overwhelming strength not merely to the intensity of its fire-power, the “nervelessness” of its mechanically controlled action, and its smallness as a target, but above all to the fact that as soon as it attempted to advance in the open these characteristic assets were lost; hence it could not be effectively attacked by its like, and it was stamped as the defensive weapon *par excellence*. Thus in the first years of the world war the only weapon that could hope to deal with the enemy’s machine guns was the heavy gun, and for a long time the whole strategy was reduced to a duel between the two, in which the attacker attempted by an overwhelming bombardment to annihilate all resistance on the enemy’s side before he sent his infantry to the decisive advance. But although the length and intensity of this preliminary bombardment increased by leaps and bounds, and the consequent tremendous expenditure in munitions and

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supplies rapidly forced the whole economic life of the belligerent countries into purveying for this war of material, the results remained more than disappointing. The few “immortal” machine guns, which even the most terrific bombardment could not destroy, sufficed to prevent such local successes as were gained, at an appalling cost of life and material, from developing into the decisive breakthrough.

In order to end this intolerable situation, threatening to convert the whole war into a trial of exhaustion, each side in the end developed a device calculated to overcome the stopping power of the machine gun—the Allies the tank, the Germans their new tactics. The essence of the latter lay, not so much in the new “infiltration” advance of the infantry, as in the short but overwhelming artillery attack, based upon the development of firing by charts instead of by observation, and upon the use of gas, which had made possible the effective silencing of batteries even behind cover. It achieved remarkable initial successes but broke down every time when the German infantry, having overrun the first lines with the help of an immense artillery concentration, came up against fresh forces, the resistance of which it was incapable of overcoming, because its own supporting artillery had not been able to follow. And when, after the first surprise had worn off, the Allies countered by the simple expedient of withdrawing the bulk of their forces from the front trenches, the new tactics not only lost all their effect but actually turned into a dangerous pitfall for the attacker himself.

More than anything else, this breakdown of the new methods, upon which such great hopes had been set, paved the way for the remarkable successes that the tank was destined to achieve in the Allied counter-offensive in the summer and autumn of 1918. But although it contributed very markedly to shaking the Germans’ morale and enforcing their retreat, the tank failed to the last to bring about that decisive breakthrough for which it had been

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constructed, and the German line, though sorely beset, continued its retreat unbroken to the bitter end.

Thus the world war ended, militarily speaking, almost as inconclusively as its whole course had been run. If indeed the Allies had won in the end an indisputable victory, this victory had been brought about, not by decisive military action in the field, but by the cumulative effects of the war of exhaustion. The final successful advance in the autumn of 1918, achieved against an enemy shaken to the core by four years of fruitless efforts and privation, could not have been expected to attain equal success against an unshaken enemy of equal strength and resources; while the nightmare of the four years of deadlock that had preceded it only too strongly emphasised the eminent necessity of finding a quicker way of deciding future wars militarily, before victor and vanquished should alike succumb to the same economic exhaustion.

III. THE WAR IN THE AIR

THE natural means to that end seemed to be at hand in the new mechanical arms, which had made such remarkable advances during the latter stages of the conflict, the aeroplane and the tank. To a great extent the history of post-war military preparations resolves itself into the development of these two forms of mechanical warfare from auxiliary arms into independent forces aiming at a final decision. There, however, the parallel ends. For in every other respect tank and aeroplane have taken widely divergent courses.

The idea of developing the aeroplane from an auxiliary element into an independent arm capable of striking decisive blows against the enemy's home front was first conceived and developed by the Italian General Douhet. It started from the assumption that in the present condition of armament land warfare would inevitably revert to the deadlock of the war in the trenches, and that a rapid decision could, therefore, be sought only by leaping the impenetrable

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shield formed by the enemy's armies and navies, and striking directly at the heart of his power of resistance, the big cities and the industrial centres.

After meeting with initial incredulity, this ingenious idea has been reflected in the creation of independent air forces by all great military Powers—with the exception of the United States and Japan—and the establishment of a separate air strategy. It represents by far the most important strategic development, not only of the post-war era, but even perhaps of military history from its beginnings. The possibility of attacking the whole of the enemy's country and of his civilian population from the air certainly constitutes the most sinister aspect of modern totalitarian warfare. Apart from the strain upon the economic life of the country, air-raid precautions require a supply of manpower running into millions, not all of them able-bodied men but necessarily including a considerable number of highly trained troops.

If, however, the coming of independent air war has contributed so much to complicate the conduct and increase the burden and the horror of future warfare, it has failed hitherto to bring about that quick decision which formed its original purpose. For the psychological effect of terror bombing, as the examples of the Spanish and Chinese wars have proved, is a more than doubtful factor; such tactics may even turn in their user's hand by stiffening the defenders' morale. The immense advances made in recent years in anti-aircraft defence and air-raid precautions, without in any way conferring immunity, to-day ensure that no nation that has made full use of them need fear to be brought to unconditional surrender by attack from the air.

IV. TANK AND ANTI-TANK

THE situation as regards the tank is far less clear. Here again its marked increase in speed in the post-war era has led to its divorce from its original task as an auxiliary of

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the infantry, and its development as an independent arm. In part, it has been transformed into a kind of armoured cavalry, useful for many purposes but incapable of overcoming the resistance of a strong enemy. In part, it is designed for concentration in large bodies intended to achieve the decisive break-through in mass attack, independently of the infantry following in their wake.

Neither of these two main forms of modern tank tactics has been tried out on a sufficiently large scale either in Spain or in China to allow a verdict yet to be given. But although the concentration of tanks into independent mass attacks certainly seems the most rational form of their employment, allowing them the full use of their main asset, mobility, the prospects for their success are to-day more doubtful than ever. This dubiety arises not only from their fundamental defects, which have been once more demonstrated in contemporary conflicts, but above all from the immensely increased strength of the defence. The latter comprises to-day a whole system, from the anti-tank rifles and machine guns of the infantry—to which the flame-thrower appears as a most important complement—to the medium and heavy anti-tank guns, tank destroyers, tank mines and so on.

This immensely enlarged strength and systematisation of the defence have already had the most important effect of complicating tank attacks to an almost fatal degree. A modern tank mass attack, as it is envisaged in the service journals, presents an absolutely bewildering picture. The most complex co-operation is expected of a whole series of different arms, all and each deemed indispensable for its success: tanks for the attack, lighter tanks for despatch service, heavier tanks for close-range artillery support, special pioneer tanks, specially trained pioneer units, rifle units on motor cycles, aeroplanes for reconnaissance before the attack, attack aviation for co-operating with the tanks during the attack, mobile anti-tank guns to protect the ground gained from tank counter-attacks, heavy artillery of every calibre for the support of the attack, and, last but not

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least, infantry with all its own special arms and services to carry through the fundamental advance behind the actual tank attack.

One cannot but wonder how such complicated co-operation is likely to function amid the confusion of real warfare and against determined active resistance on the part of the enemy. The question also arises whether in this case the tank, even if indispensable in its peculiar rôle, can still be considered as the main factor in this combined system of attack; whether the real force should not rather be sought—as the still inconclusive experiences of the Spanish and Chinese wars would seem to indicate—in the combination of strong and mobile heavy artillery with attack aviation. Both of these arms enjoy as against the tank the advantage of being *armes-à-deux-mains*, equally serviceable for the defence as for the offence. Finally, all this immense apparatus has been unable to obviate the fundamental problem, which is still—and will always be—that of the infantry. The infantry has to advance unprotected against the remnants of the enemy's firepower, which even the most successful tank attack cannot guarantee to eliminate completely, in order to secure and consolidate the advantages gained by the tanks. Thus the whole development of mechanised warfare has only served to bring us back again, though on a higher plane, to the problem from which it started, a problem to which the Germans devoted such an immense labour when the treaty of Versailles prohibited them the use of tanks or any similar mechanical devices: namely, how to enable the infantry, in the face of modern quickfiring armament, to cover the fatal last 300 yards, where the assistance of its own artillery must end.

Thus, although to-day war has become essentially "mechanised warfare", in the sense that the material has gained for itself a decisive place side by side with the personnel, and that against a pronounced superiority in equipment even the most desperate bravery and determination cannot prevail, this does not mean that the infantry

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has in any way lost its outstanding importance as the final instrument of the attack. The task of enabling it to fulfil that critical function still constitutes the greatest problem of military preparation. It is for this reason that the earlier hopes for the reversion of warfare to its former mobile and decisive character must remain so speculative.

Nor can it be said that, taken as a whole, the mechanisation of land warfare has unequivocally favoured the offensive. In every field the defence is likely to gain the upper hand in the long run, since it will always be easier to destroy and stop a piece of complicated machinery than to keep it going under the stress of war conditions. Moreover, the multiplication and complexity of arms and services have to-day reached a point at which the immensely increased friction must inevitably tend to favour the defender against the attacker. It is not at all clear that the problems created by the extraordinary increase in the speed of some sections of the forces and by the parallel development of all forms of communications have been successfully mastered. Finally, there is the vastly augmented power of passive defence—not only the almost impenetrable mazes of defence works prepared long in advance, such as the Maginot line, the Rhineland fortifications or the defences of the Czechoslovak frontiers, but also the remarkable advance during the last decade in the art of constructing most serious obstacles with the limited and primitive means available in the field.

Undoubtedly the appreciation of these facts will encourage the use of sudden surprise attacks on the outbreak of hostilities, with the aim of overrunning the enemy's system of defence before he has had time to settle down in it. But once the danger of the first hours and days has been overcome, especially in the air, it is unlikely that operations will resume the mobile decisive character of the campaigns of Napoleon, von Moltke and the American civil war. If, on the other hand, a return to the almost complete stalemate of the world war is equally unlikely, operations may perhaps assume the character of the advances

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against Bilbao and Santander, the recent thrust to the Mediterranean in Spain and similar incidents in China. That is to say, they may consist of a series of interconnected short advances, achieved with the help of strong concentrations of heavy artillery and attack aviation, none of which need be decisive in itself, yet all together combining to bring about a decisive result.

In view of the immense increase in the material and supplies required in present-day mechanised warfare, even such a semi-mobile form of operations will strain the industrial resources, and thereby the man-power, of the belligerent countries to scarcely a lesser degree than did the war of exhaustion at its full height. Every country and every general staff, therefore, while hoping wistfully for a short and decisive war of movement, is at the same time preparing for the opposite contingency. The requisite industrial mobilisation, together with the needs of air-raided defence and civilian precautions, means that every single citizen must co-operate in the effort. And that brings us back to the beginning of our argument.

V. THE WAR OF NATIONS

THE fact that both in the eighteenth and in the twentieth centuries the decisive and mobile form of warfare has found itself checked—although by entirely different influences—has misled not a few observers into inferring that we should revert to eighteenth-century ideas of “limited warfare”. The parallel simply does not hold good. For the check upon the “natural” form of warfare in the eighteenth century was, as we have seen, but partial; the mobility of the forces was impaired, but by no means abolished. There was plenty of opportunity for other forms of operation than the direct frontal attack. Furthermore the checks to decisive action, being rooted in the administrative and sociological conditions of that age, were eventually overcome in the natural course of progress.

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To-day, on the contrary, the check imposed by the modern quickfiring gun is not partial but absolute. Not only are all movements in the open stopped by the tactical obstacle of modern firepower—insurmountable, save at the cost either of terrific sacrifices or of immense expenditure of material—but every form of tactics or strategy except the most disadvantageous, the direct frontal attack, is thereby automatically precluded, with the exception that attack aviation may perhaps make an effective pursuit, after a frontal defeat, possible once more. Moreover, since no increase of mechanical warfare can dispense with the human factor in attack—the infantry—there can be no certainty that this check will ever be totally abolished and war return to its “natural” mobile form again.

The whole fallacy of the argument, however, becomes clear only when we turn to the other side, so frequently overlooked in present-day discussion. The wars of the eighteenth century were limited in character primarily because, being essentially an affair of the dynasties and not of the peoples, they lacked the full moral support of the nations behind them. To-day war means such immense and widespread suffering, and demands such a whole-hearted effort on the part of every citizen, that it is only with the full support of their nations that statesmen can dare to embark upon it at all. Therefore the wars of to-day, being only possible for a country's most vital interests and for its most fervent convictions, are fought with a desperate determination such as has not been witnessed since the days of the wars of religion. A half-hearted “limited war” in the eighteenth-century style, trying to restrict its efforts and its success and to say “thus far and no farther”, would to-day be not merely an anachronism but a sheer impossibility. The nation that would dare to evoke the awful spectre of war without the firm determination of fighting until the last could not hope to survive.

Nor is mere moral determination enough. Modern war, owing to the greatly increased importance of industrial

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mobilisation and air-raid defence, will probably never again put into the field anything like the numbers that went to the trenches in the world war. But it is all the more important that the whole man-power of the nation should be so distributed, between active service and the manifold duties of the home front, as to ensure that every man is in the place where he can be of the greatest use to the whole effort. In a great modern industrial country, that cannot be done without long and careful preparations. Whatever the name given to it, the total mobilisation of the whole nation is to-day not a frivolous dream, but an absolutely vital necessity, and one moreover in which the authoritarian régimes enjoy an immense advantage over the democracies. In any future war, the time formerly allowed, even after the outbreak of hostilities, for the remedy of defects and omissions will no longer be available. Sea power can no longer be a cloak for military and industrial unreadiness; the utmost effort will have to be put forth from the very first minute. When the hell hounds of war have broken loose, there will be no chance of a successful improvisation. The war of the future must have been won before the first blow is struck, if it is to be won at all.

THE ANGLO-IRISH AGREEMENT

I. THE NEGOTIATIONS

THE negotiations between the British and Irish Governments which began in London on January 17* were continued intermittently during February and March. The preoccupation of the British Government with the international crisis caused delay in the early stages, and when the terms of a possible settlement began to emerge it became necessary for Mr. de Valera to consult his Cabinet on the details. From the beginning the issues for discussion were clear. To the Irish public the settlement of the land annuities dispute presented itself as the really vital question. Failing arbitration or a complete admission of liability by the Irish Government, the only possible solution of this problem seemed to be the negotiation of a trade agreement whereby, in compensation for the land annuities and other payments in dispute, Great Britain should obtain trade concessions in the Irish market. On the British side there was a natural desire to arrive at an agreement on defence, which would relieve Great Britain of anxiety concerning the western approaches to her shores. The Irish delegation at once complicated these already difficult problems by raising what is at present the almost insoluble question of the partition of Ireland. Whether Mr. de Valera really believed that the British Government were so anxious for a comprehensive agreement, including defence, that they would be prepared to forswear their undertakings to the Government of Northern Ireland, or whether he raised the question for bargaining purposes, it is impossible to say, but it is difficult to believe the first alternative.

* See THE ROUND TABLE, No. 110, March 1938, pp. 322 *et seq.*

It is unfortunately true that owing to a combination of ignorance and prejudice there are still a number of people in Ireland, most of whom are Mr. de Valera's followers, who firmly and honestly believe that, in the event of another European war in which Great Britain was engaged, Ireland could remain neutral or perhaps even take sides against Great Britain. Mr. de Valera does not share this delusion, but as a politician he probably thinks it desirable, at least for the moment, to hasten slowly. He believes, perhaps rightly, in a gradual approach to an external policy based on an open defensive alliance with Great Britain for mutual economic, political, and strategic aims. Such a policy must ultimately emerge; for our interests and our instincts alike align us with the democratic States.

When he returned from his second visit to London on February 27, Mr. de Valera stated in a press interview that he almost completely despaired of getting any agreement which would include the question of partition, and that meant that no really comprehensive agreement could be made. Any agreement that left Ireland partitioned, he said, could only be a partial agreement. At most it could be no more than a step towards establishing that friendship between the two countries which was desired, not only by the majorities of both, but also by the people of Irish and British descent in the other Dominions, the United States, and every other country in which their respective peoples had found a common home. Although, he added, the British Government might not now be able easily to end partition, it could not wash its hands of the question. It was the British Parliament that had created partition; the supreme power over the area cut off remained with that Parliament; without British force and British funds partition could not continue for any length of time. The provisions in the Act creating partition which were intended to safeguard the rights of minorities had been set aside or ignored by the Belfast Government, and no protest had been made from Westminster.

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Gerrymandering and religious discrimination had deprived the Nationalists, who constituted over one-third of the population of the six counties, and were the largest religious group, of their natural civic rights. The position was intolerable. There were, he said, Nationalist majorities in the counties of Tyrone and Fermanagh, in Derry city, and in the parliamentary constituencies of South Armagh, South Down, and South-east Down, all contiguous to the border. There was no justification for coercing them to remain under a régime that they detested. He concluded by emphasising that until partition was ended there could be no final settlement with Great Britain.

Unfortunately the position is not quite so simple as Mr. de Valera seems to think. Partition was in fact created by no Government. It is the political expression of the deep-seated differences that divide the inhabitants of the north-east corner of Ireland from the rest of the country. These differences, which have their origins in fundamental religious divisions, aggravated by centuries of distrust and suspicion, cannot be conjured away overnight by any agreement. Partition did not originate with the establishment of the border and will not be cancelled by its removal. It is rather the visible expression of the superiority complex from which the Protestant Scots of Ulster suffer in regard to their Catholic fellow-countrymen. Such a mental condition cannot be cured by coercion, even if the British Government were free to embark on such a course. Nor could the British negotiators fail to remember that Mr. de Valera cannot guarantee the conduct of his successors. A defensive alliance between Great Britain and Ireland, which Mr. de Valera apparently believed to be a bargaining counter in securing the abolition of partition, would be the most powerful answer to the arguments and fears of the Northern Ireland Government. It cannot be too often emphasised that the approach to Irish unity must be made by easy stages and that the road is not straight. Belfast can only be reached politically *via* London. Good

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relations between the British and Irish Governments will be the best solvent for Ulster's complex.

The Northern Ireland election, which took place on February 10, gave Lord Craigavon 39 of the 52 seats in the Northern Parliament, and the largest majority since 1922. The usual lack of united policy and leadership amongst the Nationalist minority contributed to this result, which was in accordance with expectations. In a message issued after the election result was declared, Lord Craigavon said that the election had been fought on the direct issue of Ulster's position within the United Kingdom and the Empire. Mr. de Valera had again presumed to raise that issue with the British Government and had placed the unification of Ireland as item number one on the programme of his conversations at Downing Street. The result of the Northern election had wiped that item off his agenda. This truculent statement is very characteristic of Ulster political mentality, and Mr. de Valera can certainly be pardoned for replying, as he did, that Lord Craigavon had made a mistake; for, as long as Ireland endured, the recovery of that part of the province of Ulster which had been wrongfully torn away would be the first item on the agenda in every conference between the representatives of Ireland and Britain, until it was finally wiped off by the restoration of Ireland's natural unity.

It was obvious that the present privileged position of Northern Ireland would be seriously affected if Irish agricultural produce was once more admitted free into Great Britain, which for customs purposes includes Northern Ireland. This in itself would be enough to explain the attendance of Northern Ireland representatives in London for conferences with British Ministers on the details of the proposed Anglo-Irish agreement. If Northern Ireland were a Dominion, free to negotiate for itself on tariff questions, the two Irish States would be placed on an equality, and Lord Craigavon and Mr. de Valera would be obliged to discuss together their domestic

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difficulties instead of lodging complaints against each other at Westminster. Such intercourse would be profitable to both parts of Ireland. No permanent solution for the gradually deteriorating economic situation in Northern Ireland can be found by a Government which by its very structure is unable to take effective action on its own initiative and which clings to outworn formulas in a rapidly changing world. At all events it is clear that where questions of trade are concerned the Government of Northern Ireland cannot afford to stand aloof.

On March 22, both Houses of the Northern Ireland Parliament, on the Government's motion, passed a resolution assuring Mr. Chamberlain that, should any occasion arise, he could confidently rely upon the people of loyal Ulster to share the responsibilities and burdens with their kith and kin in other parts of the United Kingdom and the Empire to the utmost of their resources. This entirely unnecessary declaration well expresses the unctuous mental attitude of the Craigavon Government, which naturally irritates the rest of Ireland. Such a resolution could only do harm at a time when Mr. de Valera's Government was undoubtedly seeking to achieve better relations with Great Britain. The attitude of an Ulster statesman who really desired the security and welfare of these islands and the peace of Europe should clearly be to encourage the growth of such relations rather than to emphasise the superior loyalty of Northern Ireland. Moreover Lord Craigavon knows that if he attempted to dragoon the Ulster Nationalists into conscription or its equivalent he might well provoke a civil war, which would arouse the worst religious and political passions, and which the rest of Ireland could not tamely contemplate.

The delay in the conclusion of the Anglo-Irish talks and the protracted meetings of the Irish Cabinet led to strong rumours of a split in their ranks on the question whether the terms offered by Great Britain should be accepted or not. Whatever foundation there may have been for these

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rumours, Mr. de Valera is the only person who really counts. The neatest commentary was provided by *Dublin Opinion* in a cartoon which portrayed him strolling along in cheerful mood and saying "Split in the Cabinet! Nonsense! I never felt so united in my life!" Answering Mr. Cosgrave in the Dail on April 9, he said in explanation of the delay that where questions of trade were concerned a great variety of interests were involved and detailed examination became absolutely necessary. A number of external accidents had also contributed to the delay. He assured the Dail that the Government were fully alive to the inconvenience and loss which protraction of the negotiations had entailed, and said he hoped they would be concluded one way or the other before the end of April. There can be no doubt that the long and unavoidable delay was, for the moment, detrimental to trade between the two countries. In spite of this fact, the Opposition in the Dail very properly maintained a strict political truce during the negotiations and so greatly helped their progress, as Mr. de Valera subsequently acknowledged.

II. THE AGREEMENT

THE agreement that was finally signed at Downing Street on April 25 fully justified the long negotiations. It closes a humiliating chapter in the history of Anglo-Irish relations and eliminates the most dangerous potential causes of friction between the two Governments concerned. The problem of partition no doubt remains, but it has been isolated, and placed in proper perspective for future treatment, if and when the opportunity occurs. The basis of the agreement, as the preamble states, is a desire to promote relations of friendship and good understanding, to reach a final settlement of the outstanding financial claims made by each Government against the other, and to facilitate trade and commerce between the two countries. Its detailed terms fully carry out these aims.

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As regards defence it provides for the transfer to the Irish Government, before December 31, 1938, of the property and fixed armament comprising the coast defences at Berehaven, Cork Harbour, and Lough Swilly, at present occupied by British troops under the Treaty of 1921. The defence provisions of that Treaty, which included the grant, in time of war or of strained relations with a foreign Power, of such harbour and other facilities as the British Government might require for the purpose of defence, are now repealed. There is no provision for future Anglo-Irish co-operation on defence questions, nor is there any secret agreement on this subject, but it must be remembered that Mr. de Valera has given public assurances on several occasions that the Irish Government will not permit its territory to be used for hostile purposes against Great Britain.

As regards the financial dispute the agreement provides that the Irish Government will pay to Great Britain, before November 30, 1938, a sum of £10,000,000 in final settlement of all claims by either Government arising out of previous disputes, except the annual payment of £250,000 by the Irish Government in respect of damage to property in Ireland under the agreement of December 1925. The latter agreement, which was sanctioned by the Dail, has never been in dispute, and this payment will therefore be continued until its expiration in 1987.

As regards trade the provisions are necessarily more complicated. They provide for the abolition of the special duties which were imposed on Irish agricultural produce and live stock in 1932 by the British Government for the purpose of obtaining payment of the annuities; and likewise of the retaliatory duties imposed by the Irish Government on British coal and manufactured goods. Broadly speaking, Irish goods will in future be admitted free of customs duties (other than revenue duties) into the United Kingdom market, with certain provisos concerning the quantitative regulation of imports of agricultural

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products. On the other hand the Irish Government guarantee the right of free entry for certain United Kingdom goods which are at present free of duty, and they undertake to remove or reduce the customs duties on certain other United Kingdom products, and to arrange for a review of existing protective tariffs by the Irish Prices Commission, at whose proceedings British manufacturers shall have right of audience. The formula to be applied is the familiar one of "equal opportunity" as laid down in the Ottawa agreements between the United Kingdom and Canada, Australia and New Zealand. Existing margins of preference for British goods imported into Ireland will be preserved, and a preference will be granted to British goods in any new duties that may be imposed or any adjustment of existing duties that may be effected. Provision is made for consultation between the two Governments should any difficulty arise.

The Irish Government agrees to abolish the control of coal imports by licence and to impose a duty of 3s. per ton on foreign coal. This will give British coal a virtually complete monopoly of the Irish market. Immediate reductions in duties will be effective in twenty-five classes of British manufactured foodstuffs and industrial goods, though quantitative regulation may be imposed should imports increase to such an extent as to endanger Irish industries. Entry free of duty is provided for a large range of British goods, and about 20 per cent. of total British imports into Ireland will enjoy preferences of about one-third of the full rate. The British Government undertakes that goods from Ireland shall receive the same treatment as goods from other parts of the British Commonwealth up to August 1940, and margins of preference have been fixed for eleven classes of Irish agricultural produce. The Irish export bounties are to cease except those necessary to maintain economic production. The agreement is to last for three years. Speaking generally one may say that the trade pact is a typical Ottawa agreement, of the kind

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that the Irish Government might have obtained, in the absence of the financial dispute, at the Ottawa Conference in 1932.

Apart from the fact, however, that they had not then sufficient experience to realise the economic necessity for such an accommodation, it may be doubted whether at that time the British Government would have had sufficient wisdom to compound the land annuity and other payments in dispute on the generous basis now agreed to, or sufficient vision to realise that the defence of the Irish coast, as John Redmond vainly urged in 1914, should be primarily a matter for Irishmen. Experience, the passage of time, and the pressure of external events have worked wonders on both sides of the Irish Sea. The views of outside economic experts, believed to have been expressed in no uncertain manner in the Banking Commission report, which was recently presented to the Irish Government, have impressed upon them that a policy of self-sufficiency is not enough, and that they cannot afford to maintain a perpetual quarrel with their best customer. On the other hand, the British Government, faced with the constant menace of a European war, now more clearly recognise the potential value of the Irish food supply and the strategic importance of a friendly Ireland. But when all is said and done, full credit must be given to Mr. Chamberlain and Mr. de Valera for refusing, in spite of many serious obstacles, to contemplate failure, and to Mr. MacDonald, the Dominions Secretary, and Mr. Dulanty, the Irish High Commissioner, for having made clear the path to success and persevered in its pursuit. In the end, common sense and good will have prevailed, and old prejudices have dissolved under the pressure of realities. Amongst the most valuable, if intangible, results of the agreement have been the establishment of friendly personal relations between the British and Irish Governments, and the diminution of party bitterness in Ireland itself.

The Irish reactions to the agreement have been on the

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whole decidedly favourable. Mr. de Valera's public pronouncements during the negotiations had not prepared the public for such a comprehensive agreement, and the relief was correspondingly great. The farmers naturally rejoiced at the ending of an economic dispute that had done them so much harm, and the general public felt that a fair bargain had been made, and a bargain which is likely to endure. Particular satisfaction was expressed at the handing over of the coast defences, the retention of which by Great Britain would always have been a source of friction. The only serious criticism in the press came from the *Irish Independent*, which is notoriously hostile to Mr. de Valera, and which accused him of having swallowed his own policy in complete humiliation. It charged him also with having abandoned the Ulster counties without even an expression of sympathy, with having by implication admitted liability for the land annuities, which he had repeatedly said he would never pay, and with saddling the Irish taxpayer with the expense of maintaining the Irish coast defences as outposts for Great Britain. It challenged him to state publicly that these fortifications were to be abandoned or destroyed, and claimed that he had waived our right to keep out of England's wars. The fact that there are some grounds for part of this criticism does not make it any the less mischievous. Criticism of another kind was made by the Federation of Irish Manufacturers, which represents the newly established industries, and which expressed the fear that the agreement would limit, if not prevent, future industrial development, and nullify the existing fiscal system. Labour opinion, on the other hand, believes that the lowering of tariffs will be used by the manufacturers as an excuse for trying to reduce wages on the ground that they cannot otherwise compete with British goods. The extreme Republicans, of course, repeated their threadbare slogan that England's difficulty would continue to be Ireland's opportunity until we secured an all-Ireland republic.

Lord Craigavon's statement in the Belfast Parliament

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on April 26 disclosed that Northern Ireland's pill had received a heavy coating of financial sugar. British agricultural subsidies, he said, were in certain circumstances to be extended to Northern Ireland at Great Britain's expense, and the British Government had agreed, not only to increase its already substantial contribution to unemployment benefit in Northern Ireland, but also to make good any deficit that arose from maintaining the latter's social services at the British level. Moreover, any disabilities suffered by Northern Ireland under the Anglo-Irish agreement were to receive special and urgent consideration, and Northern Ireland was to receive substantial orders for rearmament work. One asks oneself what contribution to the agreement Lord Craigavon's Government has made in return.

On April 27 Mr. de Valera moved a resolution in the Dail approving the agreement. He expressed his confidence that it would be only a matter of time before Ireland was a completely independent and sovereign State. The defences of the three ports would not, he said, be allowed to become derelict but would be maintained and modernised. Having praised the British Government for realising the value of a free and friendly Ireland, he repeated his assurance that his Government were not going to permit their territory to be used as a base of attack against Great Britain. A strong Britain was our best defence. They had agreed to settle the land annuities dispute by a cash payment because they thought such a settlement was in the national interest. They had not been able to settle it earlier because it was mixed up with constitutional questions, and an agreement could not have been made without the sacrifice of constitutional rights until the new constitution had been enacted. The trade portion of the agreement, he said, was a give-and-take bargain which bore no relation to past disputes; it placed Ireland in the same position as the other Dominions had attained at Ottawa. Mr. Cosgrave announced that his party would support the resolution. He expressed the

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view that an agreement equally good could have been made at any time during the last six years, and disclosed that his Government were offered the coast defences but hesitated to take them over because of the cost involved. Mr. Cosgrave might have added that but for the much abused Treaty of 1921, which Mr. de Valera opposed in arms, he would not now be Prime Minister of Ireland nor could the agreement have been arrived at.

But this is no time for recriminations, and we must turn our faces to the future, free at last to concentrate on those economic and social problems which are clamouring for solution. As Mr. Lemass, Minister for Industry and Commerce, reminded us during the debate, the economic war is over and it is waste of time to discuss it now. On April 29 the Dail ratified the agreement without a division.

III. THE SENATE ELECTION

THE Senate election, which began in January, terminated, appropriately enough, on April 1. The 60 members were chosen as follows: 43 were elected, under proportional representation, by an electoral college consisting of the Dail and seven representatives from each county council, making 355 in all, from a panel nominated by those vocational bodies whose claims to representation were recognised by the Returning Officer; 3 were elected by the graduates of each of the universities, voting as at a parliamentary election under proportional representation; and finally 11 were officially nominated by Mr. de Valera in his capacity as Prime Minister. The first step was the election of the county council electors, which was also carried out under the proportional representation system; this was completed on January 31. The Returning Officer—Mr. Wilfred Brown, a civil servant from the Local Government Department and an expert on electoral practice—then published the register of nominating bodies whose applications he had admitted to nominate to each of the

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five panels, namely, cultural and educational, agricultural, labour, industrial and commercial, and administrative; and they proceeded to make their nominations.

As was perhaps natural under the circumstances, the Returning Officer took a liberal view of his duties and admitted several bodies whose claims were extremely slender and some whose activities were already otherwise represented. For instance, the Catholic Young Men's Society, a purely religious and social organisation, was admitted to representation on the educational panel, and a society representing the participants in the 1916 Rebellion to the administrative panel, while at least four bodies admitted to representation on the commercial panel represented similar organisations of employers. But the greatest criticism was aroused by the admission to the labour panel of a body described as the Cottage Tenants' and Rural Workers' Association of Ballingarry, a small village in County Limerick. This decision gave to this hitherto unknown organisation equal rights of nomination with the whole trade union movement. It was immediately challenged by the Trade Union Congress, which represents urban labour and is the only properly organised labour body in the country. The Congress appealed to the statutory committee of the Dail set up to review the Returning Officer's decisions, but without success, as the Government majority on the committee disallowed the appeal.

The case made by the Trade Union Congress, with considerable justice, was that this Ballingarry association had been in fact defunct for some time, and had only been revived for the purpose of promoting the election of certain interested persons to the Senate; that it had no rules, no constitution, no staff, not even official notepaper; and that its total income during the last two years of its existence was only £11. They asserted that the effect of admitting this body to the nominating panel was to deprive the trade union movement of its full rights as the only real representative of labour, and that the objective was flagrant political

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gerrymandering. The Returning Officer on the other hand contended that the constitution definitely provided for the representation of labour "whether organised or unorganised" and that therefore he could not refuse to recognise this body, which, even if recently revived, was not of recent origin. This argument, however, if pressed to a logical conclusion, would enable any two agricultural labourers in the country to demand a similar right to nominate, as they could undoubtedly claim to represent a section of "unorganised labour." Such are the dangers of expressing vague ideals in a written constitution. The whole incident illustrates the impossibility of trying to set up a vocational senate in a country where the principal industry, agriculture, is almost entirely unorganised. The conclusion of the matter was that the Trade Union Congress and the Labour party in the Dail refused to nominate candidates and did not vote in the election. The vacancies thus created in the labour panel were, in accordance with the Senate Electoral Act, filled by nominees of the Prime Minister, and were chosen from labour adherents of the Fianna Fail and Fine Gael parties. This incident has naturally not helped to sweeten relations between the Labour party and the Government.

There is every indication that the alliance between them will not long continue, and that the Labour party is preparing to ally itself with the more extreme Republican elements. Hitherto, while the Labour leaders fulminated against the Government in the country, they obediently supported them in the Dail. At their recent Conference, however, they denounced the Government's policy with a zeal and ferocity worthy of Fine Gael. The increase of unemployment and emigration, the misdeeds of our new industrial capitalists, the rise in the cost of living, and the Government's broken promises all figured prominently in the indictment. But they were discreetly silent as regards their own part in these performances, nor does their published policy give any promise of an end to such troubles.

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For the purpose of the senate election each panel was divided into two parts, namely, the nominees of the vocational nominating bodies and those of the Dail. For instance, on the cultural and educational panel, which headed the list, there were five seats in all to be filled, of which four were filled from candidates nominated by the vocational bodies and one from those nominated by the Dail. For the 43 seats a total of 132 candidates were nominated, 89 by the vocational bodies, 39 by the Dail, and 4 by Mr. de Valera as Prime Minister. The candidates chosen by the vocational bodies were, on the whole, both suitable and representative, but the same cannot be said of the Dail nominees, most of whom obviously owed their nomination to political rather than vocational reasons.

The final result, as was expected, was an almost complete defeat for the non-political candidates. Such important bodies as the Royal Irish Academy, the Royal Dublin Society, the Incorporated Law Society, the College of Surgeons, the primary and secondary teachers' associations, the chambers of commerce, and the professional organisations of the chartered accountants, civil engineers, stock-brokers, banks, insurance officials, journalists, and dentists failed to return even one nominee. The counting of the votes lasted two days, and ninety-five separate counts were necessary before the results could be arrived at. The largest vote in the election was obtained by Mr. J. J. Parkinson, the well-known sportsman and horse-dealer, who was nominated by the veterinary surgeons' association and who, appropriately enough in this sporting country, headed the cultural and educational panel. One of the most remarkable features of the election was that four candidates who received no first-preference votes actually secured election. Such are the vagaries of proportional representation at its worst.

Twenty-four of the forty-three candidates elected from the panels are old political war-horses, former members of the Dail or Senate. Party influence was in fact the

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predominating factor in the election. Among the politicians elected, however, were Professor Michael Hayes, the former Speaker of the Dail, and General Richard Mulcahy, former Minister for Local Government under Mr. Cosgrave, whose ability and industry will be a real addition to the legislature. Among the distinguished candidates who obtained no first-preference votes and failed to secure election were Sir Walter Nugent, Chairman of the Great Southern Railway, Sir John Keane, Mr. W. E. Wylie, formerly a High Court Judge, the Duc de Stacpoole, Mr. T. J. O'Connell, the secretary of the National Teachers' Association, Dr. Praeger, the eminent botanist, and several prominent university professors.

The election of the university representatives proved more satisfactory. Trinity College returned its two former representatives in the Dail, Professor Alton and Dr. Rowlette, together with Mr. Joseph Johnston, who is a Fellow of the College and an authority on agricultural economics. Mr. J. M. FitzGerald, K.C., a leader of the Irish Bar and one of Trinity's most distinguished Catholic alumni, was defeated. It was perhaps too much to expect the Protestant community to sacrifice one of its few certain parliamentary seats to even such a distinguished candidate. The National University returned Mrs. H. Concannon, Professor Michael Tierney, and Surgeon H. Barniville, all of whom were also former members of the Dail or Senate. Professor Tierney is an independent thinker who has the rare combination of political experience and a cultured mind. His election as an independent candidate is a definite gain to the community and a credit to the university electors.

The final stage in the election was the nomination by Mr. de Valera of eleven members (popularly described as "Dev's cricket team") in pursuance of the power given him as Prime Minister. His nominations were both representative and fair. They included Dr. Douglas Hyde, since returned unopposed as President of Ireland, Mr. P.

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Finlay, the present President of the Gaelic League, Mr. Frank MacDermot, the former leader of the Centre party, one of the most fearless and independent political thinkers, Sir John Keane, one of the Governors of the Bank of Ireland, Professor Magennis of the National University, Colonel Maurice Moore, a brother of the celebrated novelist and one of the first people to advocate the retention of the land annuities, and Mr. D. L. Robinson, a Protestant supporter of the Government who was Vice-Chairman of the old Senate. Three of Mr. de Valera's nominees had been defeated at the panel election, and seven of them were previously members of the Dail or Senate.

Surveying the membership of the new Senate, one may well ask why Mr. de Valera went to the trouble of abolishing the old; for apart from the slight majority for the Government, which would in any event have been secured by normal process under the old constitution, there is no real difference between the two bodies. Mr. de Valera's aim was apparently to secure a senate elected on a vocational basis where legislation would, as in the new Portuguese corporative chamber, be submitted to non-partisan expert criticism in addition to the ordinary party criticism in the Dail. Such a body would have been of the greatest value to the country, but unfortunately the necessary vocational organisation for its election direct did not exist, save in the organised professions. A complicated system of election, which was substituted as a compromise at the last moment, has left things just as they were. The moral of the Senate election would seem to be that one should provide proper foundations for a house before erecting the roof. Until the various "vocations" in the country have been properly organised (and there is no more urgent social and economic necessity) it is futile to try to elect a vocational Senate. The new Senate will secure, however, some small check on hasty legislation as well as some independent criticism of its content, and this is all to the good.

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At its first meeting, Senator Sean Gibbons, an athletic farmer from Kilkenny and a former member of Mr. de Valera's party in the Dail, was elected Chairman by three votes.

IV. THE FIRST PRESIDENT

WITH the election of the Senate the stage was set for the last act in our new constitutional drama, the election of a President,* and it was announced that nominations would be received by the Returning Officer up to May 4. The constitution provides that every citizen over thirty-five years of age is eligible for the office, and that nominations can be made by any group of twenty persons each of whom is a member of either the Dail or the Senate, or, alternatively, by four county councils. In an election, voting is by the parliamentary electors under the proportional representation system. The President holds office for seven years and is eligible for re-election once only. He is the head of the State, but his powers are strictly limited, being equivalent only to those of a constitutional monarch.†

From the beginning there was a general desire that a contest for the position should if possible be avoided, and Cardinal MacRory, the Catholic Primate, recently appealed for agreement on the matter. The strained relations existing between Mr. de Valera and Mr. Cosgrave, however, made it difficult to secure this result. Fortunately this obstacle was overcome by a meeting which took place on April 21 between Mr. P. J. Rutledge, Minister for Justice, and Mr. Gerald Boland, Minister for Lands, representing the Government, and Mr. James Dillon, T.D., and Dr. T. O'Higgins, T. D., representing the Fine Gael party, for the purpose of selecting an agreed candidate. It was the first time that the two parties had come together

* See THE ROUND TABLE, No. 110, March 1938, pp. 319 *et seq.*

† See THE ROUND TABLE, No. 107, June 1937, p. 588.

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officially. The conference eventually agreed to invite Dr. Douglas Hyde to accept nomination for the Presidency.

The selection could hardly have been bettered. Dr. Hyde, who is equally well known to his fellow countrymen under his Gaelic pseudonym of *An Craoibhin Aoibhinn* ("The beautiful little branch"), is one of the leading Irish men of letters of our day. He is seventy-seven years of age. His career has been both distinguished and remarkable. Descended from an old County Cork family, he is a "son of the manse", his father being the Rev. Arthur Hyde, formerly Rector of Frenchpark, County Roscommon, where Dr. Hyde still resides. Educated at Trinity College, Dublin, where he had a brilliant academic career, he resembles in many ways another distinguished Protestant son of that university—Thomas Davis, the poet and patriot philosopher, who was one of the leaders of the Young Ireland movement of 1848. Like Davis, he has sought to develop a national culture which excluded no Irishman and knew neither sect nor party. In 1893 he returned to Ireland, after a short period as professor in a Canadian university, and founded the Gaelic League. The Parnell split was just over, leaving Irish politics fouled with personal hatreds and paralysed by a sense of frustration and despair. The youth of Ireland turned with hope to the new movement led by Dr. Hyde, which had for its objects the revival of the national language, dancing, music, and art. From this eventually developed the political movement which was ultimately to achieve national independence. For twenty-three years Dr. Hyde presided over the fortunes of the new organisation, for which he raised a large sum in America, devoting his constant attention and care to its development. Finally he retired in 1915 owing to his disagreement with the political trend of the League's activities. He had already played an important part in the founding of the National University of Ireland, and was appointed Professor of Irish at University College, Dublin, in 1908. Since then

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until his recent retirement he had devoted his great gifts to the service of Irish education.

As a writer both in Irish and in English his record is at once versatile, brilliant, and prolific. His literary history of Ireland, his collections of the love songs and religious songs of Connaught (his native province), his stories, poems, and collections of folk-lore, are all among the best of their kind. His play, *Casad an Sugan* ("The Twisting of the Rope"), was the first to be produced in Irish by the Irish Literary Theatre, from which the Abbey Theatre sprang. He himself played the principal part. Last year his work was awarded the distinction of the Gregory Medal by the Irish Academy of Letters. But he has one gift even more essential to his new office. He is by character and temperament a healer, a man of peace, a courteous Irish gentleman. Although he was for a short time a member of the first Senate, he has always remained aloof from politics, his sole aim being the development of our national culture and the restoration of our national spirit and outlook. It was obvious that no other candidate could secure nomination against him, and Alderman Byrne, the Lord Mayor of Dublin, who had previously announced his intention of standing, at once retired from the field. Dr. Hyde was therefore elected unopposed on May 4. Every patriotic Irishman will hope and pray that he may be spared to achieve the work of reconciliation that will fittingly crown a noble, gentle, and unselfish life devoted to the service of Ireland.

Ireland,
May 1938.

HUNGARY AFTER THE ANSCHLUSS

By a Hungarian Correspondent

I. FAREWELL TO AUSTRIA

HENCEFORTH Austria belongs to history. The commonplace formula of funeral orations, that the departed has fulfilled his mission, does not apply to her; for in a Central Europe plunged into insecurity she might have played, with the peoples grouped round her, an even more important rôle than had been hers in the second half of the nineteenth century, when Bismarck declared her to be indispensable. But for the *Anschluss*, a new Danubian Power, neither great nor small, might still have been founded on the ruins of the old Austro-Hungarian monarchy. Besides those who now maintain that Austria's amalgamation with Germany was unavoidable, there are many who think that the *Anschluss* could have been prevented if the Powers which for the last twenty years held the destinies of the Continent in their hands had recognised the exigencies of the situation and followed a clear-cut and practical "dynamic" Danubian policy. To-day it is generally recognised that the break-up of Austria-Hungary served the interests of the German Empire exclusively, whereas a Danubian Power of the kind suggested would have maintained the European balance just as well as the so-called Succession States, and would have been of greater service in preserving the peace.

To-day these favourable possibilities are no longer within the world's grasp. The unfortunate policy pursued by Europe in the last two decades may almost be said to

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ve forced Nazi Germany into expansionist tendencies, until now the nations of five continents are breathlessly watching the advancing German tide, wondering whether it will ever stop, and, if it does, where will be its limits.

Speculation about the international consequences of the *Anschluss* has riveted the world's attention on Czechoslovakia, whose dire peril in the event of Austria's amalgamation with Germany no one ever doubted, least of all Czechoslovakia herself. But Czechoslovakia is not the only State involved. All the three countries that have been made Germany's neighbours by the *Anschluss* must be profoundly affected. The German troops who appeared at the Brenner were welcomed with somewhat forced smiles by the Italians, whose anxieties do not seem to have been wholly allayed by Herr Hitler's pledges. Czechoslovakia's weakness has shaken the Little Entente to its foundations, and the *Anschluss* has plunged Yugoslavia to a condition varying between satisfaction and doubt. She is asking herself whether the loss entailed by the possible disappearance of the Little Entente would or would not be balanced by the increase in her internal security; whether the Croatian Opposition had always had its eyes fixed on Vienna and its hopes on a Habsburg restoration. On the other hand, the Berlin-Rome axis, by dividing Europe into two halves, makes it difficult for Belgrade to pursue an actively friendly policy towards London and Paris. The same may be said of Rumania, who is unable to decide between a Berlin covetous of her oil wells, and a London and Paris alone capable of averting the Russian danger that could menace her if she became a client of Germany.

II. HUNGARY'S NEW INTERNATIONAL SITUATION

THE *Anschluss* has created in Hungary, of all Austria's neighbours the most nearly concerned, a situation which under certain circumstances may lead to great and epoch-making changes. In the material sense, no doubt, it is

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Czechoslovakia to whom the *Anschluss* has brought the greater danger. But in the spiritual and moral field Hungary may be subjected to changes just as great, unless the nation's powers of resistance can be strengthened both from within and from without.

With the downfall of Austria an age-old institution, the Danubian monarchy, which still existed in spirit after 1918, was ended for good and all, for Hungary as well as for Austria herself. Only now have the last vestiges of a common outlook, a common administration, and mutual economic interdependence been obliterated. Hungary hangs suspended, like Mohammed's coffin, between the Balkan Confederation and a great Power whose feet are in the North Sea. No longer is she in herself the potential half of a great Power; for the first time in her existence she has become a little *Randstaat*.* The political and moral pressure of the Third Reich may produce a political and ideological transformation within her borders. New lights and new shadows are cast on the Castle Hill of Buda. It is

* Border State.

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a ray of light that Hungary's aspirations towards treaty revision may shortly be fulfilled, and that the Little Entente, which for fifteen years has set itself against her with such stubborn tenacity, seems near its end. But shadows are cast by the temporary decline of the monarchical principle and of the old idea of the State as conceived by St. Stephen; by the hovering menace of National Socialism on the German pattern; by the possibility of a duel between parliamentary government and a dictatorship inspired from abroad; and by the emergence of the German and Jewish problems. Almost every new advantage has its counterbalancing drawback. It is true that Hungary has become the next-door neighbour of a strong and at present friendly nation; but the embracing arms of this friend may possibly strangle her. It is true that Hungarian agrarian products will find in Germany a ready, even perhaps a ravenous buyer; but security in foreign commerce very often portends political dependence.

All this would be irksome enough for Hungary, who for the greater part of nine hundred years has either been a great Power or has formed part of one. Paradoxical as it may sound, even Trianon could not entirely destroy this latent potentiality in her of being a great Power, since Budapest might at any time have become the centre, or at least a vital part, of a new political formation. Hungarian institutions and political thought have always been on the scale and possessed the character of those of a great Power. As a *Randstaat* of Germany, St. Stephen's Hungary would find difficulty in taking its place in the new Europe. The Austro-Hungarian monarchy, whose values, traditions and mission were faithfully adhered to both by Austria and by Hungary until the other day, was a "halfway-house" between Germans, Slavs and Italians, between West and East, between Roman Catholicism and Protestantism on the one hand and the Orthodox Church on the other, between the great monarchical traditions of western Europe and the new, primitive peasant States of the Balkans.

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To-day Hungary is practically all that is left of non-German central Europe; a fact which may also be expressed by saying that the *Mitteleuropa* of which German publicists dreamed has been realised. Whatever is left of Czechoslovakia, after the changes that are foreshadowed, will necessarily have to conform to the German economic *Raum*; Hungary, even while maintaining her policy of friendship with the German Reich, will be compelled to find her feet alone among the hopes that beckon and the dangers that threaten her from the four quarters, between northern and southern Slavs, Germans, Italians and Rumanians.

Hungary must be very circumspect in her foreign policy now that her borders adjoin those of a Germany not yet fully certain of her aims in the south-east or of her own ultimate development. It was only yesterday that Germany absorbed a people as heterogeneous both culturally and historically as the Austrians, undertaking the transmutation into National Socialists of six million people as well as the task of looking after their welfare. To-morrow she will probably have to turn her attention to the problem of Czechoslovakia and to regulate and revise her relations with the Magyars, the Poles and the Slovaks—while somewhere in the background there lurks the possibility of a new Danubian competitor in the shape of Soviet Russia. The *Anschluss* has produced new connections or caused the re-forming of old ones among the western Powers—connections which cannot fail to exercise an influence on the Danubian basin. Hungary is therefore obliged to overhaul her relations with other countries; with Italy, since the foundations of her friendship with that country, the Rome Protocols, must be reconstructed in consequence of Austria's elimination; secondly with Poland, with whom she has for long desired to establish a common frontier; and of course with the two southern States of the Little Entente, Rumania and Yugoslavia, for it cannot be denied that Germany's gravitation towards the south-east has forged a link between Hungary and her two Balkan neighbours.

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Hungary's relations with the German Empire, on the other hand, are determined by various factors—the traditions of the Triple Alliance, companionship-in-arms during the war, a common revolt against the injustice of the peace treaties, and, not least, the fact that Hungary may reasonably expect a partial realisation of her revisionist aspirations from a regulation of the relations between Germany and Czechoslovakia. It is in this sense that good relations between Hungary and Germany may be regarded as a permanent element in Hungary's foreign policy.

A State may be able to afford a period of inactivity in its foreign policy—a period of scanning the position of others and deferring all decision as to its own course—but its economic affairs demand the solution of urgent problems; and in this regard Hungary is in a peculiarly difficult position. Germany will be only too willing to buy her surplus agricultural produce; but as a business connection Germany will be a poor substitute for Austria. Germany will not be able to offer, in exchange, many commodities of vital and primary necessity to Hungary. The latter has been exporting a considerable amount to Switzerland, France and England, and it is important for her to continue doing this. But the railway route of this export trade, which is so important for Hungary in providing foreign currency, passes through Germany, who would like to consume much that crosses her frontiers. (There is of course the Adriatic route as well.) Germany may thus seek to influence Hungary's western export trade by means of railway charges, preferential rates, transit and customs duties and veterinary regulations. Mere delay may be of decisive importance for perishable goods: Hungarian fruit, to be of any use, must reach the table of the western consumer within a matter of days.

Germany's situation would be easier if she could buy more Hungarian agricultural products with industrial commodities, and to this end she will probably seek, as far as possible, to promote Hungarian agrarian interests to the

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detriment of industrial interests. This may possibly lead to the projection of problems of foreign trade into Hungary's domestic affairs.

III. TOLERATION AND ANTI-SEMITISM

THEORETICALLY the *Anschluss* has not affected the basic constitutional conception of the Hungarian monarchy. But in practice the diminished chances of a Habsburg restoration have lessened, if not the power, at least the operating force of the monarchical idea. Although legitimism was only one aspect of this idea, it was in fact its only practical form. Until legitimism—that is, a Habsburg restoration—is invested with a new meaning, or some other variation of the monarchical idea emerges, the kingdom which has hitherto existed without a king will continue to exist in the same way, as a mere symbol. This circumstance cannot but influence the ideological foundation of the Hungarian State, the conception of its first king, St. Stephen.

This conception, which has been much to the fore since 1930, is a compound of various political traditions and ideals, but its most important element is the doctrine of the Holy Crown, that is, the monarchical idea. According to this doctrine Hungary is the aggregate of all the lands ruled over by St. Stephen, the spiritual possession of the Holy Crown. The nation is the totality of free and equal peoples living under the Crown. The word "Hungarian" connotes, in its sublimated sense, Magyars, Germans, Rumanians, Slovaks, Croats, all the peoples and races living on Hungarian soil who owe allegiance to the Holy Crown. In the background of Hungary's desire that the peoples torn from her should "return to the fold", and that to this end the peace treaty should be revised, there lies the idea of a *Pax Hungarica*.

It is natural that this conception of the state, which points towards three ideals—democracy, Christianity and internal peace—transcending racial barriers, should have received

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added emphasis since the German totalitarian state came into being, and that it should have entered on a critical phase when totalitarianism incarnate reached Hungary's frontiers, within which it found its own adherents. In many respects the ideals of National Socialism are diametrically opposed to St. Stephen's conception of the state. To internal peace and equity transcending racial barriers it opposes the military domination of a single people; to parliamentary democracy, totalitarianism and dictatorship; to Christianity, the new national myth, the cult of blood and race. While, therefore, the disappearance of Austria and the ensuing decline of legitimism would suffice in themselves to affect St. Stephen's conception of the state, the atmospheric expansion of the Third Reich must inevitably exercise an influence on all that the Hungarian state has hitherto stood for—equality of all peoples, constitutional traditions, Christianity, social endeavour and the liberty of the individual.

We may nevertheless hope that the Hungarian people's strong sense of its own destinies and faithfulness to national traditions will be sufficiently strong to vindicate St. Stephen's ideals at whatever cost, even if National Socialism brings up its wooden horse of propaganda, in whose interior it would like to smuggle its own notions into foreign territory. This Trojan horse is the Jewish question.

In present-day Hungary there are about 450,000 to 500,000 persons of Jewish faith, who since 1868 have enjoyed full equality of rights as nationals of the Hungarian state. This Jewish element had a special task assigned to it in the second half of the nineteenth century: it had to create, in conjunction with the immigrant German-speaking inhabitants, an intellectual and economic middle class in a country containing—after the Turkish occupation—only aristocrats, a petty nobility and peasants. The endeavour was successful in so far as a middle class was formed; but this Jewish middle class was decidedly tinged with radicalism. In the last twenty years there has been much anti-semitic

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feeling in Hungary, the causes of which are manifold. After the war the country experienced a radical-socialist-democratic revolution, followed a few months later by a short-lived bolshevist régime, and the leaders of both of these movements were to a large extent Jews. This caused the subsequent national and conservative régime to exclude Jews as far as possible from public life and the civil service; but they retained their position in the liberal professions, in private enterprise, in industry and commerce. In the last fifty or sixty years the higher strata of Hungarian Jewry had become assimilated; Hungarian national feeling was strongly developed in them, and their habits, language, ideas and morals were in unison with the traditions and customs of the Magyars. Mixed marriages and conversions were frequent. There was, moreover, a marked fall in the Jewish birth-rate; and as Jewish immigration and an undue preponderance of Jews in the learned professions were discouraged, for the most part by the common consent of Magyars and Jews, there was reason to believe that a hundred years hence Hungarian Jewry would virtually disappear, partly through assimilation and partly through extinction.

Hungary had thus developed her own clear-cut and deliberate but sane and pacific "assimilatory anti-semitism". Her social and economic organisation would have made it inconvenient for her to adopt other people's brand of anti-semitism. As was pointed out above, until the *Ausgleich* of 1867, that is, the introduction of a modern administrative system, the Hungarian nation possessed no middle class. It was therefore prompted neither by interest nor by instinct to set about a violent and radical elimination of the Jews such as has been attempted in Germany. After seventy years of assimilation and twenty years of an anti-semitic policy, many people go so far as to deny that there is such a thing as a Jewish problem in Hungary. The same people point out, probably with justice, that it was only the incessant "atmospheric" pressure emanating since 1930 from Berlin which

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caused the prevailing "cold anti-semitism" to be replaced by the "hot and active" variety. For years past a steadily growing agitation and systematic propaganda have made themselves felt in every branch of public and economic life. The slogan of anti-semitism has become more and more audible until at last it has become that "Trojan horse" by means of which the ideology of National Socialism can most easily be smuggled into the country. The removal from their occupations of 500,000 Hungarian Jews can without much difficulty be made to appear as a patriotic act; but no amount of casuistry can efface the fact that the Hungarians, as such, will not be strengthened by the sudden, violent and revolutionary elimination of the Jews, and that the uncertainty and chaos, no less than the lack of human material, that are likely to ensue will furnish an exceptionally favourable breeding ground for extremist ideas.

For this reason the so-called Jewish Act, which will probably have come into force by the time this article is in print, may be regarded as having closed rather than opened the gates to the Trojan horse. By passing an Act which secures to the 5 per cent. of Jews within the realm 20 per cent. of the available openings in the economic life of the country, Hungary has deliberately raised a barrier against the extremist and revolutionary propaganda of National Socialism. In judging the merits of the Act, it should not be overlooked that under its provisions the Jewish war veterans and such Jews as joined one of the Christian Churches before August 1, 1919—that is, before the fall of the proletarian dictatorship—are included in the 80 per cent. of the Christian quota. The importance of these two concessions is not merely numerical; their ideological significance is still greater. They are a categorical rejection of the "racial" conception of the so-called Nuremberg Laws. While it must be acknowledged that Hungarian anti-semitism and the resultant Jewish legislation owed something to the atmospheric influence of the Third Reich, it cannot be too emphatically pointed out that they were

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neither a copy of the German example nor the result of German pressure.

IV. GERMANS AND HUNGARIANS

NO rational and temperate inquiry into the question of what the proximity of the Third Reich signifies for Hungary can ignore the fact that at present not every stratum of Hungarian society has attained political maturity. As a result of the country's lack of capital the great majority of the population may be counted as belonging to the proletariat, and consequently so much inflammable material for seditious propaganda. Some western democracies furnish an object lesson of the way in which misinterpreted political freedom coupled with propaganda can reduce public life to sterility. Yet in France, for example, the great masses of the people belong to the *petite bourgeoisie* and not to the proletariat. In Hungary, on the other hand, the greater part of the population has still to reach the level where it has something to lose. In 1919 the common sense of the Hungarian peasantry resisted the blandishments of bolshevism because the star of Asiatic collectivism was too remote and shone with too faint a lustre; nor could the funds, without which no propaganda can be effective, easily reach the great Hungarian plain.

National Socialism, on the other hand, projects perilous social and economic ideas before the eyes of the Hungarian proletarian masses. In this case the example is not hundreds of miles away but close at hand; and, even if these ideas are little adapted to Hungarian conditions, it is to be feared that a systematic party propaganda, carried on with an enormous financial outlay, may succeed in arousing the discontent of the agricultural proletariat.

Clearly as Count Stephen Bethlen has demonstrated in press and Parliament that it is one of Germany's primary interests to have on her eastern frontier a Hungary friendly and consolidated, but consolidated after her own fashion,

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many people fear that the dynamic force latent in all totalitarian States will sweep aside that sane and rational policy which everyone is hoping for, and cause German party propaganda to have recourse to its *völkisch* and social catch-words, and thereby endanger the peace of an important area in the Danubian basin. According to some people this danger is increased by the fact that Hungary has half a million German-speaking nationals, mostly well-to-do, thrifty peasants and *petits bourgeois*, whose ancestors came to Hungary hundreds of years ago and whose racial consciousness German National Socialism is endeavouring to awaken in order to forge a spiritual link between them and the land of their origin. These Germans have always been good and patriotic Hungarian citizens, and the evil consequences of allowing their heads to be turned by systematic propaganda have often been pointed out by our political leaders.

One of the elements in German propaganda in the south-east is to arouse hopes of military achievement. This tendency has been greatly strengthened by the recent occupation of Austria: German preparedness, particularly the perfect organisation, discipline and spirit of the army, the technical superiority of German armaments, in short, the Germany of blood and iron, are extolled and her invincibility proclaimed. A protection to her friends, she is held up as a menace of destruction to her enemies. The suggestive force of such catchwords cannot fail to exercise its spell on Germany's neighbours, especially on the smaller States. In connection with Hungary's problems as Germany's neighbour, the efficacy of military propaganda, backing up anti-semitic, agrarian-socialist and German national agitation, must not be forgotten.

No existing value can be destroyed without serious consequences. The infraction of St. Stephen's ideal of racial equality, implied by the attack of the Jewish Act on the rights of the individual, has also opened the doors to a feeling of hostility to and distrust of the assimilated

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Germans. The population of Hungary includes, besides loyal German-speaking Hungarian subjects, no less loyal former Germans whose mother-tongue is now Hungarian. These "magyarised" descendants of Swabian peasants, or Austrian or German merchants, artisans, soldiers and officials, whose numbers it would be hard to estimate, have become more or less rapidly interwoven into the fabric of Hungarian society, have intermarried with Hungarians, have in many cases changed their names, and in some even forgotten the language of their fathers. The "magyarised" Germans are charged with having reversed this process of assimilation the moment the importance of Hungary began to dwindle and the imperialism of the Third Reich began to develop. It is hard to tell whether the accusation is justified. We are dealing with imponderables, feelings and instincts which defy analysis, especially when they are still in embryo. The writer believes the charge to be an exaggerated one; but the chaotic landscape of present-day central Europe would not be complete without the colour-patch set in it by these Magyar-tongued citizens of German extraction who are suspected of dissimulative tendencies.

There is no doubt that there will be a fairly strong reaction in Hungary against any agitation on the part of the German National Socialist party, as well as against disaffection on the part of the Hungarian Germans. A strong attachment to the Hungarian nation, soil and language, and to what one might comprehensively call the Hungarian *milieu*, has developed in thousands of Magyar-German families a spirit of resistance against the demands made on them by the *Volkestumgedanke*. As for the Magyars themselves, resistance against their German neighbours, active or passive according to the degree of pressure put on them, has been ingrained in them for centuries. Anyone who is acquainted with the Hungarian people and its history will know that the key to the peaceful neighbourly existence of the two nations lies in tact, moderation and mutual

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understanding. If the shadows that we have endeavoured to trace are partly of atmospheric origin, the brighter gleams, representing the hopes of the Magyar people, are also derived from the realms of political psychology. The Hungarian Government, and even members of the Opposition such as Count Stephen Bethlen, view the future with assurance. They confidently hope that in its own interests the German Empire will adapt its foreign and military policy to the deserts of a nation with a thousand years' warlike past behind it; for only by respecting that nation's individual qualities can the foundations of a friendly and effective co-operation be laid between them.

It is also to be hoped that German sanity and good sense will triumph in another direction, and that National Socialism will not endeavour to transplant its doctrinaire formulas, propagandist phraseology and party passions to a territory so alien to them. But this hope is supported by the conviction that the Magyars themselves will find the means to defend St. Stephen's ideals and their own independence, both in politics and in economic affairs. It will undoubtedly be in the Third Reich's own interest to choose the road of political wisdom and moderation. By doing so, it will be able to draw on the rich granary of the Danubian valley to relieve its victualling problems; in place of a neighbour stiffened into national resistance it will have at its side a friend; and instead of an economic, socio-political and military defence-line at its doors there will be settled conditions—by no means a negligible consideration for a great Power which, not content with its immense domestic programme, has its eyes fixed beyond Budapest and the Balkans, on Constantinople and the Near East.

Hungary has all the more ground for this confidence in that her twenty years of patience are at last beginning to bear fruit: the Little Entente, which was formed in opposition to her, is showing signs of decline; and the prospect of a revision of the dictates of the peace treaty in regard to Slovakia has come within the range of practical possibilities.

HUNGARY AFTER THE ANSCHLUSS

Deeply as she deplores the fate of her old partner Austria, she is ready to take over the latter's legacy in eastern Europe. Vienna is henceforth nothing but a German town; it is the eastern gate of the Reich, but no longer an *urbs gentium*. If Hungary returns, as there is good hope that she will, to the lines laid down by St. Stephen, Budapest can and will be Vienna's successor. It will be a centre for the economic life and international trade of eastern Europe and the Balkans, the first southern metropolis on the borders of, yet outside the German Reich; in times to come perhaps a focus and meeting-place for the various peoples of central and eastern Europe. In this manner the political idea of St. Stephen may be invested with a new and modern meaning.

Hungary,
May 1938.

CONSTITUTIONAL PROGRESS IN INDIA

I. A YEAR OF PROVINCIAL AUTONOMY

PROVINCIAL autonomy has celebrated its first anniversary with a happier record of achievement than was thought possible when the reforms were introduced. The period since April 1, 1937, has not been without difficulties; but in the country as a whole the new Government of India Act has justified the hopes of its framers—so far, at least, as its provincial aspects are concerned. The Congress party has assumed a new and constructive rôle in the constitutional activities of the country, and Indian political leaders have shown their willingness and capacity to govern.

The transition from a semi-bureaucratic régime to that of representative government has been effected with surprising smoothness in eleven provinces, in seven of which Congress Ministries are successfully functioning. Compared with the disintegrating tendencies that are so apparent in other parts of the world to-day, the situation in India is fraught with hope for the future. Many serious obstacles have yet to be removed before federation can become an accomplished fact, but in the provincial sphere there has been a remarkable measure of statesmanship, toleration, and good will, and the new reforms have impressed Indians with their reality and substance.

Provincial problems naturally vary, and the path of some Ministries has not been easy. In the North-West Frontier Province a non-Congress Ministry has been superseded by a Congress one; in Assam the Ministry has been reconstructed; and in Sind a more pro-Congress

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Cabinet is now in power than in the first months of autonomy. In Bengal, movements are afoot to bring the caste Hindus into greater prominence in the Government; the existing Moslem Ministry nevertheless hopes to maintain itself in power, notwithstanding recent defections among its supporters. Two Ministries, in Bihar and the United Provinces, have actually resigned and returned to office, after a clash of opinion with the British authorities. Difficulties have naturally been given publicity; but the general opinion is that the reforms are working with increasing success. Law and order have been maintained, notwithstanding a deepening suspicion between religious communities in several areas and an intensification of labour agitation in others.

Provincial Finance Ministers have shown caution in their budgets; and the central Government has been able to provide the money needed for financing the reforms. New economic theories are being put to the test, and their application is having a stimulating effect upon political ideas. In all provinces the Ministers realise that agriculture is the mainstay of Indian economics, and tenancy legislation, aiming at relief for the agriculturalists, is receiving special consideration. Rural reconstruction, the expansion of medical services, the development of educational facilities, and efforts to lighten the burdens of the poor are foremost in the legislative programmes of all provinces. Everywhere there is a strong plea for simplicity in government, in an effort to adapt Indian administration to Indian needs and capacity to pay.

On the whole, the Ministers and the Governors are working in mutual accord, and the relations between the Ministers and the permanent services are claimed to be cordial. Here and there one finds Europeans who are tardy in transferring their allegiance to the new order; or Ministers who have over-emphasised their newly acquired power. But in the main the British elements in the services have upheld the best British traditions, and some

A CONSTITUTIONAL GROWING PAIN

Congress Ministers have expressed surprise and satisfaction at the amount of co-operation they have received. It is not always easy to forget that for years those now in harness were bitter political guerrillas, but the record of recent years is rapidly being expunged. The greatest weakness of the reforms is the lack of cohesive Oppositions in the various legislatures. In some provinces, caste and minority divisions have been thrown into prominence. Several Congress Ministries have not yet acquired the flair for compromise and toleration necessary for the successful working of the democratic theory, and where Government majorities are large there is a tendency to pay scant regard to genuine parliamentary opposition or to sections of public opinion that do not reflect the Congress attitude.

II. A CONSTITUTIONAL GROWING PAIN

THE resiliency of the Government of India Act was tested once more by a constitutional crisis that occurred in February, when the Congress Ministries in Bihar and the United Provinces resigned over the question of releasing "political" prisoners. The Ministries demanded that all prisoners should be released on a specified day and hour. On the instructions of the Governor-General, the two Governors expressed their inability to follow the advice of their Ministers.

There was widespread bewilderment, in Congress circles as elsewhere, at the suddenness with which the new crisis fell upon the country. Finance Ministers in all provinces were engaged in preparing their budgets, thinking in terms of a year ahead when they still expected to be in office. The Indian National Congress was assembling at Haripura for its annual convention, and delegates hurrying there from all parts of the country were wholly unaware that a crisis involving the fate of at least two Ministries was about to emerge. Some political observers contend

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that the crisis was the result of Left-wing pressure, exerted to test the strength of the extremists at Haripura. It soon became clear, however, that even at Haripura a new constitutional crisis was unwanted, and opinion quickly veered round in favour of a compromise settlement.

The question of releasing "political" prisoners has been one of the most contentious problems facing Governors and Ministers in half-a-dozen provinces. The issue is still acute in Bengal, where nearly 380 such prisoners are an object of provincial agitation. But few people expected the situation to reach a climax either in Bihar or in the United Provinces, even though it was an open secret that the Governors and their Ministers were finding difficulty in reaching a solution. In both provinces the number of prisoners involved was small—so small that most people regarded their release as incapable of affecting the "peace and tranquillity" of either province. The fact that the provincial Governors themselves did not feel obliged to intervene substantiated this view, and it was quickly realised that the Governor-General's instructions had been founded on extra-provincial considerations, particularly the conditions in Bengal. His intervention was based on section 126 (j) of the Government of India Act, 1935, which gives him discretion to intervene "for the purpose of preventing any grave menace to the peace or tranquillity of India or of any part thereof".

As in the earlier controversy over the acceptance of office, it soon became evident that general feeling in the country favoured a settlement that would enable the Congress Ministers to resume their portfolios. Indian commentators showed great restraint in discussing the question—a restraint that was reflected in statements made by Mahatma Gandhi and in decisions taken by the Congress Working Committee at Haripura, which obviously aimed at localising the dispute to the two provinces in which it originated. The Nationalist press was critical of the Governor-General for intervening. Lord Lothian's letter

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to *The Times*,* explaining the theory and practice of ministerial responsibility, was generally regarded by Indians as an authoritative statement of the constitutional position; but in the view of some critics Lord Lothian had overlooked the fact that intervention by the Governor-General implied that wider considerations were involved than the respective responsibilities of the provincial Ministers and the two Governors.

Before the crisis arose a general policy had been adopted in regard to the release of "political" prisoners. It was based on the individual examination of cases with a view to progressive release. The policy was working successfully in Bengal, and Mr. Gandhi was indirectly associated with it as a result of negotiations with the former Governor of that province, Sir John Anderson. The proposal suddenly made by the Ministries in Bihar and the United Provinces was for the immediate release of all prisoners, a policy that would have had serious political repercussions in Bengal. A statement issued by the Governor-General during the crisis indicated a desire to maintain the principle of progressive release after the examination of individual cases. Mr. Gandhi stated that no one questioned the propriety of examining cases individually, although he himself questioned whether such examination should be left to the Governors and not to the Ministers in provinces said to be enjoying complete provincial autonomy. In Mr. Gandhi's opinion the crisis could be ended if the Governors were to give an assurance that their examination of cases was not intended to be a usurpation of the powers of the Ministries, and settlement was eventually reached along these lines.

The settlement was generally regarded in India as a

* February 17, 1938. "The essence of responsible government with safeguards," wrote Lord Lothian, "is that the responsibility for law and order should rest on the shoulders of Ministers until there is publishable evidence that a breakdown constituting or threatening 'a grave menace' has occurred." See also Lord Lothian's second letter on February 21.

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victory for the Congress party, but it would be fairer to say that it was a victory for a new and more accommodating spirit between the British and Indian elements engaged in the controversy. The Congress Ministries were certainly able to release the prisoners with greater expedition than might otherwise have been the case; but it is also true that the action of the Governor-General protected the principle of release only after the individual examination of cases—a policy of great value in Bengal. The crisis thus ended without a lowering of flags on either side. The most significant feature of the controversy was the plain disclosure that the country at large desired to have political peace. If the crisis was engineered by Left-wing elements of the Congress party, they were severely routed, as public opinion emphatically showed its desire to keep the Congress Ministries in office. This was substantiated by reports from Madras, Bombay, and the Central Provinces, where there was no inclination for the Ministers to vacate office in sympathy with a crisis elsewhere.

III. THE HARIPURA CONGRESS

THE crisis in Bihar and the United Provinces had the effect of obscuring many of the serious problems facing the Congress organisation which would otherwise have been thrown into relief at the convention at Haripura. The assumption of office by the Congress party has not lessened the difficulties confronting the Nationalist movement. The inevitable consequence of accepting provincial responsibility has been to moderate those policies which Congress leaders had fostered while the party roamed the political wilderness. Congress Ministers soon found that they could not immediately implement the election promises they had made, although all of them are now engaged in doing so to the best of their ability and within the limits set by existing realities. Many of their followers naturally became impatient, and those who favoured extremer

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policies implied that Congress was failing them. In various parts of the country discordant elements bewailed the non-arrival of the millennium under the ægis of Congress Governments. In Bihar and the United Provinces, and to a less extent in the Central Provinces, peasant organisations have clearly shown their discontent; while in Bombay, Madras and elsewhere extremer labour leaders have tried to advance their programmes under the Congress banner.

The differences between the Right and Left wings of the party were expected to be thrashed out at Haripura, but the ministerial crisis overshadowed internal dissensions. The appointment of Mr. Subash Bose as President, to succeed Pandit Jawahar Lal Nehru, was generally regarded as indicating that in its leadership at least the party would continue to lean towards the Left. It was the general opinion that at Haripura the challenge of Left-wing supremacy would be taken up. The ministerial crisis had the effect of playing completely into the hands of the Right wing. The strength of public opinion throughout the country in favour of the retention of office by Congress Ministers enabled the more moderate party leaders to exert a powerful influence.

Outstanding among these issues was that of the relations between the Left-wing and Right-wing sections of the party in the country. In recent months the *kisan* (peasant) movement has made great advances in various provinces, particularly in northern and central India. It has now become clear that the peasant movement has deeper and wider ramifications than was at one time believed, and there is no doubt that this peasant awakening is largely traceable to the activities of the Congress party in past years. The growth of mass consciousness is apparent in India to-day, and the political theories that Congress leaders have long preached are now widely accepted in the villages. In the rural areas Congress leaders have naturally encouraged the belief that under Congress Ministries land

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revenue and rents will bear less harshly upon the peasants, and with Congress Ministries in power hopes were aroused that sudden benefits would accrue to the agriculturalists. The various *kisan sabhas* proceeded to demand the immediate implementation of past promises; peasants marched upon various provincial capitals, where Congress leaders urged them to be patient and assured them that their interests were being safeguarded. But the power of the movement and its disintegrating tendencies upon the Congress organisation, from which it sprang, forced the Congress leaders at Haripura to endorse a resolution outlining the party's attitude towards these developments.

The resolution pointed out that Congress itself is primarily a *kisan* organisation, with its contacts among the masses. Emphasis was laid on the fact that Congress must inevitably stand for the peasant masses and champion their claims in working for the independence of India. In order to achieve this independence and to enable the peasants to realise their claims, the Congress party regards it as essential that the *kisans* should continue to strengthen the Congress organisation. The party regards it as the duty of every Congressman to work for the spread of the Congress movement in every village. While fully recognising the right of the peasants to organise themselves separately, the Congress leaders made it clear that the party could not associate itself with any activities that were incompatible with the basic principles of the Congress movement, or countenance the activities of those Congress workers who, as members of peasant bodies, helped to create an atmosphere hostile to Congress policy and principles.

The resolution was a tacit admission that peasant activities in various provinces were proving embarrassing to the main organisation, and that efforts should be made to appease the discontent by making it clear that the Congress party fully represented the rural masses. Virtually every provincial Government has clearly declared its

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intention to alleviate the lot of the agriculturalists, by reducing revenue where possible and by introducing legislative measures calculated to lessen peasant indebtedness and improve rural conditions. The Congress Ministries obviously need both time and money to give full effect to policies for the betterment of agrarian conditions. The Haripura resolution may be regarded as an earnest of Congress intentions to work for the welfare of the masses, and to consolidate all forces in the country for the continuing struggle towards greater political freedom.

IV. PROBLEMS OF FEDERATION

AMONG other important resolutions passed at Haripura was one on federation, which reiterated the well-known views of Congress. It indicated that Congress was not opposed to the idea of federation, but only to the form of federation envisaged in the Government of India Act. It claimed that, apart from the question of central responsibility, the federation must consist of free units, all enjoying more or less the same measure of freedom and civil liberty. Representation in the federal Chambers should be based on the democratic process of election. This naturally implied that the States should enter the federation only after representative democratic institutions had been established in their territories. The resolution contended that the contemplated federation would encourage separatist tendencies and involve the Indian States in internal and external conflicts.

The Congress policy towards the States was further developed in another resolution which declared that in existing circumstances the Congress could not effectively work within the States. Congress committees were therefore directed not to engage in political activities within the States, nor to foster direct action. It was made clear that Congress stood for the same degree of political, social, and economic freedom in the States as in British

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India, and that its ultimate objective of *purna swaraj* (complete independence) applied to India as a whole. Thus the only federation acceptable to Congress was one in which the States would participate as free units, enjoying democratic facilities similar to those in British India.

This attitude was to some extent reflected in articles that Lord Lothian contributed to *The Times*, after a tour in India during which he studied the working of provincial autonomy. The idea that the States should prepare for federation by developing representative institutions was also endorsed editorially by *The Times*, with the implication that federation would more logically and naturally follow if the federating units were less disparate than they are at present. This attitude in London created widespread interest in India, and the belief emerged in Congress circles that efforts were likely to be made to amend the Act with a view to making its federal sections more acceptable to Nationalist opinion. So far no official spokesman has indicated that any such intention exists; indeed the only official pronouncement actually made on the subject suggests that efforts are still progressing to bring the Indian Princes into the federation under the existing terms of the Act.

The view is widely expressed that pending the development of representative institutions in the States federation must be postponed, although a very large section of opinion urges the introduction of federal conditions by conceding responsibility to British India at the centre. The claim is made that the provincial Ministries have proved their capacity to govern and that there is no justification for delay in introducing reforms at the centre in order to meet the convenience of the Princes. But it is being recalled in some quarters that the whole scheme of federation was made possible by the proposal of the Princes to enter it, and that responsibility for British India alone has never been accepted as a solution for the constitutional problem. Meanwhile, in consequence of

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the changes in the provinces, the position of the existing centre has become quite unreal. Supporters of the Act still urge progress in conformity with its terms, believing that much of the hostility of British Indian politicians will be mitigated by the practical working of the scheme, and that the Princes will inevitably be forced by circumstances to develop democratic institutions.

V. THE CENTRAL BUDGET

IN presenting the 1938-39 budget in the Legislative Assembly at Delhi, Sir James Grigg, the Finance Member, made the important announcement that the money needed for financing provincial autonomy was available. At the end of March it was stated that a sum of Rs. 125 lakhs (approximately £940,000) would be allocated to the eleven provinces on the basis outlined in the Niemeyer Award. A similar amount may be expected next year. This satisfactory result, which reflects the economic stability of the country and the soundness of its financial control, fulfils an undertaking given by the Finance Member when he assumed office, in which he implied that his primary obligation as keeper of the public purse was to meet the financial requirements of the reforms. During his four years as Finance Member Sir James Grigg has steadily worked towards that goal, and there is general satisfaction that in handling his resources he has been able to make the necessary payments to the provinces without adding to the burdens of taxation.

The financial position of India is the more remarkable in view of the exceptional expenditure in Waziristan as the result of the constant fighting on the frontier. The economic recession in the United States has had its repercussions in the East, and the marked recovery which India has made in recent years shows signs of relapse. There has been a sharp decline in railway returns, which reflects discouraging trade tendencies. The budget of an

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agricultural country so vast as India, which relies for its revenue mainly on indirect taxation, is particularly sensitive to economic fluctuations. The world at large, on which India depends for its export markets, is in a period of constant change and disturbance; and India like other countries has been forced to reconsider problems of defence. Extra funds have been earmarked for defence expenditure. Yet, notwithstanding these adverse circumstances, Sir James Grigg has budgeted for a small surplus, even while setting aside the money needed for financing the reforms.

The financial aspects of the reforms have been given much political prominence in the past. Pessimists contended that it would be over the question of money that the reforms would meet their fate. While it is true that nearly every provincial Government feels the pinch of scanty and inelastic resources, there remains cause for optimism in that the central finances are on an even keel. Sir James Grigg is largely responsible for this. Belonging to the orthodox school of financiers, he has achieved his present success by no spectacular methods. Indeed, he characterised his budget as a "dull one". But it is generally recognised that "the maintenance of the *status quo* in taxation is no mean achievement in a heavily taxed world". No Finance Member of recent years has faced so complicated a task. The separation of Burma from India involved a heavy loss to central finances; the Waziristan operations have cost more than £1,300,000; to start provincial autonomy nearly £1,500,000 was needed. Yet in addition to all this Sir James Grigg has found the money necessary for giving stability to the provinces under the financial settlement which Sir Otto Niemeyer outlined.

In his budget speech Sir James Grigg stated that the greatest care will still be necessary to conserve the central resources if the fulfilment of the Niemeyer programme is to be reasonably assured. He maintained that there could be no immediate devolution to the provinces from the present central resources beyond that programme. The

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financing of the constitution and the provision of money for rural reconstruction have been the two main objectives that the Finance Member has kept in mind since he took office. The first involved an anxious regard for the health of the central exchequer, and advance preparations for meeting smoothly the successive obligations that the constitution entails. He did not propose, he said, to increase staple taxes to make more money available to the provinces, but he believed that increased funds would reach the provinces from proposed changes in income-tax administration which he was undertaking. As regards rural development, he recognised that the main responsibility in this field had now been entrusted to the provinces, and he regarded the provision of "free" money to the provinces as being more important than the allocation of central money for any specific purpose.

The satisfactory condition of the budget did not prevent the Congress members of the Legislative Assembly from staging a demonstration, in consequence of which the Governor-General had to certify the budget as a whole. When discussion on the budget was opened it was discovered that as a result of the reforms an item of defence expenditure that had enabled the House to record a vote on defence expenditure was no longer votable, although discussion was not debarred. Congressmen claimed that this restricted existing privileges of the House and refused to discuss the budget, although it was made clear that a vote on defence expenditure was still possible under another head. Although the Congress attitude was wholly artificial, it reflected the great importance that Congressmen attach to all questions involving defence expenditure. The opinion is steadily growing among Indians that Great Britain should contribute more towards Indian defence, on the ground that the expenditure very largely serves imperial interests.

India,

April 1938.

GREAT BRITAIN

I. FOREIGN POLICY

THE series of crises in foreign affairs has overshadowed everything else in British politics this past quarter, except perhaps the defence preparations which are a vital part of the answer to them. On February 20 Mr. Eden resigned from the Foreign Secretaryship. The immediate cause of disagreement was the proposal to open negotiations with Italy at once, but Mr. Eden admitted in his letter of resignation to the Prime Minister that he had become "increasingly conscious of a difference of outlook" between them "in respect of the international problems of the day and also as to the methods by which we should seek to resolve them". Rumours were rife that several Ministers sympathised with the Foreign Secretary, but the only other actual resignation was that of Lord Cranborne, Mr. Eden's Under-Secretary in the Commons.

The departure of Mr. Eden came as a violent shock to members of all political parties. His name and personality had been strongly associated with the League of Nations policy to which Great Britain was apparently striving to cling in spite of all difficulties. As the *Daily Telegraph* (Conservative) declared in expressing "profound regret" at the resignation, "this apparition of a Cabinet crisis was the very last thing that might have been expected or desired. The stability of the British Government at this anxious time is not merely a national interest but a world asset". The incident was all the more unfortunate in that on the very day of the resignation Herr Hitler had been delivering to the Reichstag a speech violently attacking Mr. Eden. It was inevitable that people should whisper "Delcassé",

though there was never the least ground for such a suggestion. Later reports from Berlin, indeed, hinted that German opinion was by no means so happy at the reflection that, partly as a result of this incident, Italy and Great Britain were now about to seek a mutual understanding. The reactions of world opinion to Mr. Eden's resignation were not lost upon the British public.

The general effect of the debate in the House of Commons, however, was to narrow the issue between Mr. Eden and Mr. Chamberlain to the relatively narrow one of tactics in dealing with Signor Mussolini's sudden request for the opening of Anglo-Italian conversations.

The ultimate aim of all (said Mr. Eden) is the maintenance of peace, but it must rest on foundations of frank reciprocity and mutual respect. The immediate issue was whether official conversations should be opened in Rome now. In my conviction, the attitude of the Italian Government to international problems in general and to this country in particular is not such as to justify this course.

Propaganda against this country by the Italian Government is rife throughout the world. . . . There have been previous approaches to Signor Mussolini, and troops were later sent to Spain. Incidents in the Mediterranean ensued and glorification of victories of Italian troops. We cannot risk a further repetition of this experience.

There have been successive violations of international agreements and attempts to secure political decisions by forcible means. This is the moment for this country to stand firm. Agreements that are worth while are never made on the basis of a threat, a "now or never" demand, nor in the past has this country been willing to negotiate in such conditions.

Mr. Eden added that there had been other disagreements between himself and the Prime Minister, amounting to a real difference of outlook and method, but he did not elaborate the nature of this divergence. Its extent may perhaps be gauged from the following passage in the Prime Minister's reply:

My foreign policy is based on three principles—the protection of British interests and lives, the maintenance of peace and the settlement of differences by peaceful means, and the promotion of friendly relations with other nations willing to reciprocate

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and to keep those rules of international conduct without which there can be neither security nor stability.

All this time suspicion has been growing in Rome that we did not want conversations at all and that we were engaged in a Machiavellian design to lull the Italians into inactivity while we completed our rearmament programme with the intention presently of taking our revenge for the conquest of Abyssinia. It was in a steadily worsening atmosphere that a fresh opportunity arose to break out of this vicious circle. The Italian Ambassador said his Government desired that the conversations should be as wide as possible, embracing, of course, the formal recognition of the Abyssinian conquest and not excluding Spain.

A rebuff of the Italians would be taken by them as confirming their suspicions. I think that would be disastrous. It would be followed by such an intensification of anti-British feeling in Italy, rising to a point at which ultimately war between us might become inevitable.

The British Government, said Mr. Chamberlain, were seeking a general appeasement throughout Europe, and if the four principal Powers—Great Britain, France, Germany and Italy—could be brought into friendly discussion for the settlement of their differences the peace of Europe would have been saved for a generation.

The Opposition's attempt to make a major political issue, involving even a general election, out of the incident met with no success. Mr. Winston Churchill castigated the new policy of coming to terms with the totalitarian Powers "in the hope that by great and far-reaching acts of submission, not merely in sentiment and pride, peace may be preserved"; but there was no real break-away from the Government ranks. One Conservative member only voted for a Labour motion deploring "the circumstances in which Mr. Eden had been obliged to resign"; Mr. Churchill was the outstanding member of a considerable group that abstained from voting.

Against the protests of the Opposition, who asserted that the Foreign Secretary should always be in the Commons, Lord Halifax was appointed to fill Mr. Eden's place. Lord Hailsham became Lord President of the Council, and was succeeded as Lord Chancellor by Lord Maugham, a

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learned judge who had not previously played any public part in politics.

Mr. Chamberlain had suggested that the ultimate purpose of seeking an accommodation with Italy was a "Four-Power Pact" rather than a "Stresa Front". This hope was suddenly shelved when Herr Hitler marched into Austria. Anglo-German conversations could obviously not take place in the embittered international atmosphere created by that event. Strong pressure was brought to bear on Mr. Chamberlain to restate British policy in such a way as to make it clear that aggression and methods of violence could not be tolerated. The Prime Minister, however, refused to be hurried, and it was not until March 24 that he made his declaration. In general, it was a full reaffirmation of Mr. Eden's famous Leamington speech, defining the purposes for which British arms might be used, including the contingent liability under the Covenant of the League. His Majesty's Government, said Mr. Chamberlain,

have acknowledged that in present circumstances the ability of the League to fulfil all the functions originally contemplated for it is reduced; but this is not to be interpreted as meaning that his Majesty's Government would in no circumstances intervene as a member of the League for the restoration of peace or the maintenance of international order if circumstances were such as to make it appropriate for them to do so.

The Prime Minister went on to consider the specific instance of Czechoslovakia, to which it had been suggested we should give a definite guarantee, either directly or indirectly by way of an engagement with France.

From a consideration of these two alternatives it clearly emerges that under either of them the decision as to whether or not this country should find itself involved in war would be automatically removed from the discretion of His Majesty's Government. . . . This position is not one that His Majesty's Government could see their way to accept in relation to an area where their vital interests are not concerned in the same degree

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as they are in the case of France and Belgium; it is certainly not the position that results from the Covenant. . . .

But while plainly stating this decision I would add this. Where peace and war are concerned legal obligations are not alone involved, and if war broke out it would be unlikely to be confined to those who have assumed such obligations. It would be quite impossible to say where it would end and what Governments might become involved. The inexorable pressure of facts might well prove more powerful than formal pronouncements, and in that event it would be well within the bounds of probability that other countries besides those which were parties to the original dispute would almost immediately become involved. This is especially true in the case of two countries like Great Britain and France, with long associations of friendship, with interests closely interwoven, devoted to the same ideals of democratic liberty, and determined to uphold them.

This statement of policy, though quite inadequate from the point of view of the Opposition, did much to restore the shaken unity in the ranks of the Government's own supporters.

A further consolidation was effected by the publication of the Anglo-Italian agreement. Suspicion of the motives and intentions of the Italian Government extends far into the ranks of those who applaud Mr. Chamberlain's diplomacy; but the agreement was regarded by Government opinion as a sensible one on its merits, and the visible relaxation of international tension which its signature brought about was warmly welcomed at home and abroad. Even the Liberal press was slightly mollified. The *News Chronicle*, which had shouted "Bravo! Mr. Eden!", acknowledged that some of the provisions of the pact "may have value and importance", adding that the proper way to regard it was as "an armistice rather than full peace". With that description most of its defenders would presumably agree. The *Daily Herald* (Labour), on the other hand, declared that "in the agreement and all its annexes there is nothing that is worth the paper it is written on". The Opposition regards any concession to Italian views over Spain or the recognition of Abyssinia

DEFENCE

as an ignoble betrayal. This chasm between Right and Left in foreign policy is one of the most outstanding and most dangerous features of British public life to-day.

II. DEFENCE

OPPOSITION criticism of rearmament policy has constantly reverted to attack on the foreign policy that it is designed to serve. This has been so in the debates on individual service votes and on the White Paper * on defence which the Government, following the precedent of the past three years, issued early in March. This time the White Paper was in the nature of a progress report, but it also contained a warning that a further extension and acceleration of the programme were in store. Defence expenditure for the period 1937-41, previously estimated at £1,500 million, would certainly exceed that sum. For 1938-39 the expenditure on defence, including £8,500,000 for air-raid precaution services, was estimated at £351,750,000, and that for 1939-40, the expected peak, would be higher still, even under programmes already in hand. The White Paper disclosed that new naval vessels of a tonnage exceeding 130,000 tons would come into service in 1938-39, and that 547,000 tons were now building. The new building programme for 1938-39 included two capital ships, one aircraft-carrier, four large cruisers and three small cruisers. In addition, existing ships were being modernised. For the army, accumulation of war reserves was proceeding rapidly. Certain overseas garrisons had been strengthened and further increases were in contemplation. The six shadow factories for the manufacture of aero-engines had already started production. Deliveries of new types of aircraft were now proceeding satisfactorily. As regards air-raid precautions, the only actual achievement reported was the accumulation of gas respirators, which by

* Cmd. 5682.

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the end of the year would be enough for the whole population; promise rather than performance was the feature of this section. Of the whole rearmament programme the White Paper declared that

while delays and difficulties have been experienced and deliveries have not in some cases come up to anticipation, progress has, on the whole, been satisfactory. The difficulties hitherto encountered have been largely met and the rate of production is now rapidly increasing.

Mr. Chamberlain, defending the White Paper in the House of Commons, declared that the money for rearmament was being wisely spent. The Government could present "an impressive picture of the armed power and economic might of this country".

The Labour amendment declared that the House,

believing that the safety of this country and the maintenance of peace can only be attained through collective security under the League of Nations, and being willing to provide the arms necessary to implement such a policy, condemns the provision of immense armaments to further a dangerous and unsound foreign policy undertaken by the Government in defiance of its election pledges, and, moreover, cannot approve a defence programme which fails to provide for effective co-ordination in strategy, administration, and supply, and permits private manufacturers to make huge profits out of the nation's needs.

Mr. Chamberlain, in response, claimed that he was a better friend of the League than some of those who spoke of it.

The League to-day is mutilated; it is halt and maimed; and those who, like myself, do their best to build it up afresh to be a real world League, which could protect the weak and limit the powers of the strong, serve it better than those who would attempt to put on it in its present state tasks which are manifestly beyond its strength.

On the technical side, criticism, which was not confined to the Opposition, concentrated on three main alleged deficiencies of the defence programme: inadequate provision of economic reserves, slowness in developing anti-air-raid defence, and the insufficiency of the air force expansion.

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As Mr. Lees-Smith said in the debate, "if there is another war and if it lasts for more than a short time, the economic factor will, in the long run, be the determining factor". For a country like Great Britain, dependent for its life on a steady flow of imports week by week, the economic factor is vital even in the short run, and all the more so in view of the vulnerability of ports, stocks and warehouses to air bombardment. It was a certain relief to hear from Sir John Simon in his budget speech that the Government—in advance of parliamentary sanction in order to preserve secrecy—had already bought enough wheat, whale-oil and sugar to supply the civil population for "the early months of an emergency". These food reserves are additional to the reserves of raw materials built up by the service departments. Sir Henry French, Director of the Food Defence Plans Department, has also disclosed that plans exist for the immediate imposition of food control and rationing in the event of war. The change from normal trading to war-time control, he said, would take effect within a few hours. Special preparations were being made to protect transport from the menace of air attack by widespread dispersal of stocks.

Public anxiety about the state of air-raid precautions for civilian life is growing more acute, and with some reason. A parliamentary questioner was informed on April 27 that not a single complete general scheme under the Air Raid Precautions Act had yet been formally submitted to the Home Secretary by any local authority. There is particular apprehension about the lack of bomb-proof shelters, which, it is claimed, have been proved by Spanish experience to be far more important than gas masks or the gas-proofing of rooms. The cost of adequate shelters for a city like London would of course be enormous, but the critics argue that it would be money well spent by comparison, for instance, with the building of more and more capital ships. Apart from this, the principal obstacle to effective air-raid precautions at the moment is the shortage

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of personnel. The fears aroused by the Austrian crisis were an effective background to a broadcast appeal for volunteers by the Home Secretary, and there was a burst of A.R.P. recruiting, but with lessened international tension it has fallen off again. The irony is that London, the most vulnerable of all the great urban areas, is among the most backward in A.R.P. Of the 128,625 volunteers required by the City of London, the metropolitan boroughs, and the London County Council (for its emergency fire brigade), only 28,992 had come forward by May 3. The objective of a million volunteers for the whole country by the end of the summer, which the Home Secretary has laid before local authorities, seems most unlikely to be achieved.

It is in these circumstances that the movement for compulsory registration of the able-bodied population for defensive duty has advanced. It was somewhat damped by a statement by the Prime Minister in the House on March 23, announcing the Government's adverse decision.

A scheme (he said) for compulsory registration in time of war, if the Government of the day should so decide, has been in existence for some years. Proposals for compulsory registration in peace time have also been considered, but on balance the advantages to be derived therefrom have been found to be outweighed by the difficulties and opposition which would have to be surmounted.

Nevertheless the advocates of this form of conscription continue their campaign with vigour.

Anxiety is equally widespread about the state of our active air defences. Mr. Churchill, in the debate on the Defence White Paper, alleged that Germany's air strength was twice as great as ours and was expanding twice as rapidly. Others have suggested an even wider discrepancy, summed up in the phrase that Germany's aircraft production is on a Ford basis and ours on a Rolls-Royce basis. The Air Ministry had to withstand a buffet from the report * of the committee under Lord Cadman's chairmanship

* Cmd. 5685.

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which had been appointed to enquire into the question of civil aviation. The persistence of the parliamentary critics who had secured the appointment of the committee was fully vindicated. The report said of the management of Imperial Airways :

Not only has it failed to co-operate fully with the Air Ministry but it has been intolerant of suggestion and unyielding in negotiation. Internally its attitude in staff matters has left much to be desired.

Among the recommendations were these: that while Imperial Airways should retain the Empire services the European routes should be run by British Airways, except the London-Paris service, which should be run by a joint company; that the civil aviation subsidy should be raised from £1,500,000 to £3,000,000 a year; and that the Air Ministry should be reorganised in the direction of separating civil from military aviation matters. The Government accepted the major proposals of the Cadman committee, including the increase of the subsidy. Lord Winterton, Chancellor of the Duchy of Lancaster, was brought into the Cabinet as parliamentary deputy for Lord Swinton, the Secretary of State for Air; the fact that the Air Minister was not in the House of Commons had been the subject of frequent attack. The Parliamentary Under-Secretary, Colonel Muirhead, has thus been enabled to concentrate on civil aviation matters.

The Cadman report's strictures on certain aspects of the Air Ministry's work naturally stimulated an agitation for a similar enquiry into its military activities. In some measure this agitation took on the character of an attack on Lord Swinton himself. It elicited from Mr. Chamberlain in the debate on the report a warm personal defence of his colleague. "I have never known any Minister," he said, "who devoted himself more completely and with more single mind to the duties of his great office." Lord Swinton, added the Prime Minister, had obtained very remarkable results. Mr. Chamberlain refused to

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consider a "Cadman enquiry" for military aviation, on the ground that the Government of the day could not share responsibility for national security with any committee. The critics were not, however, appeased, even on the Government's own back benches.

On May 13 both Houses debated air policy, the Commons on a Liberal amendment to the Air Ministry vote. Lord Winterton admitted that there had been difficulties in the past, but he claimed that they had been overcome and that the present position was satisfactory. The need for achieving the highest degree of safety in military aircraft ruled out mass production methods in the generally accepted sense, but the principal manufacturers of airframes and engines were being employed to the limit of their capacity. The former programme aiming at 1,750 first-line aircraft by 1939 was well up to schedule, and was now to be expanded. By March 1940, the metropolitan air force would have attained a first-line strength of approximately 2,370 aircraft. Oversea squadrons would have increased to 490 first-line machines, and the fleet air arm would be expanded to at least 500 machines as the vessels were ready to receive them. Hence the aggregate first-line strength would be about 3,500 aircraft eighteen months hence. It was not in the public interest, said the Minister, to disclose the numbers of reserve machines. The aircraft industry had notified the Government that, if the necessary labour were forthcoming, its estimated output could be increased by 50 per cent. during the next year, and in the succeeding year could be doubled again. Lord Winterton faced a House unwilling to be mollified by these assurances. Mr. Attlee, the Leader of the Opposition, alleged that at the present rate of production we were falling behind German air strength instead of approaching the parity that had been promised. Mr. Boothby (Conservative) and others pressed for the creation of a Ministry of Supply. Dissatisfaction with the debate among the Government's critics was shown by the fact that motions

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were immediately tabled by the Labour party, the Liberal party and a group of Government back-benchers headed by Mr. Churchill, all of them calling for urgent and independent enquiry into the state of the country's air defences. In the House of Lords, Lord Swinton had an easier passage, but he did not answer Lord Lothian's allegation that next year Germany would have 8,000 first-line aeroplanes with all the necessary reserve machines. Lord Swinton spoke hopefully of the possibility of using Canada as a source of supply in wartime. It was desirable, he said, to obtain full information about Canadian capacity, so that in case of need it could be applied under a carefully worked-out plan, concentrating on the production of an approved British type of aeroplane.

In view of the continued restlessness of the House of Commons, it came as no surprise when Lord Swinton tendered his resignation. The ground on which the Prime Minister accepted it was not any shortcoming in the performance of the Air Ministry, but the need for having the head of a great spending department in the Commons. Sir Kingsley Wood became Secretary of State for Air, and was succeeded as Minister of Health by Mr. Walter Elliot. The latter's place at the Scottish Office was filled by Colonel Colville, a newcomer to the Cabinet. Further changes were necessitated by Mr. Ormsby-Gore's succession to the peerage and consequent resignation of the Colonial Secretaryship. Mr. Malcolm MacDonald was transferred from the Dominions Office, and Lord Stanley joined the Cabinet as Dominions Secretary.

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ONE of the biggest obstacles to rapid rearmament, particularly in the air, has been the existence of industrial "bottle-necks" where shortage of fixed plant or machine-tools or raw material or skilled labour has held up the production of certain constituents of armament

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supply. The Minister for the Co-ordination of Defence has been giving his special attention to the co-operation of capital and labour in accelerating the output of arms, and has held a series of conferences with employers and trade unions. The fruits of his efforts have yet to be garnered.

The nation has also had to face the unpleasant problem of paying for its enlarged and still expanding defence forces. For reasons which in retrospect seem inadequate, there was no expectation of substantial increases in taxation in Sir John Simon's first budget, which he opened on April 26. There was a vague belief that he would adopt a policy of increased borrowing, partly as a measure of general reflation; and many prophets expected a higher return than the Chancellor was ready to allow from the efforts to check tax-evasion by rich people, for which public opinion had been diplomatically prepared. Optimism was also encouraged by the emergence of a surplus of £28,000,000 on the 1937-38 budget. Instead of being passed to sinking fund, this sum is being set against new borrowing in 1938-39. Sir John Simon faced a total expenditure (other than the self-balancing post office account) of £944,750,000, including £10,000,000 of unallocated supplementary estimates for the civil departments, a large part of which is expected to be spent on air-raid precautions. The total excludes £90,000,000 which is to be found for the defence services out of loan. On the expenditure side a feature of the budget speech was the raising of the fixed debt charge by £5,000,000—a warning of the inevitable effect of continued borrowing.

Turning to the means of payment, the Chancellor, making allowance for the effect of his war against the tax-evaders, raised his income tax estimate by £21,000,000, largely because much of the charge would fall on income gained in the boom year 1937. Surtax yield was increased by nearly £5,000,000, and National Defence Contribution would bring in £20,000,000 in its first full year. Customs

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are expected to fall slightly, against an increase of £1,100,000 in excise, based on a higher expectation from beer duty. Total ordinary receipts, including non-tax revenue, were placed at £914,400,000. This left the Chancellor with a gap of £30,000,000 to fill. Sir John argued in favour of taxation instead of borrowing as the proper means of performing this task. In the first place, £30,000,000 would be borrowed; and, in the second place, the peak year of the cost of defence would not come until next year or the year after. Moreover, later still, maintenance and replacement charges would remain very high. The Chancellor could not, he said, confine his view to a single financial year, and he must ask both direct and indirect taxpayers to make an extra contribution to national defence. His proposals were an increase of 6d in the £1 income tax, raising the standard rate to 5s. 6d, with some counterbalancing concessions to manufacturing industry and to small taxpayers; an extra 1d a gallon on petrol and on heavy oils used for road transport, raising the duty to 2d, a rate that would now be applied also to power alcohol; and 2d a lb more on tea. The added revenue from all these changes would balance the budget with a nominal surplus.

It is not too much to say that these increases of taxation came as a sharp and painful shock to the whole country. They have been accepted, however, with grim resignation, in the knowledge that rearmament is necessary for national existence and cannot be paid for without sacrifice. The stock exchange, after momentary weakness, actually showed strength on the days immediately following the budget, a fact regarded in financial circles as proving the vast superiority of a straightforward budget and simple taxes over complicated new schemes like the National Defence Contribution, which caused almost a panic this time last year.

The industrial outlook, on which the prospects of the national fisc themselves depend, is still far from bright.

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Some economic indices keep up, but others, such as building plans, steel production, and merchandise traffics on the railways, show a depressing tendency. The rise in unemployment has been checked, largely through seasonal causes. The total on April 4 was 1,747,764, which was about 342,000 more than a year before but 1,217 less than in March. Rearmament expenditure is at present the Government's main instrument of help to industrial employment and reflation of purchasing power; their recognition, however, of the importance of public policy in this regard was shown in an announcement by the Minister of Health on May 2 that local authorities were being asked to prepare a five-year programme to cover capital works which they contemplate, for which the Ministry would be prepared to sanction loans. Much could be achieved, he said, if there were both more planning ahead and ordered planning in local government affairs. This was certainly the case in relation to prospective works involving capital expenditure, and the policy of making every year a survey of capital commitments for at least five years ahead had constantly been commended.

A severe economic recession might perhaps alter the balance of political forces in the country. At present, by-elections suggest that a slow swing against the Government is continuing. Labour has scored notable victories in three constituencies. In West Fulham, Dr. Edith Summerskill replaced a Conservative majority of 3,483 in 1935 by a Labour majority of 1,421. Still more remarkable was the success of Mr. R. R. Stokes, an agricultural machinery manufacturer who has strongly criticised the Government's method of fixing munition contracts, in changing the allegiance of the Ipswich electors. He brought Labour's poll up from 21,278 to 27,604, while the Conservative vote fell from 28,528 to 24,443. At Lichfield, a straight fight between Labour and National Labour was repeated, the former securing a majority of 826 in place of a deficit of 3,298 in 1935. Sir John Anderson, of Bengal

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fame, won the Scottish Universities seat for the National Government by a large majority, and Sir George Broadbridge was returned unopposed as a Conservative for the City of London.

There has been much controversy among supporters of the Left of plans for a "Popular Front", which is sharply distinguished from the "United Front" with the Communists. The *Daily Herald* (Labour) and the *News Chronicle* (Liberal) had a statistical argument about it. The former pointed out, in support for its slogan "One Cause, One Party", that the official Labour party's poll at the general election had been 8,325,500, against only 1,422,120 for the Liberals. The *News Chronicle* in reply offered proof that if Labour and Liberals had a pact not to oppose each other there might be brought about—on certain optimistic assumptions—a substantial "Progressive" majority in the House of Commons. Neither of the two political parties concerned officially supports such a Liberal-Labour alliance. There are socialists who cynically affirm that the Labour leaders oppose a "progressive" union because they do not want to take office at the present juncture. If this is true, it suggests that there is more real unity of the country behind the foreign policy conducted by the Government than appears on the surface.

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I. POWER IN POLITICS

WITHIN the last year questions connected with hydro-electric power have once more been engaging attention. There have been four main developments, all inter-related and the outcome of the wider problems connected with power development in Canada during the last generation. The first was the passage in May 1937 of new legislation in Quebec to control electric power companies, replacing certain 1935 legislation of the preceding Liberal régime. The second was the renewal in December 1937 by the Hydro-Electric Power Commission of Ontario with certain private companies in Quebec of the long-term contracts for the supply of power which had been so suddenly and arbitrarily repudiated by the Ontario Government in 1935. The third was an application by the Government of Ontario to the Dominion Government at the end of 1937 for permission to export 110,000 horse-power to the United States. The fourth was a proposal by the Government of Ontario to divert certain waters which now flow solely within the province through the Kenogami river and Long Lake into Lake Superior. Ontario proposed that the water thus diverted into the Great Lakes-St. Lawrence system should not be regarded as international in character, but should be earmarked as Ontario water, with the result that the increased flow thus created at Niagara could be developed by Canada without involving any breach of the Boundary Waters Treaty of 1909.

Water power is one of the chief natural resources of Canada, over 90 per cent. of Canadian electrical output being derived from it. It has been the mainspring of industrial progress in the two central provinces of Ontario

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and Quebec, which have no indigenous coal supplies. Since 1918, development has been extremely rapid, the installed hydraulic turbine horse-power having increased from about two and a half million horse-power in that year to about eight million horse-power in 1936. Present turbine installation represents only about 25 per cent. of the country's indicated water-power resources. No less than 80 per cent. of all hydro-electric power in Canada is generated in Ontario and Quebec. During the last two decades, therefore, the development of hydro-electric power in the two central provinces of Canada has been a major factor in investment activity and industrial development.

Private enterprise and public ownership have both played important rôles in this development. Development in Quebec has been almost entirely by private enterprise. Ontario represents the outstanding example of development through public ownership. The Hydro-Electric Power Commission of Ontario is the most important publicly-owned system in Canada, and is also one of the largest power undertakings in the world. Established in 1906, it is an organisation of numerous partner municipalities co-ordinated into groups. Until his death in 1925, "Hydro," as it is popularly known, was the creation of a single dominating personality, Sir Adam Beck. He had a vision of a great collective enterprise serving the needs of the entire province by public development of the province's own resources. During his life-time, Beck determined the nature of "Hydro" policy, and successive provincial Governments did little except finance "Hydro's" requirements.

The development in Ontario of a form of collective management of hydro-electric power distribution received its chief impetus from the class of small manufacturers and traders of Toronto and Western Ontario, who saw in it their contribution to the National Policy and a means whereby a sound industrialism could be developed. This National Policy, the chief element of which to-day consists

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in the protective tariff, now draws its strongest support from those elements in Quebec and Ontario who have been most closely identified with the development of Canadian resources by the method of private enterprise.

When, therefore, in the early years of this century, private capital was increasingly turning towards the electric power industry, the field for highly profitable activity, which lay open to it in Quebec, British Columbia, and other parts of Canada, was, at any rate in the sphere of distribution, closed to it in Ontario. This laid the groundwork for one important aspect of later controversy over the hydro-electric power question in Canada. In the United States, electric power development, based more on steam than on water-power plants, was almost solely in the control of powerful private groups, who were becoming the object of attack from a gradually growing body of consumer opinion that favoured thorough-going public control, if not outright public ownership. Between these two groups, from both sides of the border, the Ontario system came to be treated either as a target for criticism or as a yardstick of accomplishment. At the same time there was looming up in both Canada and the United States the problem of the Western farmer, who was vitally concerned with the costs of long-haul railway transportation and to whom, therefore, the utilisation of the existing inland seas as a great waterway into the heart of the North American continent suggested the promise of economic betterment.

To complete the picture, mention only need be made of the growing conflict over the issue of so-called provincial "rights," and the constitutional question regarding delimitation of powers between Dominion and provinces. The political feud between the Dominion Government and certain provinces over this issue has more than once had an important, if indirect, bearing on the development of policy in power matters.

The events of the last year have centred round three

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issues—the principle of public ownership as against regulation of private enterprise, the advisability of exporting power to the United States, and the development of the St. Lawrence–Great Lakes system.

In Quebec there has been much talk and agitation but as yet little real change. The depression had accentuated French-Canadian nationalism and therefore anti-English feeling. An important factor in this development was the existence in Quebec of a closely-knit power trust controlled by English-Canadian interests. In response to this widespread hostility to the dominance of "*les trustards*," the Taschereau Government, following a commission of enquiry, had passed legislation in 1935 providing for rigorous control of the private power companies and more widespread rural electrification. It even included in the legislation provision for the possibility of nationalisation. In August 1936, however, a union of Conservatives and insurgent Liberals, led by Mr. Maurice Duplessis, destroyed the Liberal régime that had enjoyed power uninterruptedly for thirty-nine years. Considerable reference was made during the Quebec election to expropriation and public ownership of electric power. But a "socialist Quebec is a contradiction in terms,"* and since his election Mr. Duplessis has been content to replace the Taschereau legislation with new legislation of his own which changes little and may even prove to have given the private companies more freedom than they would have had under the repealed legislation. Indeed, Mr. Duplessis soon made it abundantly clear that he was no real enemy of the power interests, by ignoring the advocates of a vigorous policy of public ownership, who had been amongst his strongest supporters in 1936. He even accepted the resignation of one of them whom he had included in his Cabinet. Thus the private power companies appear as firmly entrenched as ever before, although the 1937 legislation does provide the means for applying pressure to them, should the

* See THE ROUND TABLE, No. 108, September 1937, pp. 837–838.

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provincial Government choose to do so. The trend during past years towards steadily declining rates to consumers in Montreal as compared with elsewhere in Quebec, while in part a natural policy for any private utility to adopt in a densely populated area, has unquestionably been hastened by the existence of the plant owned and operated since 1905 by the City of Westmount, the prosperous English municipality in the heart of Montreal. However, any immediate development through public ownership will probably be limited to the extension of electrification to certain newly opened areas in the province, where private enterprise has not yet developed any interest.

In Ontario, "Hydro" had until about 1926 supplied the needs of the province with power generated from provincial or international water resources. Rapidly increasing demands for power from about 1925 raised the question of the source from which new power should be obtained. The alternatives included the development of certain provincial water power available without involving the Boundary Waters Treaty; the use of international waters in the St. Lawrence system, which involved the Dominion and required negotiations with the United States; the erection of steam plants, which meant dependence upon imported coal from the United States; the purchase of power from private enterprise in Quebec; and the development of inter-provincial waters, which required negotiation with government and private interests in Quebec. In the event, the policy adopted between 1926 and 1930 was that of meeting the expected increase in demand largely through long-term contracts with private companies in Quebec, who, on the basis of these contracts, made extensive investment in new plant.

The years of depression brought lessening demands for power and serious financial problems to Ontario. The depression also gave Ontario in 1934 Mr. Hepburn's Liberal Government. The sudden and arbitrary repudiation of the Quebec contracts by the Ontario Government

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in 1935 was followed, after two years of acute controversy, by the equally sudden negotiation of new and substantially similar contracts in December 1937. Mr. Hepburn had been outspoken in his condemnation of the policy represented by the original contracts, and in the general election had described his power policy as "back to Niagara," reiterating his opposition to any future dealings with the Quebec companies. According to him, these new contracts mean an eventual total saving to the province, by comparison with the repudiated contracts, of some \$79,000,000.

The renewal of the Quebec contracts can be interpreted in several ways. One is to regard it as part of a movement, dating back perhaps to the death of Sir Adam Beck in 1925, if not of actual opposition to public ownership, at least of declining enthusiasm for it. Another interpretation is that technical and financial factors continue to make it desirable to purchase power available in neighbouring Quebec, rather than develop perhaps more costly water power in Ontario which is not subject to the Boundary Waters Treaty of 1909. The essence of the Ontario system, especially in the earlier years, lay in public ownership of distributing rather than generating systems. Yet another and perhaps the most probable explanation is that lawsuits brought by the private companies over the repudiated contracts were likely to result in costly judgments against "Hydro," in spite of Mr. Hepburn's efforts to protect it by special provincial legislation, and that discretion had dictated a settlement out of court. Whatever the correct interpretation, the point for present purposes is that, in the face of the known opposition of the Dominion Government to the export of power, Mr. Hepburn's Government contracted for more power than the province was likely to need for some years to come, and, having done so, proceed to apply to the Dominion for permission to export power to the United States, where there appeared to be a market for it. The proposal,

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however, ran counter to Dominion policy. To explain this situation, brief reference must be made to the history of export and the economic and political considerations involved.

Until 1907 the provinces alone controlled the export of power. In that year, however, the Dominion Government passed the Electricity and Fluid Exportation Act, under which any export of power to the United States required a licence from the Dominion Government, and was also subject to Dominion taxation, although this latter power was not exercised until 1925. Dominion and provincial policy towards the export of power has varied in recent years. Some years ago both Ontario and Quebec opposed it, but in recent years, influenced by depression conditions and the existence of large supplies of surplus power, they have both been pressing for the right to export power against the opposition of successive Dominion Governments.

Canada has been exporting power to the United States for many years, but the amount exported is only a small proportion of the country's total output—about 12 per cent. in 1926, and about 6 per cent. in 1937. Approximately three-quarters of the power exported represents supply based on long-term contracts, which sometimes provided the finance for the original development. The remaining quarter represents the "surplus" production of power companies, who look to Canadian consumption for their normal market, but who have entered into shorter-term contracts to supply power under certain conditions to consumers in the United States. It was "surplus" power which the Ontario Government was seeking permission to export.

Whereas Ontario and Quebec are wholly dependent for energy on water power, the industrial areas of the north-eastern United States have easy access to supplies of excellent coal. In this area, indeed, water power is secondary to steam power. The proponents of export argue that, as

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Canada still possesses water power resources greatly in excess of her needs, there is little danger in selling any current surplus, provided this is done on the basis of agreements that can be cancelled at relatively short notice. This argument, however, does not allow for an important political contingency. American communities developed over a period of years on the basis of power imported from Canada, and committed to a heavy investment for its utilisation, might well come to regard its continued receipt as a vital necessity. Cancellation might therefore precipitate a political issue of the first importance between Canada and the United States. Opponents of export fear that what is legally only temporary might in actual practice become permanent. A leading Canadian authority pointed out some years ago that

if the total capital invested solely in the electrical industry be divided between the development of power and its application, then 23 per cent. of the total capital is "development capital," and 77 per cent. is "application capital." If, however, the capital invested in the industries induced or created by the presence of electric power be included, then but 2 per cent. of the total capital is in development, and 98 per cent. is in application. The relation of these facts to the export situation is obvious.

The Dominion Government's opposition to export of power seems based on sound reason. In opposing the desires of the provinces, however, the Dominion Government is placed in an embarrassing political position. The present relations between Dominion and provinces are another story; it is enough to mention here that the Liberal Government at Ottawa has been anxious to avoid providing any additional reason for complaint by the provinces, and especially by Quebec and Ontario, on whose support the federal Liberal party so largely depends. In this situation Mr. Mackenzie King has fallen back on a characteristic expedient. Hitherto, the power to grant export licences has lain with the Governor-in-Council. Early this year, the Prime Minister introduced a Bill the

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general effect of which would be to give future control of export licences to Parliament, while placing responsibility for such exports squarely with the provinces. The move was astute; for not only could the Government shift the onus for refusal of provincial requests, but questions—perhaps awkward questions—could also be asked in Parliament in connection with any specific proposal.

Ontario's water diversion proposal raised entirely separate issues. Under the Boundary Waters Treaty of 1909 it is agreed that boundary waters between Canada and the United States are a matter of common concern and that neither country will proceed to develop or use such waters without mutual agreement and the endorsement of the International Joint Commission. The treaty also provides that in each country the federal Government shall exercise exclusive jurisdiction in the matter. Ontario's proposal, therefore, required that the Dominion Government should give its support at Washington. This was forthcoming in a note of January 27, 1938, from the Dominion Government, in which American consideration of the proposal was requested.

The Dominion Government has been accused by Mr. Hepburn of enlisting the support of the United States Government to rescue it from a political dilemma at home. But in any case Ontario's diversion proposal cut across a major aspect of Mr. Roosevelt's public utility policy. The President's desire for development of the St. Lawrence waterway project dates back to the days of his governorship of New York state and his conflict with the state electric utilities. In a great government-controlled power system, such as the St. Lawrence project envisaged, he saw a yardstick, similar to that attempted in the Tennessee Valley Authority, by which he could control utility rates. A treaty to develop the St. Lawrence waterways had already been negotiated in 1932 by Mr. Bennett with Mr. Hoover, who had long favoured the waterway development and who saw in it a useful election weapon

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for the Republican party in the Middle West. Mr. Roosevelt adopted this treaty, but failed in 1934 to secure ratification from the Senate.

In Canada also, opinion on the merits of the St. Lawrence waterway has been divided. Considerations of expense, disagreement over the economic effects, the opposition of vested interests—all have played an important part on both sides of the border. Quebec interests have opposed it, seeing in it a threat to the dominant position of Montreal as a sea port, or to the future position of the privately owned power companies. Opposition in Ontario has come from those who feared the additional expense involved for the province. Mr. Hepburn has declared himself completely hostile. Lastly, opposition has come from some of the railroad interests, who see in it a further threat to their position, already made difficult through competition from road transport.

But the final word on both questions—export and diversion—was destined to lie with the United States Government. In a communication of March 17, 1938, the latter not only refused to agree to the Kenogami diversion proposal, but also expressed its general refusal to consider any form of partial development of the St. Lawrence waterway system. Secondly, the Secretary of State announced that the President would, if necessary, use his legal authority to prohibit the import of power into the United States, on the ground that imports, which might be suddenly withdrawn at some future date, constituted a menace to the stability of American industry and therefore, under existing international conditions, a menace to America's defence structure.

II. AIR NAVIGATION IN CANADIAN-AMERICAN DIPLOMACY

THE bewildering effects of Canada's triple position as a North-American State, partner in the British Commonwealth, and member of the League of Nations, have

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often been noticed by writers attempting to explain the conduct of the Canadian Government or to formulate a foreign policy for this country. The bewilderment, which is visible not only in the work of the theorists but also in official action, is commonly attributed to an accidental circumstance, that familiar grievance, the failure of the United States to ratify the international arrangements elaborated by the Peace Conference of 1919. In this respect, however, our problems scarcely differ from those of contemporary world politics in general. Complaints are idle: the chronic condition of diplomacy is one of patching up the consequences of the unexpected.

In no department of our external relations did the necessity of patching declare itself more swiftly than in the regulation of aerial navigation between Canada and the United States. In common with that country and with Great Britain and the other Dominions, we had signed the Convention on Air Navigation drawn up at Paris in 1919. Like Great Britain and the other Dominions, but unlike the United States, we ratified it, and were consequently bound by its provisions when finally, in 1922, it came into force.

Long before that date, however, we had enacted a whole series of regulations adopting the principles of the Convention, and had made provision for the federal control of aviation, a control confirmed by the Privy Council, over provincial opposition, in its well known decision of 1932.

Neither control nor regulations had for the moment any counterpart in the United States. It was not until 1926 that that country passed legislation for the general direction of air commerce and the licensing of pilots and aircraft. It was therefore literally impossible for American pilots and machines to secure at home the qualifications demanded by the Convention of 1919 and the Canadian enactments based upon it. In order to understand the ensuing difficulties and the measures taken to cope with them, we must examine the terms of the Convention.

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That instrument begins with a declaration of the unlimited sovereignty of the State in the air over its territory. Thus was ended a debate, active in the days of pre-war flying, between three possible régimes—first, to make the air, like the high seas, common to all; second, to give the State sovereignty *usque ad coelum*, but to subject that dominion to a right of innocent passage for the aircraft of all nations, like the right of foreign ships in the three-mile maritime belt; third, absolute sovereignty with no right of passage. The war-time demonstration of the destructive power of aircraft sufficiently explains the adoption of the first and least liberal doctrine as the international law of the air.

In subsequent articles of the Convention the contracting States grant to each other, and only to each other, the privilege of innocent passage in time of peace. This privilege depends on the satisfaction of conditions set out in the Convention as to the airworthiness of machines and the competence of crews, and it does not extend to prohibited areas defined by the state for military reasons or in the interest of public safety. No explosives, arms or munitions are to be carried, and no military aircraft are admitted without special authorisation.

Article 5 is one of particular interest for its bearing on Canadian-American relations. As originally worded, it laid down the rule that "no contracting State shall, except by a special and temporary authorisation, permit the flight over its territory of an aircraft which does not possess the nationality of a contracting State." As early as 1920, however, a protocol was drawn up permitting special agreements with non-contracting States. For some years these required not only a two-thirds vote of approval by the International Commission for Air Navigation* established by the Convention, but also express acceptance on the part of all the contracting States. By an amendment which did not become operative until 1926 this approval

* Generally known by its French initials as the C.I.N.A.

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and acceptance were dispensed with, and such special agreements had merely to be communicated to the Commission and through it to the contracting States.

Further provisions require that all aircraft must be officially registered in the State to which their owners belong and, if engaged in international aviation, must bear marks indicating the nationality conferred by this registration. All aircraft must possess certificates of airworthiness, and officers and crew must have proficiency certificates and licences issued or confirmed by their national authorities. Passengers and goods may be carried for hire from one State into another, but not, without special permission, from one point to another in a State other than that of registration. Thus the aerial equivalent of the coasting trade is subject to limitations traditional in water navigation.

The Convention having obtained the number of ratifications required to bring it into effect, the C.I.N.A., with permanent headquarters in Paris, set about its duties in July 1922. Its tasks have been many and various. Of its own motion or on the proposal of any party to the Convention, it studies amendments to that instrument, and submits for ratification by the contracting States any proposed amendment that obtains a two-thirds vote of its membership. It amends, without the necessity of ratification, the technical appendices to the Convention dealing with (a) the marking of aircraft, (b) certificates of airworthiness, (c) log books, (d) rules of air traffic, (e) regulations governing operating crews, (f) air maps, (g) meteorological information. Within its limited sphere, it is thus an international legislature. It is also an arbitral body, having power to settle disputes arising out of the matters just enumerated. It acts as a clearing-house of information on all questions affecting aviation, and for this purpose issues a weekly bulletin. In 1936 its budget amounted to 1,162,000 French francs, of which Canada's share was 42,000 francs.

Thirty States are now parties to the Convention. With

the exception of Bulgaria, the ex-enemy countries have remained aloof, as have also Russia and the United States. In spite of these abstentions, the Convention may fairly claim to constitute the universal law of the air; for a network of bilateral treaties involving non-party States has been modelled upon it, and its rules have everywhere penetrated into national legislation.

The order in council, dated December 17, 1921, which authorised Canada's ratification, contained a reservation. We were entering into an agreement which, as originally framed, discouraged air communications with non-party countries, and which, even with the alleviating protocol of 1920, subjected such communications to approval by an international organisation. That organisation was explicitly "placed under the direction of the League of Nations." The one people in the world with which Canada could in the nature of things have important air traffic in the near future had set its face against the League and all its works. So the order in council reserved the right to postpone the application of article 5, in order that we might be free to make any expedient arrangement regarding air navigation with the United States.

We had indeed for more than a year been making concessions in favour of American aircraft. Until the Convention was ratified we were clearly at liberty to do this; and from May 1920 the Canadian Air Board adopted the practice of making temporary amendments in its regulations, valid usually for six months but sometimes for a year, which permitted competent American pilots to fly into Canada. Full information of the proposed flight had to be sent in advance to the Air Board, together with the pilot's name, training and experience, and a description of the machine. A certificate of airworthiness had to be obtained from the Board for commercial, though not for private, aircraft.

Under the protocol of 1920 it would have been legal for Canada to make an agreement with the United States, even

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after the entry into force of the Convention, to settle the conditions of air traffic across the border and dispense with the laborious formalities of authorisation for each particular flight. It would have been legal, that is to say, if the United States had had the legislation and the organisation necessary to provide the guarantees of safety and responsibility in flying demanded by the Convention, and, indeed, by common sense. A memorandum from Ottawa transmitted to the Department of State through the British Ambassador at Washington explains exactly why such an arrangement was not practicable.

The United States (observes this frank document) has not ratified the Convention and has so far passed no legislation dealing with the control of aviation, nor has it taken steps to authorise any regulating body with control over civil aviation. Until such a body is created it will not be possible to negotiate an agreement with the United States Government in regard to inter-state flying between the two countries.

As a matter of fact, though no formal agreement existed, there was a working arrangement between the two Governments. The regulations defining conditions for the entry of American aircraft were forwarded to the Department of State. Special notice of each flight was still required at Ottawa, but permission followed as a matter of course, provided the defined conditions were satisfied. Was such an arrangement in conformity with article 5? Evidently the Canadian authorities were worried, torn between loyalty to the Convention and their anxiety not to impede the natural and highly desirable development of air communications in North America. Invoking the protocol of 1920, they applied to the C.I.N.A. for a derogation from the terms of article 5 in respect of flying between the United States and this country. By 1923 this had been granted.

The next step was to relieve the Canadian Department of National Defence, which had taken over the duties of the Air Board, of the examination and certification of

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American machines flying into Canada. This was done in 1923, when by agreement between the two Governments the United States naval and army air services assumed these responsibilities.

Under the Air Commerce Act of 1926 the control of civil aviation in the United States was vested in the Aeronautics branch of the Department of Commerce. The federal control thus inaugurated undertook to admit Canadian aircraft on terms identical with those on which American pilots and machines were permitted to fly in Canada. These terms, now that the certification of aircraft and personnel was in the hands of a specially organised government service at Washington as it had long been at Ottawa, omitted the onerous requirement of advance notice of every flight.

Meanwhile, in 1926, the amendment to article 5 of the Convention, permitting agreements with non-party States without submission to the C.I.N.A., had come into effect. This change, coupled with the establishment of federal control of civil aviation in the United States, opened the way for a more formal and lasting arrangement with that country, which still persisted in its abstention from the international organisation. Negotiations to this end were concluded in 1929.

The agreement of that date is mainly a formal statement of the arrangement worked out in successive stages during the preceding nine years. Its provisions regarding the qualifications of machines and pilots for international navigation are in conformity with those of the Convention, as are also the clauses prohibiting the carriage or use of photographic equipment and the carriage of passengers or cargo between points in either country by aircraft belonging to the other. Canada and the United States have agreed upon mutual recognition of pilot certificates, and they also honour each other's certificates of airworthiness for aircraft exported as merchandise. Certain reservations in regard to these last two provisions are apparently

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contemplated as part of a new agreement now reported to be under negotiation, and additional arrangements are to be included concerning the use of radio in aviation and the co-ordination of meteorological services.

It may be remembered that the Convention does not bind its parties to admit military craft. These must obtain special authorisation. In this respect Canada and the United States have made an advance which attests their long experience of confident good-neighbourhood. By an arrangement which had been in operation before 1932, but which took formal shape in that year, "blanket permission" is granted to Canadian military aircraft to fly across Maine and to American military aircraft to fly across the Niagara Peninsula. A glance at the map will demonstrate the value of these privileges.

The disappointingly slow development of air traffic between the two countries is not to be explained by any excess of caution on the part of Canadian officials or by any deterrent effect of the international Convention. If progress was retarded in the important years between 1920 and 1929 by a lack of effective co-operation, the reason lay in the chaotic condition of civil aviation in the United States.

There is, of course, some volume of private flying across the border, but on January 1 of this year only three lines of Canadian-American air navigation were in regular operation. These were New York-Montreal, Burlington-Montreal, and Pembina-Winnipeg. In summer there is also a service from Seattle to Vancouver. Prospects for a more active future are, however, fairly bright. The agreement reached at Washington in 1935 between the United States, Canada, Great Britain and the Irish Free State bore fruit in the establishment of a transatlantic service in 1937, and work done under the Trans-Canada Air Lines Act of 1937 promises, in addition to a large development of traffic in Canada, the opening up of new connections with American territory. The transfer of Canadian civil aviation to the Ministry of Transport,

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surely the logical place for it, should also facilitate sound and co-ordinated progress.

On the value of the international organisation, it may be well to quote an official Canadian appreciation. The report of the Department of National Defence on civil aviation for 1923 has this to offer :

It is safe to say that, if the commission did not exist and had the convention not been drawn up at the time it was, chaos would now reign. The existence of the convention and the subsequent work done by the commission and its sub-committees have provided an invaluable guide to the creation of a uniform code of air laws everywhere.

What likelihood is there that the United States may become a party? She has already made with a number of European countries bilateral agreements which, like that with Canada, closely resemble the general instrument. She is a party to the Pan-American Convention of 1928, which adopts the same principles but has no administrative organ like the Paris Commission. Adhesion has been openly advocated by some American experts, including Mr. Edward Warner of the Federal Aviation Commission.

What likelihood is there that Canada may adhere to the Pan-American Convention, which, in a clause explicitly declaring itself open to any State, holds out a fairly obvious invitation to this country? A number of important Latin-American republics have no part in the Paris Convention, and, with the inevitable expansion of air traffic, treaty relations between them and this Dominion may well become highly expedient.

The answer to both questions perhaps depends upon the outcome of current events in Europe; for the trend towards war on that continent may increase the traditional American distaste for inclusion in its organisations and, at the same time, turn the Canadian mind towards a less prejudiced interest in the Americas.

Canada,
April 1938.

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I. FOREIGN AFFAIRS AND DEFENCE

EVENTS in Europe during the past few weeks have focused political controversy in Australia on foreign policy and defence. The circumstances surrounding Mr. Anthony Eden's resignation as Foreign Secretary aroused much discussion of the problem of imperial consultation, and there was a certain feeling of disquiet. At the Imperial Conference last year "emphasis was laid on the importance of developing the practice of communication and consultation between the respective Governments as a help to the co-ordination of policies". Mr. Eden's resignation seemed, to many people, to imply a radical change in British foreign policy, which, on Mr. Lyons' own admission, had not been preceded by anything like "consultation" with the Dominion Governments.

Mr. Lyons claimed, however, that the Australian Government had been informed of "the trend of events", and that this was sufficient in the circumstances. For, in his opinion, all that Mr. Eden's resignation implied was that there had been differences within the British Cabinet, differences concerning method, which did not spell any departure from the policy agreed upon at the last Imperial Conference.

This failed to satisfy Mr. Curtin, the Leader of the Federal Opposition.

I deem it the imperative duty of the Federal Government (he said) to summon the Commonwealth Parliament forthwith. In view of the momentous significance of what has occurred in Great Britain recently, Australia needs to know fully and frankly what is the policy of the Lyons Government on foreign affairs. More than a week has passed, and the Prime Minister remains

silent. Representative government in Australia is being made a travesty in a matter of supreme national importance. . . . The British Prime Minister informed the House of Commons of the changes that had occurred in British foreign policy, and the House debated the matter. In Australia, however, Mr. Lyons thrusts Parliament into outer darkness, and the people into uninformed obscurity. . . . Sectional action in Australia in international matters is wrong, and could very easily become dangerous, but I am faced with the fact that, by lack of candour respecting its own policy, the Government has abdicated the field, and, in the absence of leadership, sporadic outbursts can be expected.

To this Mr. Lyons replied by drawing attention to the divided counsels within the Labour party itself concerning foreign policy. Two days later, he announced that he had been authorised by Mr. Chamberlain to state that

the United Kingdom Government still adheres to the policy enunciated and discussed at the Imperial Conference of 1937. There is no change in the attitude of the United Kingdom towards the League of Nations and collective security.

Regret was expressed even in conservative journals, in Melbourne and Sydney, that Mr. Lyons should have regarded as a "challenge" Mr. Curtin's request for an immediate meeting of Parliament, and concern that the issue had been reduced to one of party politics. The Melbourne *Argus*, for example, said:

Surely it is carrying party warfare too far when the Prime Minister of a senior Dominion, in the hope of scoring a polemical point against the leader of the Opposition, solemnly denies a fact which is patent to every observer of world affairs. To say that the difference which arose between Mr. Chamberlain and Mr. Eden was merely a difference of opinion concerning method is to play with words.

The *Sydney Morning Herald*, on the following day, expressed its frank disbelief in Mr. Chamberlain's assurances that no occasion for consultation had arisen. After quoting from the debate in the House of Commons, it concluded:

Surely "fundamental" differences could not arise between a Prime Minister and his Foreign Secretary unless some substantial change were intended in the policy which the latter had been

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pursuing. . . . In the light of these disclosures it is impossible to accept the view that the issue dividing Mr. Eden and his Prime Minister was too trivial to deserve the attention of the Dominion Governments. Moreover . . . the divergence had been developing for some weeks. It can hardly be held, therefore, that the failure to consult the Dominions on the questions at issue was due to lack of time and opportunity. Mr. Chamberlain may genuinely believe that such consultation was not necessary in the circumstances, but this view will not be generally shared in the Dominions, and it is regrettable that the Australian Government should appear over-ready to accept it. If a decision which, by Mr. Chamberlain's own testimony, was intimately bound up with issues of peace and war is not a proper subject for consultation, it is hard to imagine what is.

This discussion was terminated by the crisis arising from the absorption of Austria within the German Reich. In the light of events, fears that Mr. Eden's resignation showed that there had been a radical change in British foreign policy have largely disappeared. The public therefore no longer regard the incident as a test case concerning consultation. It is assumed that before any reorientation of British foreign policy were to take place, in the light of the present critical situation in central Europe, there would be close and detailed consultation throughout the Empire.

The storm-clouds in Europe have increased the anxiety already felt in many quarters concerning the adequacy of Australia's defence forces. The official opening of the graving-dock at Singapore on February 14 was felt to "increase the security of the Empire from Aden to Hong Kong, and Cape Town to New Zealand". But the warning was clearly given in the press that the immediate value of Singapore could easily be exaggerated. In the future, if and when Great Britain was able to station a battle fleet permanently in Eastern waters, this base would become a real bulwark. Until then, Australians had little reason for complacency. A speech by Mr. Chamberlain early in March aroused further doubts about the present position of the Dominions in the Empire scheme of defence. Mr. Chamberlain indicated that the first concern of the British

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Government would be to protect the Mother Country, then to maintain her supplies from abroad, and thirdly to defend her overseas possessions. Did this mean that the Dominions would have to rely on their own resources in time of war? Mr. Lyons sought assurances from Mr. Chamberlain, and was able to announce that, although appearing third on the list, the protection of overseas possessions was definitely regarded as of first-rate importance.

The defence of Australia (said Mr. Lyons) and of the trade routes between Australia and Great Britain, is an essential part of Great Britain's defence policy, forming as it does part of "the first main effort". For this reason, Singapore, as a pivotal point of the whole system of the naval defence of the Empire east of Suez, is being provided, not only with docks, but also with the most powerful guns and air defences of any port in the Empire.

It is indicative, however, of the feeling in Australia that press forecasts that the defence estimates were again to be revised upwards produced scarcely a protest. Indeed, public opinion, including a section of the Labour party, seems anxious to accelerate still further Australia's defence programme. The Premier of Tasmania, Mr. Ogilvie, at the Tasmanian Conference of the Australian Labour party, held early in March this year, sponsored a motion seeking the reintroduction of "universal military training for home defence and universal physical training". Replying to Labour criticism in other states, Mr. Ogilvie pointed out that his motion had been unanimously endorsed, and that the conference was representative of every Labour branch in Tasmania. "It was the Labour party that put compulsory training for home defence on the statute book in the first place, and it is competent for Labour again to enforce it, if it so desires," Mr. Ogilvie declared. The measure was enacted by a Labour Administration in 1909; in 1929 the Scullin Ministry, under stress of economic depression, suspended the obligation to train "in time of peace".

As against this, Labour leaders in New South Wales

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declared that "conscription is the unforgivable political sin", and in "conscription" they seem at the moment to include compulsory training for home defence as well as military service overseas. Since the crisis over Austria, however, there have been several resolutions in business and pastoral circles favouring universal training for home defence.

A climax to these discussions about defence was reached on March 25, when the Prime Minister, Mr. Lyons, in a "record" broadcast over 106 stations, announced that the Government had decided upon a defence programme involving £24,850,000 of additional new expenditure in the next three years. This, added to the vote for the maintenance of the defence forces as at present organised, would raise the total defence expenditure during this period, apart from the civil aviation vote, to £43,000,000. The new expenditure will be divided as follows: £7,750,000 extra for the navy; £5,500,000 extra for the army; £8,800,000 to complete the Salmond scheme of air defence within the next three years; and £2,800,000 of new expenditure for government munition factories and the organisation of industry. "Acting on the advice of the army authorities," said Mr. Lyons, "it is not the Government's intention to increase the strength of the militia services above 35,000 at present. The experts consider that the most pressing need is to strengthen the material side, while at the same time raising the efficiency of the existing forces to the highest degree possible."

II. STATE ELECTIONS

THE tense international situation, and the concern about Australia's defences to which it gave rise, robbed the state elections in South Australia, New South Wales and Queensland of much of their interest. Mr. Butler, the South Australian Premier, delivered his policy speech on February 24 last, and based his appeal to the people entirely on his record in office during the previous

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term. He drew attention to the favourable change in the financial position of the state, the reduction in taxation, the progress of both primary and secondary industries, the decrease in unemployment, and the special consideration he had given to the problem of housing. In the light of such achievements, there was no need, he said, to promise more than that the Government would continue to pursue rigorously the policy propounded and carried out so successfully during the past five years.

That it was *five* years, during which Mr. Butler had had an opportunity of pursuing his policy, was the chief criticism voiced by the Labour Opposition. They denounced the extension of the life of the previous Parliament from three to five years (and that of the Upper House, the Legislative Council, from six to ten years) as a flouting of democratic rights comparable with the action of leaders in totalitarian States. Mr. Lacey, the Leader of the Opposition, admitted that he would prefer to abolish the Legislative Council altogether, and, for that matter, both state Houses, as he believed in one Parliament for Australia. For the time being, however, he confined himself to the promise to restrict the life of both Assembly and Council to a term of three years.

His second main attack on the Butler Administration concerned the re-division of electorates, which, in his opinion, amounted to "gerrymandering". The Labour proposal was to

take the federal electorates as they are, which give special consideration to country districts, and which are based upon some semblance of community of interest within the divisions, and provide each of these federal districts with five parliamentary representatives. By this means the House would be reduced to thirty members. There would be no question of party advantage as Parliament would be elected under a system of proportional representation, thereby eliminating any suggestion of "seat-rigging" or "gerrymander".

The Premier denounced this as "a proposal to cut up districts on a population basis, with the result that over 50

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cent. of the parliamentary representatives would be given to the metropolitan area. This would be a calamity to the State as a whole". The Premier led a coalition of Liberal and Country leagues.

On questions of social policy, the Labour leader promised to abolish fees for the high schools, and make education free, from the kindergarten to the university; to review the incidence of taxation with the object of raising the statutory exemption; and to launch a vigorous programme of road construction to be financed, not by extensive borrowing, but by revenue derived from motor and petrol taxes. On the question of the forty-hour week, Mr. Lacey promised to "co-operate with other Governments through the Premiers' Conference and the Loan Council to establish a maximum working week of forty hours for the whole of Australia". He would also "endeavour to establish the forty-hours principle in state activities as an inducement and lead to private employers".

One interesting feature of the elections was the large number of Independent candidates—no less than 65 out of a total of 127 candidates. Between them, these Independents raised practically all the issues that interested the public, especially the "moral" issues of licensed betting shops and after-hours liquor permits. The result of the poll, held on March 19, amazed everybody. For only the second time in 33 years, the regular swing of the political pendulum from Liberal to Labour and back again was interrupted by an immense accession of strength to Independents. In a House of 39 members, the Liberal Country party secured 15 seats, the Labour party 9, and the Independents 15. Two of these Independents are known to be strong Trades Hall sympathisers, but the remaining 13 have very little in common either among themselves or with the two main parties. It seems likely, at the moment, that a sufficient number of them can be counted on to keep the Butler Government in office, but only on conditions, of which the repeal of legislation concerning five-year Parliaments,

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licensed betting shops, and the extension of the hours of liquor sales is the most probable.

In New South Wales the Premier, Mr. B. S. Stevens, also appealed to the people on his record in office since 1932. "In 1932," he said in his policy speech, "one man in three was unemployed. To-day only one in every twenty is unemployed. In 1932 only 1,000 new dwellings were built in twelve months. At present, more than 1,000 are being built each month. In 1932 there was a budget deficit of £14,000,000. Last year there was a budget surplus, and this year there will be one again." Unlike Mr. Butler of South Australia, however, Mr. Stevens was prepared to make specific promises about the future. The wages tax and special income tax, he said, would be eliminated as rapidly as possible, leaving only one tax upon income. Further, the incidence of all taxation would be reviewed, and an endeavour made to eliminate all taxation on incomes below £250 a year, in respect of persons with dependents, and substantially to raise the exemption allowed where there were dependent children. An extensive housing scheme had been undertaken and would be continued vigorously. In regard to wages, hours and working conditions the Government's policy was to leave these matters to be settled by arbitration.

It is farcical (said Mr. Stevens) for any leader to promise higher wages without, at the same time, guaranteeing employment on these wages. . . . Not one Labour Government in Australia has legislated for a forty-hour week. The Labour Premiers say it is a federal question, and have left it to the Arbitration Court. That is the wisest thing to do, because when it does come, it will be on such a basis and at such a time as to avoid dislocation and unemployment.

Mr. Lang, the Leader of the Opposition, avoided the risk of being called "farcical" by drawing up a comprehensive scheme of promises.

If returned (he said) we will immediately introduce legislation making a basic wage of not less than £4 2s. 6d per week. Little

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is gained by increasing wages unless the working week is shortened, and it is the intention of the Labour party to legislate for a forty-hour week. . . . Even with the improvement that will come from a shorter working week and higher wages, there will still be a number of people anxious to work who will be unemployed. Increased revenues, together with an altered system of taxation, will enable us to provide full-time work, and at the same time considerably remit, if not entirely abolish, the unemployment tax. Full-time work can be provided from the revenues, and a Labour Government will provide it.

In connection with social services, Mr. Lang likewise outbid the Premier. He promised fair rents; cheaper milk; special maternity hospitals; the raising of the school-leaving age with the payment of allowances; nursery schools, health services, and proper nutrition for the pre-school child; an extension of technical education; and assistance in providing free libraries in different centres. Mention might be made of one other interesting proposal. "When the Bavin Government," said Mr. Lang, "divided the state into sections, with six different electorates, it made one vote in one locality equal to two votes in another locality. This system will be altered to a democratic one, one adult vote one value." This would eliminate even that measure of "weighing the country vote" which the South Australian Labour leader was prepared to accept.

The New South Wales elections were to some extent a three-cornered contest; for a group of "rebel" Labour candidates took the field, under the leadership of Mr. R. J. Heffron. This group was popularly known as "the industrialist wing of the state Labour movement", though the individuals themselves, and the organisations backing them, expressly repudiated this label. Their relation to the Lang group is explained below. First let us see how their programme compared with that of their opponents.

The foremost plank in Labour's policy (said Mr. Heffron) will be to legislate for a forty-hour working week. It will be applicable to all classes, independent of where or for whom they work. It will be the non-increasable maximum. This shorter working week will not be accompanied by reduced wages. It will mean

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that more of our workers will be placed in full-time employment, and, in turn, it will create greater purchasing power with a greater number of people.

Mr. Heffron stated that the Labour party would have an immediate enquiry made into the cost of living, not by judges of the Arbitration Court, but by a committee representative of employers and employees. The cost of commodities would be determined, not by returns of persons in the wholesale trade, but by those who had to purchase those commodities in the retail houses. The arbitration machinery would also be overhauled, and provision would be made for progressive steps to bring about a more equal adjustment of the economic conditions of the sexes. Several legal reforms were promised, including the reconstitution of the Divorce Court into a Court of Domestic Relations, in which an effort would be made to bring the parties together. Social services were to be extended in several directions; widows' pensions, family endowment, child-welfare payments would all be liberalised and extended. Finally, taxation promises included the removal of the wages tax, and no taxation for persons with "small incomes"; the payment of the family endowment tax by the employer; the withdrawal of benefits to large companies and those with large incomes; and the exploitation of the field of inheritance taxation.

It will be seen from the summaries of policy speeches that no important principles divided the Labour camps; the Heffron programme was, at most, a slightly more generous version of Mr. Lang's promises to the working classes. The struggle was one for power within the existing Labour movement. Mr. Lang's control of the Labour "machine" was challenged by a group of powerful trade unions and a number of "leagues", or local branches of the Labour party. At the so-called "rebel" conference held in Sydney late in January this year, the attendance of 400 delegates representing 70 unions and 62 Australian Labour party (A.L.P.) branches indicated the

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extent of the revolt. It was decided at the conference not to form a new "industrial" party; the existing Labour party must be cleansed from within. A provisional executive was appointed, and recognition was sought for this body, both within New South Wales and from the Federal Labour executive, as the real Labour party of New South Wales. A candidate was selected to oppose Mr. Lang in his own electorate, and in five other electorates "Heffron" candidates opposed the "official" Labour men. In the other electorates the official candidates were "endorsed" by the Heffron group as genuine Labour men.

The most dramatic incidents in this Labour struggle occurred in connection with Mr. Lang's endeavours to maintain control over the *Labour Daily* newspaper. In October last, the "rebels" obtained a judgment from the Supreme Court declaring that their nominees in the ballot for the newspaper's directors had overwhelmingly defeated Mr. Lang's supporters. On appeal, however, a legal technicality was held to debar one of the "rebel" nominees. The upshot was that the voting on the newspaper board was evenly divided. Mr. Lang thereupon demanded the repayment within thirty days of a debenture he held over the *Labour Daily* which, together with arrears of interest, amounted to about £17,000. This threat "to put in the bailiffs" led to bitter recriminations, but the "rebels" were able to raise sufficient money to pay off the debt, and thereby gained full control over the paper. Mr. Lang was thus in the awkward position of having to fight an election without any organ of propaganda under his control; for the broadcasting station owned and controlled by the Trades and Labour Council successfully resisted his endeavours to "capture" it last year.

Polling day was March 26. The results have borne out general expectations: the Stevens-Bruxner Ministry was returned with a handsome majority, and thus became the first Ministry to be returned to power at three successive

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general elections in New South Wales. Practically no change was made in party strengths. The new Parliament will be composed of 37 United Australia party members (the same number as in the old House); 22 Country party members (again the same number as before); 28 Australian Labour party members (as against 29 previously); two "industrial" Labour members (a group unknown in the old House); and one Independent as against two previously. The Labour Opposition thus failed to make any impression on the Government's majority, and within Labour's ranks the Industrialists failed to shake the hold of the party machine. All the rebel candidates were defeated except the two retiring members, Messrs. Heffron and Lazzarini.

Queensland has also just emerged from an election campaign, and from the beginning the Labour Premier, Mr. Forgan Smith, was seen to be in an impregnable position. In office since 1932, with a record majority in the last House (47 members out of 62, the Country party having 12, and the U.A.P. only 3) and backed by the wealthy and powerful Australian Workers' Union, Mr. Forgan Smith has been able to meet all challenges both from without and from within the movement. At the Labour-in-Politics convention, held at Mackay in February last, where the political and industrial wings of the Labour movement are accustomed to adjust their differences before an election, the Premier achieved an overwhelming personal success. In the first place, he was able to damp down the fires of sectarianism which were threatening to become politically dangerous. The policy of free and secular primary education in state schools was re-affirmed by unanimous vote, without discussion. The proposal to raise the school-leaving age was postponed, on the score of expense, until a more favourable economic opportunity. The forty-hour working week, despite the demand for its introduction from railwaymen (whose unions, incidentally, have not been affiliated with the Labour-in-Politics convention since 1927), was likewise postponed, "until such time as the

AUSTRALIA

other states are prepared to apply it". Mr. Forgan Smith persuaded the convention that the introduction of a shorter week by any one state would create an intolerable industrial handicap; while the expense of introducing it among government employees (£500,000 in the railway service, and £300,000 for other Crown employees) could not be borne immediately, for he was already facing an estimated deficit of £300,000. Finally, a motion for the abolition of the unemployment relief tax was withdrawn when the Premier promised to exempt from such relief taxation all incomes up to £208 per annum, to reduce by twopence in the £ all grades of taxation above that, and to make such other reductions as financial circumstances might justify. "Anyone," said Mr. Forgan Smith in his policy speech, "who claims that a deeper cut than this can be made in revenue at present is either a knave or a fool."

Greatly daring, both Mr. E. B. Maher (Leader of the Opposition and of the Country party) and Mr. H. M. Russell (Leader of the United Australia party) promised, in their policy speeches, the immediate reduction of the unemployment relief tax by 50 per cent., and its total abolition within the next few years. The former promised special consideration for those on smaller incomes, and those with family responsibilities, while the latter promised exemption from all relief taxes on incomes up to £250 per annum. Both promised to abolish intermittent relief work, and to substitute full-time work at award rates on works of national importance.

In the main, Mr. Forgan Smith appealed to the electors on his record in office since 1932, and made the most of the economic improvement that this period had witnessed. The rival parties argued that this improvement would have been more pronounced but for the fact that Labour had been in office. Queensland, they pointed out, was the only state that had failed to produce a balanced budget since the depression period. Other states had made substantial reductions in taxation; Queensland had actually increased

STATE ELECTIONS

taxation since the depression. The emergency cuts under the Premiers' Plan had been severely criticised by the Queensland Labour party; their Administration was the only one in Australia that had not abolished these cuts. The fundamental reason for this, the Opposition leaders argued, could be seen in the statistics for wealth production. Queensland, they alleged, showed an increase of only £8 2s. 8d per head, as against an average improvement in all Australian states of £13 8s. 2d per head.

The election campaign was embittered by the emergence of a Protestant Labour party, which made the most of the sectarian strife which has threatened, in recent years, to cut across party loyalties in Queensland. However, only one of the 24 Protestant Labour candidates managed to secure election, although many others polled substantial numbers. The leader of the party, Mr. G. S. Webb, announced after the elections that his organisation had come to stay, and that it would run candidates at the next federal elections, and at the Brisbane municipal elections.

The net result of the elections was merely to reduce Mr. Forgan Smith's majority by two. Labour now has 44 seats (as against 46 in the old Parliament), the Country party has 13 (the same number as previously), the United Australia party 4 (as against 3), and Protestant Labour appears on the scene with one member. Labour has been in power in Queensland for the last 24 years, with only one break of three years, a break which, unfortunately for its opponents, coincided with the depression years. Labour has thus reached the paradoxical position in Queensland of being able to rely on the conservatism of electors to keep it in office except during years of acute misfortune.

Australia,
April 1938.

SOUTH AFRICA

I. THE CAPE COLOURED PEOPLE

DURING the last decade we have had a number of investigations into the racial problems of South Africa. One or two commissions have reported on aspects of the Asiatic (that is, Indian) problem. A Bantu Economic Commission reported in 1932. Now we have a report on the Cape Coloured population of the Union.* The Commission, which took three years to complete its task, has reported at considerable length on the main aspects of the life of the Coloured people.

The Coloured people are a blend of various racial stocks—imported negroid and oriental slaves, Hottentot and Bushmen aborigines, and Europeans. It is impossible to say how much European blood has gone into their composition, but the current impression that all of them have European blood in their veins is certainly wrong. No less than 88·8 per cent. of the Union's total Coloured population of 768,000 † live in the Cape, mainly in the western Cape, and the Commission has therefore rightly concentrated its attention on their social, economic and political position in this province. Most of the Coloured people in the three northern provinces—there are 50,000 of them in the Transvaal, 18,500 in Natal and 17,700 in the Orange Free State—came originally from the Cape, either in the days of the Voortrekkers or subsequently.

Of the Union's non-European peoples the Coloured have been longest and most intimately in contact with Western civilisation and have therefore become most thoroughly

* U.G. 54 '37.

† As compared with 2 million Europeans, 220,000 Asiatics and 6½ million Bantu.

THE CAPE COLOURED PEOPLE

assimilated to it. Some twelve years ago General Hertzog told an Afrikaner audience in the Orange Free State that the Coloured people, as contrasted with the largely tribal Bantu, belonged with the Europeans. Indeed it is a well-known fact that many Coloured people have to-day achieved a higher standard of living than a large number of Europeans. The attitude of the Europeans and their government towards the Coloured is, therefore, a good test of the extent to which they are prepared to take their stand "on the firm and inexpugnable ground of civilisation as against the rotten and indefensible ground of colour".*

In the Cape and Natal the Coloured people have enjoyed the same political rights as Europeans from the time when representative institutions were granted until quite recently. But in 1930-31 the Union Parliament passed two Acts that entirely altered the position. The first conferred the franchise on European women over 21 years of age but withheld it from Coloured women. The second extended manhood suffrage to the Europeans of the Cape and Natal but left the Coloured men still subject to the old qualifications. In the ex-Boer republics of the Transvaal and the Orange Free State the Coloured people have never possessed the franchise.

Throughout South Africa no Coloured child is allowed to be educated in a European school.† Coloured and Bantu pupils are also segregated as far as possible. Coloured education, like that of the Bantu, is mainly in the hands of the Churches, though the state provides most of the funds and prescribes the curricula. In the three northern provinces the position with regard to Coloured education is considerably worse than in the Cape. The Transvaal and Natal have each only one centre at which Coloured pupils can be educated beyond the primary stage. In the

* Milner's words in 1903.

† Some 60 Coloured students are to-day attending the University of Cape Town. The Witwatersrand University and the Bantu College at Fort Hare also admit Coloured students.

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Orange Free State there is no provision at all for Coloured secondary education. In the Cape there has taken place a great improvement in Coloured education since 1925, when the state began to finance Coloured and Bantu schools on entirely different principles. Since that year the Cape Province has received from the Union Government a subsidy of £5 5s. per Coloured pupil in its schools. The fund from which Bantu education is subsidised is, on the other hand, essentially inelastic. The number of Coloured pupils at school in the Cape increased from 57,000 in 1926 to 93,000 in 1935. In 1919 only two Coloured schools had secondary classes, which were attended by 68 children; in 1935, as many as 14 institutions offered either a full or a curtailed course of secondary instruction, and there were 4,330 pupils in secondary standards. Nevertheless, even in the Cape, Coloured education still lags well behind that of the Europeans. The extent of the lag may be measured by contrasting the £514,001 spent by the state on Coloured education in 1935-36 with the £3,030,784 that it spent on European education.* Considerable numbers of Coloured children, especially in the rural areas, still grow up without any education at all. Those who do attend the schools have to be satisfied with inferior facilities.

Only one section of any importance among the Coloured people live definitely above a mere subsistence level—the skilled and semi-skilled workmen of the towns. The mass of Coloured males, whether in the towns or on the farms, are low-grade labourers, while the womenfolk are mostly in domestic service. Outside Cape Town and a few neighbouring towns, which have no Coloured locations† in the accepted sense of the term, most of the urban Coloured live in the locations. There they erect any kind of dwelling they may choose, often of the poorest type, and live in

* There are 682,000 Coloured Persons in the Cape Province and 791,000 Europeans.

† Special areas set aside for the poorer non-Europeans on the outskirts of the towns.

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squalor, largely neglected by the European-controlled municipalities. "The conditions prevailing in most of the locations," concludes the Commission, "are insanitary and unhygienic to a degree that can hardly be described." On most farms the living conditions of the Coloured labourers are no better than those in the urban locations.

Under such circumstances it need cause no surprise that tuberculosis, which is essentially a disease of malnutrition and bad housing, is alarmingly prevalent among the Coloured people. Its incidence is said to be from four to six times as high among the Coloured folk as among Europeans, and the position is, if anything, getting worse.

A factor contributing to the spread of tuberculosis is undoubtedly the intemperate drinking habits of a large section of the Coloured people, particularly of the low-grade labouring class. The Commission, with the support of representative Coloured opinion behind it, recommends the further curtailment of the sale of liquor to the Coloured and the abolition of the age-old tot system* on the farms of the western Cape.

The Commission discusses at considerable length the Coloured man's chances of obtaining employment to-day. Since Union, the opportunities of earning a living previously open to the Cape Coloured have seriously diminished, largely owing to state action. Whereas in the days before Union non-Europeans might hope to obtain graded posts† in the Cape civil and railway services, these positions are now closed to them by administrative order. The Cape trade unions, unlike most of those in the Transvaal, have always admitted Coloured persons to membership. But the Cape unions must bear part of the responsibility for certain Acts of the Union Parliament (for instance, the Juveniles and Apprenticeship Acts of 1921-22) which have

* The system by which wine is supplied to Coloured labourers at intervals during the day.

† Permanent posts in the services above the rank of common labourer.

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versely affected the employment of skilled Coloured labour. The Juveniles Act discriminates in favour of the European youth in the facilities it establishes for obtaining employment. The Apprenticeship Act lays down the conditions that have to be satisfied before admission can be obtained to certain of the most important skilled trades.

It authorises the fixing of educational qualifications for entering on apprenticeship, which have a discriminative effect in that the Coloured youth has fewer educational opportunities than the European and is not, like the latter, subject to compulsory education. Nor is he able to gain access to the educational courses that are prescribed for apprentices, except partially in Cape Town. In this city, and away the most important centre of skilled Coloured labour, the Act produced a great decrease in the number of Coloured entrants to the skilled trades, and there is justification for the view of competent observers that it will not be long before the Coloured man has disappeared from skilled employment.

In recent years there has also taken place an expansion of European employment in unskilled work, at the expense of the Bantu in the first place, but also of the urban Coloured. The Europeans for whom employment has been sought are the so-called Poor Whites, who are predominantly of Afrikaner rural origin. In 1924 the Government of the day, a coalition of the Nationalist (Afrikaner) and Labour (British) parties, enunciated the "civilised labour policy", whose object was to promote the employment of what was in effect European labour by all government departments and public bodies, including the state railways, and by private employers as well. Government officials have denied that "civilised labour" can be correctly interpreted as meaning European labour. Yet this is the way in which some of those who have been officially encouraged to employ civilised labour understand the term, and the Government does not seem to have done anything to enlighten them. The Government itself

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employs Coloured labourers on its railways at lower wages than those paid to Europeans. Several local authorities, subsidised by the Government in order that they might pay "civilised wages", have replaced Coloured by European labour. Some private employers have done likewise. Through its power to manipulate tariffs, the Government brings pressure to bear on them to employ a "reasonable amount" of "civilised labour".

The Commission shows that there took place a considerable decline in the proportion of Coloured persons employed in state and private industry between the years 1924-25 and 1933-34. There can be no doubt that this decline has been due largely to government intervention in the interests of the Europeans.

Besides presenting a large amount of useful information the commissioners have made a number of unanimous recommendations which, if acted upon, will do a great deal towards improving the conditions under which the Coloured people live. Unfortunately they have been unable to agree upon certain vital issues. And the divisions have been on "racial" lines—one Coloured and two English-speaking members *versus* the three Afrikaners. On the topics on which the divisions took place the former trio have favoured non-discriminative policies, while the latter have advocated discrimination. It is to be feared that, with colour-consciousness growing in South Africa, discrimination will carry the day.

II. NATAL AND THE UNION

NATAL is the only province of the four that constitute the Union in which the majority of the white inhabitants are of British descent, and use English as their mother tongue. It is generally supposed that this is responsible for that sense of independence and isolation from the rest of the Union which is certainly found amongst the people of this province. Undoubtedly it has had a

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good deal to do with the growth of this spirit, but it would be wrong to imagine that it is the sole and sufficient explanation. Geography has played its part; and there is a good deal to suggest that this has been, and still is, the major part.

The province lies wedged between the Drakensberg mountains and the Indian Ocean. On the south-west it joins East Griqualand, an isolated district of the Cape, separated from the rest of that province by the Transkei native reserve. Further west it is flanked by Basutoland. To the north-east Natal's own native reserve of Zululand borders Portuguese East Africa and Swaziland, still a British protectorate. Natal's physical isolation from the rest of the Union is thus complete. The Drakensberg is now pierced by two railways and motor roads which enter the Transvaal at Laing's Nek and the Orange Free State at Van Reenen's Pass. But as the traveller makes his way round the lower slopes of Majuba and reaches the summit of Laing's Nek he realises at once that he has crossed a frontier—that he is breathing a different air and is amongst a different people.

Within these geographical frontiers there lies an area almost exactly equal in extent to that of Portugal. It is a singularly beautiful land, known, with good reason, as the Garden Province. It contains approximately 200,000 Europeans, half of whom live in Durban, roughly the same number of Indians, and about eight times as many natives.

The Indians are an admitted complication. In the latter part of the last century the sugar planters of the Natal coast were faced with a shortage of labour. The Zulu did not take kindly to work in the cane fields, and then as now had a habit of working for a few months and then suddenly returning to his home to attend to his own ploughing. The situation was met by the importation of indentured labour from India. The experiment was a great success—from the point of view of the sugar industry and that of the Indian labourers. So successful was it, that when the

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indentures expired the men who were under contract to return to India were allowed to remain on in Natal. They have thriven and multiplied, and the better type amongst them are excellent citizens. But their very presence in Natal, and the ban placed on their entry into the rest of the Union, are not the least of the factors that make Natal something of a stepchild, even to-day, in the South African family.

Throughout the hundred years of Natal's history, and especially during the exciting period from the grant of responsible government in 1893 until the establishment of Union in 1910, geography formed a very effective barrier indeed. It is still effective to-day. In moments of local crisis and the exaltation of spirit that accompanies them, Natal has felt a sense of independence and isolation, not only from "Dutch" South Africa but even from the Empire itself. Her statesmen did not hesitate to give expression to this feeling in their official utterances. In 1906 a Zulu rising broke out and for a while caused some alarm. It was suppressed by local forces whose severe methods provoked considerable protests in England. Questions were asked in the Commons, and Natal felt that the attitude of the Liberal Government showed neither understanding nor sympathy. The Prime Minister of Natal did not hesitate to speak about "damnable interference", and the local press began to talk of "cutting the painter". The storm blew over, but its significance should not be forgotten to-day.

The great challenge to Natal's isolation and independence came, of course, with the first sitting of the National Convention in 1908. The Natal delegates tried hard to persuade their colleagues from the other colonies to adopt a federal rather than a unitary system for United South Africa. But for this they found no support, and under the scheme drafted by the Convention Natal was invited to surrender her political independence and throw in her lot with the three other colonies, whose predominantly

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Afrikaner population would certainly put her own British-descended people into the position of a permanent political and racial minority. So high did feeling run at the time that in Natal alone of the four pre-Union colonies it was thought wise to hold a referendum. It says not a little for the patriotism of Natal in 1910, as well as for her shrewd appreciation of what in the long run would be her own best interests, that the result was a decisive majority for entering the Union.

Although twenty-eight years have done much to break down Natal's isolation within the Union, it still persists. Durban to-day is a large, prosperous and growing city. If it is less English in character and outlook than its loyal citizens would like to suppose, it is certainly quite unlike any other city in South Africa. Natal feels that she entered the Union in a spirit of readiness to make sacrifices, but that too much has been asked of her. In particular she feels that the recognition of Afrikaans as the second official language of the Union has meant that her own unilingual sons have been virtually barred from entry to the civil service and the police, railway and educational services. This is perfectly true, and Natal parents to-day see to it that their children grow up able to talk Afrikaans. It is difficult to see how any other attitude could be compatible with citizenship of the Union. But Afrikaans is not an easy language to learn, and Natal feels that here is a real grievance.

Amongst older Natalians there is regret for the passing of the good old times, when there was an English Governor and an English garrison and a social life that has disappeared. Far more serious is the effect on the life of Natal of the disappearance of a local responsible legislature, with the opportunities of service which this offered to public-spirited ambition. Since Union, if a man would enter Parliament, he must be prepared to spend several months of the year in Cape Town, a thousand miles away. The effect of this has been to dissuade from a parliamentary

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career anyone not possessed of both means and leisure, —and of these there are very few in Natal—unless he wishes to employ his leisure in securing the means by becoming a professional politician. This is a really serious evil, and its effects can be seen in the Transvaal as well as in Natal.

Behind these more general causes making for isolation, there is undoubtedly a strong feeling in Natal at the moment that the English section was sold in the bargain by which Generals Hertzog and Smuts agreed to sink their differences and found the party at present in power. In the last Parliament the Dominion party, who represent this point of view, had a negligible number of supporters, even from Natal. But Colonel Stallard, the leader of the party, is canvassing hard in Natal at the moment, and is confident, perhaps with reason, that at the coming general election the Dominion party will capture a number of Natal seats.

Even if this should happen, however, it should not be interpreted as meaning that Natal is moving away from the rest of the Union on major issues. Actually the reverse is happening. It is just possible that the Dominion party may prove to be the abiding political home of a majority of English-speaking South Africans. A more or less permanent cleavage on those lines would disappoint many noble hopes, but it would certainly face present realities. Provided that the Dominion party recognise that South Africa is a sovereign State within the Commonwealth, and that the Nationalists recognise that membership of the Commonwealth is the *sine qua non* of South Africa's sovereign independence, it may be no bad thing—heresy though it is even to suggest it—that for this generation at least political parties in South Africa should still reflect genuine differences of tradition amongst those of different racial origins in the European population. It is an unlikely prospect, perhaps, but it is certainly there, and it need not depress us unduly.

For underneath the surface storms of the present political situation time's slow work is going on. It is reasonably certain that those who are boys and girls in Natal in 1938

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will be more South African and less Natalian in their outlook than their fathers and mothers to-day. Almost all of them will have a working knowledge of Afrikaans, and many of them will talk it fluently. The memories of the old colonial life, with its dependence on England and its centre at Government House in Pietermaritzburg, will have passed away. Already this younger generation seems surprisingly indifferent to the fierce controversies at present raging about *Die Stem*, which is now claimed as the Afrikaner equivalent of the national anthem. They probably feel that other and more serious problems will have to be faced by South Africa's citizens to-morrow. And they are certainly right.

III. SOUTH-WEST AFRICA AND THE PROTECTORATES

ALTHOUGH overshadowed by the progress of the general election campaign, developments in connection with the mandated territory of South-West Africa and the Protectorates have attracted considerable attention in the Union. Indeed, these matters have naturally entered the sphere of party politics and become the subject of election propaganda and debate.

In sharp contrast to the vacillating policy of the Nationalist party regarding the future of South-West Africa,* the Government spokesmen have missed no opportunity of re-affirming the attitude expressed in the communiqué of December 1936, that no transfer either of the mandate or of the territory itself can be considered. General Smuts while chiding Dr. Malan on his supposed indifference to the importance of the Union's retaining the territory, once again expressed a viewpoint perilously approaching his attitude at Windhoek in 1920, when he perturbed the Mandates Commission by describing the relation between South-West Africa and the Union as amounting to annexation in all but name. Mr. Pirow, although admitting

* See THE ROUND TABLE, No. 109, December 1937, pp. 188-189.

SOUTH-WEST AFRICA AND PROTECTORATES

past statement that he would welcome Germany as a colonial Power on the African continent on the ground that there would never be peace until the colonial question was solved, denied that he had ever contemplated the return of South-West Africa or Tanganyika to Germany. Indeed, in emphasising the obligations placed upon the Union by the mandate, he said that the Union would, if necessary, carry out those obligations by force of arms.

In regard to the form of administration of the territory of South-West Africa, it would appear that the Union Government still adheres to the view formulated in the December communiqué. General Hertzog's reply to a deputation from the United National South-West party, whom he received in connection with the fifth-province proposal, although couched in somewhat ambiguous terms, held out no immediate hope of any alteration in the existing form of administration. Nor, at the other extreme, is the demand of the leader of the German party, Dr. Hirsekorn, likely to meet with any favourable consideration. His claim for the creation of a "mandate citizenship" for all European immigrants and settlers in the territory, in order to allow them to take part in its political life without losing their original nationality, is clearly nothing more than a Nazi manoeuvre. If it were acceded to it would mean that Nazi political and propagandist activities could be carried on unhindered by the Union Government's proclamation of April, 1937. So far, the sole result of Dr. Hirsekorn's claim seems to have been an intensified counter-demand for the complete extirpation of Nazi agents and organisations in order to combat the evils of dual allegiance that at present grip the territory.

The joint statement issued simultaneously by the British and Union Governments concerning the Protectorates met with a somewhat mixed reception in the Union. Almost a year has elapsed since General Hertzog expressed his dissatisfaction with the lack of progress on the part of the British Government towards implementing the

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aide-memoire of 1935. It is felt that the practical steps which are now to be taken to put into execution the principle of co-operation might well have been taken many months, if not years, earlier. Nevertheless, the setting up of a joint advisory conference, consisting of the Resident Commissioners of Basutoland, Swaziland and Bechuanaland, together with the Union Secretaries for Native Affairs, Agriculture and Finance, under the chairmanship of the senior Resident Commissioner, is heartily welcomed by all shades of opinion. The machinery thus provided, which is to be set in motion immediately, would seem adequate to deal with the problems involved in the incorporation of the Protectorates into the Union. There is no doubt that the conference will have opportunities for the discussion of many matters of joint concern and find many openings for co-operation. The joint statement has been criticised for its failure to define even in the most elastic fashion the period within which the Protectorates may be considered ripe for transfer to the Union, or to specify the terms of transfer, or to define the methods by which the native inhabitants of the Protectorates may express their views. These omissions are not, however, matters of immediate moment. What is of moment is that a solution has been found which will obviate conflict between the British and Union Governments. It now remains for the Union Government to avail itself of this new avenue of approach by formulating and explaining the terms of transfer in such a way as to abate the feelings of mistrust and suspicion that exist in the Protectorates and at Westminster.

South Africa,
April 1938.

NEW ZEALAND

PARLIAMENT has been in recess for most of the past three months (actually from December 10 to March 1) and in view of the general election at the end of the year this has been a period of exceptional political activity. It has, moreover, witnessed some interesting developments of Labour policy.

I. STATE MARKETING PROBLEMS

THE state marketing programme, in particular, has made some headway, though in regard to oversea marketing there is not much new to report. The prices of our butter and cheese on the London market have continued to be satisfactory. The dairy account for the year ended July 31, 1937, showed a deficit of less than £338,750, compared with an estimated deficit of £548,000. The Minister of Marketing (Mr. Walter Nash) explained that this good result was due in part to an abnormal rise of prices for a short period in the United Kingdom and in part to considerable sales of our produce to Germany. He had made it quite clear to the English agents and merchants (so he assured the dairy conference) that the New Zealand Government had no intention of altering the selling machinery in the United Kingdom so long as it was satisfied that those concerned with the sale of New Zealand produce in Tooley Street and elsewhere were doing the work they were paid to do. He had warned the British authorities that any attempt to impose a subsidy-levy scheme on our produce would be regarded as the worst form of discrimination and would be resisted strenuously. For the present there was to be no levy.

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The annual conference of delegates from dairy companies all over the Dominion expressed grave discontent with the manner in which the guaranteed price is fixed. The farmers have always felt that the Government was concealing something to its disadvantage in refusing to make public the report of the committee on whose advice (it is understood) the price is fixed. After a long discussion the conference resolved to demand that the price should be fixed each season by an independent tribunal consisting of an equal number of assessors appointed by the dairy board and the Government, presided over by a judge of the Supreme Court. Adopting the formula enunciated a fortnight earlier by Mr. Adam Hamilton (Leader of the Opposition), the conference demanded that the guaranteed price should be such as would enable the producer to pay competitive rates of wages; to pay reasonable interest on capital invested in land and stock; to meet increased costs (including those resulting from legislation and tariffs); and to enjoy for himself a remuneration commensurate with the service he renders to the community. The conference was not disquieted by the deficit in the dairy account for the past year: at any rate it was not held sufficient to be an obstacle to the demand for a higher guaranteed price. It was pointed out that the bounty paid in this form amounted to only one-tenth of a penny per pound of butterfat, which the conference evidently considered inadequate, even in addition to the aids and subsidies the farmers are receiving in other forms. The Dominion executive of the Farmers' Union supported this and similar demands in a general resolution "for British justice for New Zealand's most important industry". Mr. Nash admitted that he was not wedded to the present machinery for fixing the guaranteed price and was prepared to discuss the matter with the Cabinet.

In other directions the Government's marketing policy has been extended. The state is this year paying out by way of guarantee to producers of apples 11s. per case on

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an export estimated at 250,000 cases. In regard to imported fruits, the New Zealand market last season was for a considerable time very short of oranges and other citrus fruits; and although New Zealand controls the Cook Islands it was necessary to allow the free importation of oranges and mandarins from Australia throughout the current summer. Following on this, the Government took over control of the importation of oranges from the Cook Islands. It also controls the importation and distribution of Samoan bananas. On February 12 Mr. Nash announced his intention to assume complete supervision of the importation of citrus fruits and bananas from all sources, using existing channels for distribution within New Zealand. The object of this policy is to ensure an adequate supply of fruit at reasonable prices. The new scheme commences for bananas in April and for citrus fruits in May.

In the flax industry, too, there has been an extension of state control. Under the provisions of the Industrial Efficiency Act 1936, a plan for the betterment of this very precarious industry was prepared and accepted in its essentials by a majority of those engaged either as employers or as workers. In accordance with the Act a committee is now being organised to take control of the industry. It will be charged with the supervision of marketing both at home and overseas and will recommend to the Government the rate of subsidy to be paid on hemp exported.

The control of honey marketing has also passed over to the state, but apparently not with the unanimous approval of the producers. It was announced on February 14 that in accordance with resolutions passed by beekeepers all over the Dominion the Government would make arrangements to process, pack and distribute honey for export and for the local market. In the local market it proposed to take over the fixed assets of New Zealand Honey Limited. It also proposed to take over the functions, in overseas marketing, of the New Zealand Honey Board. This body

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has managed the industry for the past few years with a certain amount of success. The quality of the honey exported has been improved, and the pay-out to producers increased from 4·58d per pound in 1933 to 7d in 1937. Producers naturally congratulate themselves on these prices as compared with the 2d or 3d a pound which it is said is the most that beekeepers in other countries net from the same market. The resolutions already referred to show that there is a strong feeling in favour of state control, but the president of the beekeepers' association believes that the producers are hopelessly divided.

The Government was approached in December by the oil companies with a request for permission to advance the retail price of petrol in controlled areas by a penny per gallon. The claim was based on the ground of rises in the overseas costs of oil production. In announcing the Government's acquiescence in the increase as from January 3, the Minister of Industries and Commerce insisted that the rise was "in no way due to any advance they (the companies) have had to meet by way of internal marketing costs. They have had to meet higher local costs but did not ask for concessions on these grounds. The increase is in no way due to additional costs that the companies have had to meet from recent changes in industrial legislation".

II. TRADE AGREEMENTS

WEEK by week the Minister of Marketing has been able to announce fresh fruits of his negotiations in the United Kingdom and elsewhere during his long tour abroad. On January 28 he stated that the quota of chilled beef from New Zealand allowed into the United Kingdom for the April-June quarter of this year would be 50 per cent. larger than in the same quarter of 1937; while the maximum total of frozen beef and veal to be imported was also increased from 265,600 cwt to 370,000 cwt. Reports on the quality of our chilled beef had been good and it appeared

TRADE AGREEMENTS

that the United Kingdom would be able to take all that we could produce.

Following an exchange of letters between the Minister of Customs (Mr. Nash) and the consul-general for the Netherlands, a trade agreement was published as an order-in-council on January 13. It is somewhat similar to those already concluded with Belgium and Germany, the principal result being to admit a larger quantity of New Zealand apples to that part of the continent of Europe. Mr. Nash explained that in the five years 1933-37 New Zealand had exported to the Netherlands goods to the value of £530,281 (mainly wool, hides and a few apples), and her imports from the Netherlands in the same period had amounted to £877,155 (New Zealand currency in each instance). The Netherlands was now to double the quota of apples she received from New Zealand at the reduced monopoly fee of 2 cents a gross kilo, importing in the future 70,000 cases a year, and to grant an increased quota also for raw animal fats. We take in return (as we do also from Belgium and Germany) cigars, medicinal preparations, industrial machinery, electrical goods and kalsomine. Mr. Nash's talks in North America have also borne fruit in a considerable expansion of our butter and meat exports to Canada.

About the new year negotiations were carried out with an Australian delegation led by Mr. T. W. White, Minister of Trade and Customs in the Commonwealth. These appear not to have moved with entire smoothness, inasmuch as the Australian Government protested against the introduction into Empire agreements of what they described as a policy of discrimination. Replying to this complaint, Mr. Savage insisted that New Zealand had no such intention; her sole purpose was to protect the standard of living against outside competition:

We have, for instance, introduced the 40-hour week, and I do not think that anyone outside New Zealand should seriously question our right to do it, and . . . we cannot do it without

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taking into serious consideration the protection of our industries against undue competition from outside. It is our desire to work in with Australia as far as we can, but there is no desire to discriminate against Australia.

The outcome of the negotiations was disclosed on February 28, when orders-in-council were gazetted bringing into force a fairly long list of increases in the customs tariff, affecting especially imports from Australia and Canada.

Discussing the increases, the Minister said that the increasing volume of imports had shown the Government that some further measure of protection was necessary if industries in New Zealand were to develop as it was felt they should do. The increases now made "should enable them to capture a large proportion of the trade in the goods now imported . . . thus leading to the expansion of industry along the lines desired." He was confident, he added, that although duties had been increased it did not necessarily follow that internal prices would rise. "On the contrary, as the result of increased production and consequent greater efficiency in industry, New Zealand manufacturers should be in a position to reduce prices and internal competition should ensure that prices are kept at their lowest level." The only increase made under the British preferential tariff, he said, was on boots and shoes (other than rubber), but the rates on footwear from Australia, Canada and foreign countries had been advanced. Full consideration was given to representations made on behalf of British manufacturers. Australia had agreed to admit fruit-grading machines and certain infant foods from New Zealand free of duty and was considering whether certain other classes of New Zealand goods could be treated more favourably. The agreement was evidence of the friendly feelings between the two countries. "The Commonwealth recognised the right of this Dominion to safeguard and develop her industries. I have no reason to think that the action now taken will in any way prejudice trade relationships between the Commonwealth and New

THE ECONOMICS OF LABOUR POLICY

Zealand, but on the other hand I am definitely of opinion that the negotiations have gone a long way to cement the evident goodwill which exists between the two countries. A similar position obtains regarding trade relationships with Canada."

The Minister of Industries and Commerce (Mr. D. G. Sullivan) insisted even more emphatically than Mr. Nash that the increased protection would not be followed by an increase in prices. He said :

By capturing a greater proportion of the domestic market, manufacturers' production costs should tend to decrease, and the competition between domestic units will help to keep prices at a reasonable level, just as has happened in Australia, where the tariff has been high. . . . The tariff alteration on boots and shoes . . . should be of great assistance in restoring the prosperity of the footwear manufacturing industry. For months past representations have been made to me by manufacturers that competition from overseas was felt very adversely and to an increasing degree and was having the effect of preventing the expansion of New Zealand industries.

It is scarcely necessary to add that the New Zealand manufacturers and farmers published manifestoes, the one "welcoming this first instalment of the fulfilment of the Government's promise to safeguard New Zealand industries" and the other deploring the increased costs involved, which would amount to "a further cut in the amount of the guaranteed price".

III. THE ECONOMICS OF LABOUR POLICY

COMMENTARIES on New Zealand legislation which have been made by several well-known economists from a variety of angles have furnished both the Government and its critics with matter for the forthcoming electoral campaign. The first of these, by Professor H. Belshaw of Auckland University College, was a careful consideration from the theoretical standpoint of the economic effects of the guaranteed price. Dr. Belshaw is an economist of

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distinction who in recent years has acted on various commissions in the Dominion and who was temporarily attached to the staff of the late Minister of Finance (Mr. J. G. Coates). He remarks that the guaranteed price affords—as is of course evident—great scope for controversy and political pressure through disagreement between the farmers and the Government as to whether the price properly expresses the intention of the Act. “Potentially,” he says, “the deficit in the dairy account may provide the basis for a considerable secondary inflation, but it seems unlikely that this will occur to the full extent made possible by the increase in the cash basis.” “Both the direct effects and the effects implicit in the application of the principle of equity to other incomes justify an increase in the guaranteed price unless higher financial costs are accompanied by increased productive efficiency, which brings other dangers.” “Assuming no change in overseas prices, the continuance of the policy leads to progressive disequilibrium and unemployment.” Professor Belshaw considers it is self-deception to expect that any substantial basis for guaranteed prices can be found in reciprocal trade agreements. “The Government (he believes) is not likely to resort to further depreciation of the exchange as a remedy for increased unemployment since it has committed itself irrevocably against exchange depreciation.” He doubts whether market prices can be sustained even at the present level for very long; the country is probably due for a succession of deficits in the dairy account. “To budget for a deficit of £2,000,000 in the account when conditions are relatively prosperous is hardly reassuring.” “If surpluses occurred, more especially before an election, there would be strong pressure on the Government by farmers to distribute them; indeed, a Government which accumulated surpluses over a number of years to meet future deficits would be committing political harakiri; and this is not to be expected.” The logical outcome of guaranteed prices and incomes is

THE ECONOMICS OF LABOUR POLICY

reduction control in farming. This involves a considerable extension of economic planning, but Professor Belshaw doubts the capacity of a capitalist democracy in a country such as New Zealand to plan effectively.

If the New Zealand Government intends to establish a socialist economy that argument must be pursued on a different plane. In the absence of such an intention one fears that if the implications of guaranteed prices are neglected there may be involved a considerable waste of resources, or that, the implications being accepted, guaranteed prices have set a course towards seas which will be politically stormy and traversed by dangerous economic shoals.

Professor Belshaw's article (which appeared in the *Economic Record* for December 1937) is essentially theoretical, but will be read with much interest in connection with events already recorded in this article.

A few weeks later Sir Josiah Stamp, on a short call at Auckland, was invited (by an Opposition newspaper) to comment on politics in New Zealand. Admitting that he had not studied New Zealand affairs at all, he remarked: “I presume that the New Zealand Government has good reasons for some of its legislation. . . . It will be a falling world market that will test the situation. I am always suspicious of things which look so good as shortening of hours and maintenance of high wages at the same time. . . . Perhaps, however, things are different in New Zealand from the rest of the world”.

Recent events may appear to bear out some of the more obvious warnings of both economists, in particular the demands of the dairy farmers for an increase in the guaranteed price and the renewed claims of the New Zealand Manufacturers' Federation for an increase of duties to restore the parity of costs adumbrated in the Ottawa agreements, which they declared had been destroyed by the legislation of the Government.

A steady rise in prices over a wide range of manufactured commodities is apparent in New Zealand, and it remains to be seen whether the further protection granted to New

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Zealand manufacturers will not in the long run be added to the internal price. One section of manufacturers has given a definite assurance that prices will not rise. Nevertheless, a reduction in price following a higher duty is certainly not normal.

The economists have not been unanimously sceptical. Government debaters were much cheered by the visit of Mr. Colin Clark, economist and statistician of Cambridge University, and a recognised authority on problems of national income. Mr. Clark's opinions contained something for both sides. Without disclosing the basis of his calculation, he estimated the national income of New Zealand for the year ended March 31, 1937, at £200,000,000 and for the present year at £220,000,000, as compared with the previous highest total of £177,000,000 in 1928-29 and the minimum of £129,000,000 in 1932-33. He remarked

The most important impression I have gained from these figures is that the New Zealand farmers are the best off in the world. No farmers in the world come near to the New Zealand standard of living. I should say the Australian farmer has the next highest standard, but it is a long way behind New Zealand's. There is then a gap until we come to countries like Canada and the Argentine. In my opinion the practical scientific outlook of the New Zealand farmer, the specialisation which is necessary to secure high returns, and the natural fertility of the soil, are responsible for this happy situation. The farming community is on the average better off than the urban community, for, numbering 20 per cent. of the population, they enjoy at present 30 per cent. of the national income.

Mr. Clark's calculation of the proportion of the national income taken in taxation also forms cheery reading. In New Zealand the proportion has remained almost constant for some years at 18 per cent., slightly higher than in Australia and just a little lower than in Sweden and Holland. In Great Britain it is 25 per cent., in France 26·3, and in the United States 23·4. Mr. Clark admits that New Zealand is likely to feel the reflection of the decline in prosperity in Great Britain, though butters frequently show a tendency to move against slump causes.

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The loss that a decline in overseas values would cause to New Zealand could be offset by maintaining a vigorous public works programme and by maintaining the spending power of the farmers by subsidising the dairy industry account. As long as the income of the primary producers could be kept up the remainder of the national income would also remain stable, and assistance to the primary producers should not be hard to maintain during the comparatively short period that prices would remain down. . . .

I do not think this country need allow itself, or will allow itself, to be swamped by the force of depression as was the case in 1929-30. We now know enough about the causes of depressions and the factors responsible for dragging down income to be able to obviate their effects by facing the situation promptly and resolutely. New Zealand's present policy, so far as I can see, is to use its control of credit to maintain the level of both farming and urban incomes in spite of a prospective drop in exports. No other country in the world has made such a bold departure from the old-fashioned fatalistic outlook towards depressions, or has taken such positive steps to promote and maintain employment and income. New Zealand deserves to succeed, and I think it will succeed, in facing the next depression by the scientific control of banking and public works policy.*

This declaration seems to have encouraged the Government; for in subsequent announcements Ministers jauntily brushed aside counsels of gloom and reiterated their intention to "insulate" New Zealand against the possible effects of depression abroad. Speaking at Featherston on February 26, Mr. Savage said:

One of the bogeys which the Opposition delight to conjure up is the prospect of another depression. They threaten the people with depression both from outside as a result of so-called overseas recession as well as from inside as the result of Labour's prosperity policy. Let there be no mistake or misunderstanding about it: even if there is any recession overseas, Labour's policy is being framed to avert the effects from being imposed on the people of this country. . . . The Government is determined to base our money system on production. . . . National income must and can be substantially maintained during bad times overseas. Labour will protect the standards of living by maintaining wage rates and employment, by protecting the farmers' income, and there must certainly be no cutting of public works to secure economies, which was one of the cardinal errors of the past

* *Evening Post*, February 17.

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depression. The clearest lesson of the depression is that monetary policy is the most important single factor causing a country's economic prosperity. Already we have made use of the public credit in restoring prosperity; and we will not hesitate to use it further whenever the necessity arises.

IV. THE WORK OF PARLIAMENT

IT was expected that when Parliament resumed on March 1 the Government would be ready with its two main policy Bills, dealing with national health and superannuation, measures upon which several committees had been busy for some months past. The New Zealand Government, like that of Australia, borrowed an official from the British civil service to assist it with actuarial advice, and it has also received from various organisations in New Zealand more or less critical comments upon the tentative proposals put forward. The task of drafting the Bills has taken much longer than was anticipated; and Mr. Savage disclosed in his Featherston speech that the Government intended to set up a special parliamentary committee to consider the measures during the forthcoming recess in readiness for the normal session of Parliament in June. In the absence of the larger pensions measure a Bill was introduced on March 3 to extend eligibility for the old age pension to persons who have been in New Zealand only ten years at the time of the amending Act or, having been here five years, shall later complete ten years. When the present Government came into office the period of qualification was 25 years (reduced in 1936 to 20). In effect this still left pensionless many persons who on reaching the age of 65 were unable to continue in employment. If they were without a competence they had to seek relief through charitable channels, part of the burden of which falls upon the consolidated fund and local taxation. The new law transfers to enjoyment of the old age pensions a potential body of some 3,700 elderly persons who hitherto have had to accept a less desirable form of relief. During this

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debate the Minister in charge of the Bill (Mr. W. E. Parry) disclosed that while in Australia he had discussed with the Commonwealth Government reciprocity in pensions, which he suggested might reasonably provide a nucleus for an Empire scheme of reciprocity.

Lack of legislative work served a good purpose in enabling the House to debate the activities of the International Labour Office. The occasion was a motion to ratify 22 of the international labour conventions, none of which instruments New Zealand had yet officially accepted. The Minister of Labour (Mr. H. T. Armstrong), who was present at the last conference in Geneva, rightly took credit for the Government in having for the first time asked Parliament to receive a report on the working of the I.L.O. or to ratify any of the 62 conventions adopted since the Office was established in 1919. It is fair to add that the Dominion has in general carried out the provisions of the conventions, and that the ratification of these 22 does not require any legislation. The debate showed a warm appreciation on both sides of the House of the fine social work of the I.L.O. Mr. Armstrong made the suggestion that New Zealand should have an economic adviser at future conferences.

Lack of other work also enabled the Government to fulfil a promise made to the Opposition during the passage of the Petroleum Bill 1937 that the clauses governing the payment of royalties should be fully debated before being put into effect. The Act provides that royalties shall be paid to the Crown only, the landowner being compensated merely for surface damage involved. The Minister of Mines (Mr. P. C. Webb) contended that the landowner did nothing towards the discovery of the oil and that the government and the people should receive the royalties. In the past there had been a suspicion that the companies had not been anxious to discover oil; and even that false reports had been made. The companies wished to be free to prospect wherever they wished, paying compensation

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for damage involved, and he believed that if the new legislation were put into operation there would be intensive oil exploration within the next few months. They were simply following the United Kingdom Act of 1937. The Opposition contended that by United Kingdom law minerals under land which was held in fee simple were the property of the landowner. Sir Apirana Ngata reminded the Government that they had promised to confer with the landowners, both Maori and *pakeha* (white), before issuing any licences. The Maori were solid in asking that they should receive compensation if any of their rights under the Treaty of Waitangi were taken away. He adhered to the opinion of Sir Robert Stout that the state's right of eminent domain carried with it responsibility for paying compensation. They quite agreed that the oil should be the property of the state, but not that the private landowner should get nothing at all. The Maori tribes affected would be prepared to allow a proportion of their royalties to go into a general fund for Maori purposes. This intervention of Sir Apirana Ngata, whose *mana* (prestige) in Parliament and with the Maori people is still very high, was an interesting reminder of the tenderness with which the rights of the Maori under the Treaty of Waitangi are still regarded. That they are not less secure than those of the *pakeha* the Opposition tacitly admitted in insisting that the Maori had no more right to royalties than the *pakeha*. Mr. Parry drew a red herring across the scent by remarking: "I wonder what the Opposition will say to a proposition that the 5 per cent. royalty should be used to establish a permanent defence fund? Would they agree to such a suggestion?" It is not clear that there was any authority for such an offer, but Sir Apirana replied without hesitation:

I can certainly speak for my own people. I know that if the Government were to go to the Ngatiporou (tribe) and say that all the proceeds from all oil royalties were to be devoted to a defence fund there would be only one answer. If the Government

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were to say that over and above the defence contribution from the consolidated fund this money was to be used solely for defence purposes the traditions and history of my people are such that there would be no doubt as to their answer. If that argument had been raised at the start I do not think the Maori people would have raised a single objection.

No more was heard of this interesting suggestion. The Opposition moved an amendment that at least 50 per cent. of the royalties should be paid to the owners of the land, whether *pakeha* or Maori; but this was defeated by 44 votes to 16 (two of the four Maori members voting on each side). Last session's Act therefore will go into operation.

Another important measure passed in the short session (March 1 to 15) authorises the Government to establish iron and steel works as a monopoly and to raise the sum of £5,000,000 if necessary for that purpose. The rights previously held by the Onakaka Iron and Steel Company Limited (in liquidation) are revoked, with provision for compensation; and the Iron and Steel Industries Act 1914 (which provided for the payment of bounties to increase the output) is repealed. Moving the second reading, the Minister of Industries and Commerce said it appeared probable that the state would establish its works at Onakaka (in Nelson province) unless circumstances made it advisable to have them in Wellington. The Onakaka Company had received bounties amounting to £42,000 and other grants and assistance, but it went into liquidation in 1931. Then the Pacific Steel Company took over its options and also received assistance towards the cost of expert reports. A report from Messrs. H. A. Brassert and Company, the London engineers, indicated that circumstances in New Zealand were likely to warrant the establishment of a small-production unit. There had been great delay, the Minister said, in getting deliveries of iron and steel from Great Britain, which had seriously hampered the Government's public works and railways, nor did he think that such delay would be merely transitory. He believed the industry could stand on its own feet without raising prices, but if

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necessary the Government would follow the example of Australia and Great Britain and use the tariff for protection against dumping. All the legislation on this industry as far back as 1910 had provided that after a certain period of private enterprise the state should resume the undertakings. (The development of ironsand and ore in New Zealand has engaged the attention of Parliament off and on for about 50 years.) Criticism by the Opposition was based on the belief that private enterprise with state assistance was the right method for developing the industry. They resisted socialisation on principle, and opposed this undertaking in particular on the score of the financial burden that was likely to be cast upon the country. After three days' debate an Opposition amendment to delay the Bill for further investigation was defeated by 45 votes to 18, and the Bill was passed on March 12.

V. PREPARING FOR THE ELECTIONS

POLITICAL activity in the country has been steadily increasing, and both parties have been selecting candidates for the general election. The Labour Government is still able to appeal to the country on the grounds of general evidence of prosperity, a buoyant revenue and good prices prevailing in our principal markets. The increase of internal prices is no doubt disturbing, and will gradually turn some support away from the Government if it continues during the next few months, but for the present the omens still favour the Labour party.

The National party, which reorganised very promptly after its decisive defeat in November 1935, has nevertheless had encouraging experiences in the country, especially in the old Reform strongholds, and its leaders entertain the hope that they will be able to maintain party unity and so face the Government in straight contests throughout the Dominion. If three-sided contests can be eliminated they will have a definite prospect of reducing the Government's

PREPARING FOR THE ELECTIONS

majority by recovering some of the seats that were lost in 1935 by vote-splitting. They expect that the growing uneasiness at the rising public expenditure, and resentment against the intervention of the state in business and against rising prices, will help them to turn the tables and put the Government out of office. Political history does not exactly favour such hopes; but prophecy in the political sphere is always precarious.

An event which has encouraged the anti-Government forces is the formation of the Auckland Freedom Association to stimulate interest in politics and to maintain democracy and constitutional rights. It will "oppose by all lawful means the growing danger involved in the rapidly growing tendency towards the control by the state of both agriculture and industry", and to this end will "act in co-operation with the political party that has for its primary aim the safeguarding of constitutional liberty and the elimination of all unnecessary interference by the Government with the private rights of individuals". It will give financial assistance to that party and will assist its candidates when the Association thinks fit. The party indicated is evidently the National party. Mr. Hamilton, in welcoming this "group in Auckland which is entirely opposed to the doctrine of the totalitarian state", added: "The new organisation is ready for alliance with the National party and is prepared to give us its support because our ideals are the same. That is all that matters." Mr. Savage remarked that it was simply "the old brains trust in a new attire aiming to keep down the living standard of the people. . . . They could call the organisation by any name but it must be remembered that the battle of the future would be between the people's right to govern themselves and be free and the big moneyed interests". The Freedom Association has secured the services as organiser of Professor R. M. Algie, who resigned the chair of law at Auckland University in order to accept that position.

In Wellington, meanwhile, a similar organisation has

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come into being under the title of the Constitutional League. It also is based on principles of democracy and appeals to those "who are absolutely opposed to any form of state absolutism, be it socialism, fascism or communism, and who desire to re-establish in New Zealand the democratic state".

In a speech at Taihape on February 3 Mr. Hamilton enunciated twelve of the main points of the National party's policy, in this order: Empire reciprocity; private enterprise in industry, freehold tenure of land, and opposition to socialism and monopolistic control; acceptance of the Farmers' Union's demand for better treatment of the farmer; encouragement of New Zealand industries which can be established on a sound basis; closer settlement and sub-division of certain estates; fullest employment and the highest wages that industry can afford; an efficient defence in co-operation with the rest of the Empire; private ownership of transport services as complementary to the railways; non-political courts of justice; a reserve bank under national management, free of politics or commercial profit; reduced taxation; and a ministry of social service.

New Zealand,
April 1, 1938.

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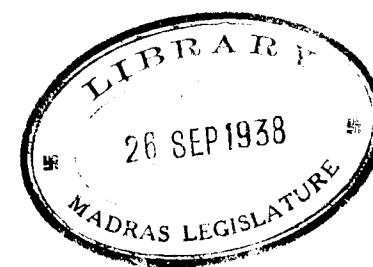
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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

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EMPIRE SECURITY AND NATIONAL SERVICE

I. AN ISSUE FOR THE COMMONWEALTH

FOR many months, it seems, the world has been living on the brink of a precipice. Although the facts are not all known, there is a very widespread belief in the western countries that general war was averted by a very narrow margin at the week-end of May 21, when Czechoslovakia called up reservists as a precaution against a German threat of whose reality she at least had no doubts. If indeed German policy was then swinging in the balance, the fact that caution prevailed was obviously due, first, to Czechoslovakia's having made it clear that she would fight for her independence, secondly, to France's plain declaration that she would honour her obligations to her ally, and thirdly, to Great Britain's assurance to Berlin that she must almost inevitably be involved in a general war, on the side of France. Since that critical moment tension has been somewhat easier and time has been gained. But the issue has not yet been solved, and the question whether or not it leads to war will turn above all upon the strength of the western Powers in will-power and in defensive preparedness. It is one thing to be able, in the end, to win a war: it is a far better thing to be able to prevent war by a readiness for just dealing combined with resolute strength when injustice is threatened.

The nations of the British Commonwealth aim at the second of those objectives. Their needs in respect of defence preparation must be the same, however, whether their purpose be taken as winning or as preventing war; for

the deterrent power of their strength depends on its capability of winning a war if ever war comes. This is all the more true when military technique, including air power, has reached its present stage; for by far the best chance of victory for the Commonwealth's potential enemies lies in the swift and decisive blow, delivered long before there is time to improvise forces of defence and counter-attack not already prepared.

Here lie two vital lessons for the Commonwealth. The first is that co-operation in imperial defence is not to be reckoned in terms of what each member nation might be prepared to do, given the same kind of opportunity to make up their minds as they had in 1914 and build up their defence forces. Such efforts may indeed serve to win the last battle, if we survive the first; but the promise of them can be of little or no avail in preventing war by deterring aggressors who believe in the knock-out blow. And the strengthening of peace, rather than the winning of war, is the prime purpose alike of British rearmament and of imperial defence co-operation.

The second lesson is that more than ever the security of the Dominions depends on the ability of Great Britain to withstand assault. She is still by far the most powerful, but she has become the most vulnerable, nation of the Commonwealth. Were her power to snap under sudden and concentrated attack, the fate of her smaller fellow-members would not be enviable. It is therefore a matter of vital concern to them that she should be strong to withstand such an attack, strong more especially in defence against air bombardment. Hence the nature of her defence preparations in this field is a matter of much more than national import. The whole Commonwealth anxiously watches her measures to build up material anti-aircraft defences and above all to organise her civil population to meet the danger that threatens them.

II. THE GOVERNMENT'S POSITION

ON March 23, the Prime Minister replied in the following terms to a parliamentary questioner who asked him whether he intended to introduce a system of universal national registration, allocating in advance the military or civilian duties which each citizen according to his capacity would, in the event of war, be called upon to perform:

A scheme for compulsory national registration in time of war, if the Government of the day should so decide, has been in existence for some years. Proposals for compulsory registration in peace-time have also been considered, but on balance the advantages to be derived therefrom have been found to be outweighed by the difficulties and opposition which would have to be surmounted.

This statement disappointed those who felt that if world war broke out the crisis might be upon us immediately, almost before a scheme of national registration could be taken down from the pigeon-holes, and certainly long before there was time to train the citizens in their duties. Yet it indicated that the Government were alive to the need for allotting everyone his job, whether military or civil, once war came. That seemed at least the beginning of wisdom.

Speaking in the House of Commons on May 30, the Minister for the Co-ordination of Defence went a little further than the Prime Minister in the same direction. While the Government could not be expected, he said, to reveal what would be the policy in war-time in regard to the use of man-power, the plans envisaged the setting-up of a competent authority which would allocate, according to the age and capacity of each person, a suitable position for that person to occupy. Although Sir Thomas Inskip added that nobody could escape from the obligation that would thus be placed on him by choosing a position in peace-time—apparently a warning against enlisting in civilian services merely in order to evade military conscription—his words were naturally taken as meaning that

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those civilian services would be recruited in war-time by means of compulsory allocation of duties to everyone. A necessary corollary of this would be that men or women trained as firemen or for other air raid duties, or skilled workers in trades essential to the prosecution of war, would if possible be retained in those functions rather than trained anew for military service.

Challenged in the House two days later, the Prime Minister put a quite different gloss on his colleague's remarks.

It is not correct (said Mr. Chamberlain) that any plans prepared by the Government include the conscription of man-power in a state of war, but plans are in existence for compulsory military service in that event. I may say that this is no new departure. The outlines of a scheme, in the form of a draft Bill, providing for compulsory military service on the outbreak of war have been in an advanced state of preparation since the year 1922, and have been the subject of consideration by successive Governments since that date.

No such scheme has been worked out for the application of compulsion to industrial or other non-military service, although from time to time consideration has been given to the question how to make the most efficient use of the nation's man-power in war-time. While it is not possible to foretell the full extent of the demands that may have to be made upon the personal services, material resources, or the wealth of individual members of the public in a major war, it is certain that any proposals of the kind would have to receive the assent of Parliament and to be based on the recommendation of the Government of the day.

The Government's policy may thus be summarised as follows. There is to be no compulsory service, military or other, in peace-time. There is not even to be in peace-time a compulsory national register (and nothing has been heard from official quarters of a voluntary national register). On the outbreak of war, there will probably be military conscription. There will also be a system of compulsory registration, but as there are no plans for compulsory service apart from military service a man will not (according to present proposals) be compelled to serve anywhere

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if he is not compelled to serve in the army, navy or air force.

There may be a more logical basis for this scheme of policy than appears on the surface, and the whole truth about the plans now lying fallow may not yet have been told. An advocate for the official attitude might claim that men conscripted for military service can in fact be used for other purposes, such as air raid precautions, or that a plan for immediate military conscription would at least avoid the delays and confusion that characterised the building of the huge British army from a small nucleus in the world war. Nevertheless, the Prime Minister's statements must have provoked in everyone's mind, both in Great Britain and in other countries whose fate may depend on her defensive readiness, a number of highly disturbing questions. Is she likely to want in war-time an army of a size and kind that can be obtained only by military conscription? If such an army will probably be wanted in war-time, should not preparation be made for it in peace-time, at least to the extent of greatly expanding the existing professional army? If there is to be compulsory military service when war breaks out, must there not also be compulsory service for air raid precautions (A.R.P.) and for vital industries, in order on the one hand that skill may not be wasted and on the other that those who through age or sex or disability escape military conscription should not fail to make their proper sacrifice and perform their proper rôle? Indeed, will not the compulsory enrolment of every citizen for such purposes be essential for Great Britain's security in war, whether or not a conscript army is required? And is not preparatory training in peace-time just as necessary in this field as in the military field? In brief, once we discard the idea of war as an "away match", a professional contest fought far from British shores, and accept the truth that any major war of the future will be a war between whole nations, are we not inexorably led to the conclusion that a country in Great Britain's

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position needs as a defensive minimum a universal national register in peace-time, with compulsory training for those whose allotted duties require it?

III. CONSCRIPTION AND THE ARMY

THE first of the above questions is the most difficult to answer. At present, with the system of voluntary recruitment, the peace establishment of the British regular army is 227,000 officers and men, of whom some 90,000 are normally stationed abroad. The latter figure includes some 55,000 officers and men of the British army in India, who serve there for the purposes of India and cannot be sent elsewhere without the consent of the Indian Government. The strategic reserve is organised from 137,000 troops normally stationed at home, and there are in addition about 198,000 regular and supplementary reservists, making a total of about 300,000 as potential trained material for an expeditionary force. In 1914 the comparable number was 348,000. Allowing for a proportion of raw men, and for those who would be required to reinforce the territorial army in home defence, the maximum size of the potential expeditionary force available on or immediately after the outbreak of war is five divisions. In practice, it is doubtful whether even that number could be mustered at strength for actual foreign service. And this miniature expeditionary force is all that we have ready for action in the Near East or any quarter of the overseas empire where reinforcements might be required, let alone a possible European theatre of war.

Behind the regular army stand the territorials, whose present establishment is 203,899, organised in 14 divisions. Two of these territorial divisions, with 43,000 officers and men, have so far been organised and trained for anti-aircraft defence of the British Isles. On June 28, however, the Secretary of State for War announced that three more territorial anti-aircraft divisions would be organised,

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raising the numbers allotted to this duty to 100,000. In addition, anti-aircraft defence is being brought under unity of command with the searchlights and the fighter squadrons of aircraft. While it must be many months before these new anti-aircraft divisions can be brought up to strength, trained and equipped with modern armament, the move is highly significant. Its effect is to make anti-aircraft defence the main duty of the territorials, absorbing the larger part even of an expanded territorial army.

This in itself is a sound and logical plan. Yet the problem of the purpose and training of the rest of the territorials remains to be faced. The divisions are organised on the same lines as those of the regular army (that is to say, with three brigades of four battalions each, and the correct complement of artillery, engineers and administrative services). This seems to imply that they are intended to serve the same purpose. But of course they lack the intensive training necessary for troops required to form an expeditionary force and face a powerful enemy. As far as equipment is concerned, priority has naturally had to be given to the regular army. The territorials are well equipped with the successful weapons of 1914-18—rifles, Lewis guns, Vickers machine guns, 18-pounder field guns—but not with tanks or with the newer weapons, the Bren machine gun and the 25-pounder field gun, now in use in the regular army. Given a period of intensive training, they could become a most valuable force, especially in theatres where tanks were of little service. One possible purpose that the Committee of Imperial Defence may have in mind for the territorials is to relieve overseas battalions of the regular army, which would then be available to form new expeditionary divisions. This assumes, however, both a considerable interval for training and sufficient command of the seas and air to make large-scale troop movements feasible. The latest developments have suggested that the Government may be thinking of the territorial

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army in a different light. If at least one-half and possibly a greater fraction of its strength is to be assigned to anti-aircraft defence, the remainder might be barely sufficient to fulfil in war-time the other duties at home requiring a disciplined force but not very highly trained soldiers equipped with the most up-to-date arms. If this is so, then the non-specialised territorials are to be regarded, first and foremost, as a kind of strategic reserve for home defence, with relief for the oversea garrisons as a possible second duty if circumstances permit.

It therefore appears that for a continental land campaign Great Britain would not have at the outset an expeditionary force of a size that could materially influence the course of operations conducted by two opposing armies each organised on the basis of national conscription. With a smaller strategic reserve of regular troops than in 1914, she has greater responsibilities outside Europe, especially in Egypt and the Near East and for the defence of her Asiatic strongholds. The theory that her future contribution to a war with European allies should be confined to naval blockade, air power, and financial and industrial reinforcement thus seems already to have been translated into practice in the size and organisation of the army. That theory is based partly on historical grounds—the alleged waste of British man-power in the war of deadlock in France and Flanders—and partly on strategic grounds, of which the most important are the supposed impregnability of the Maginot line and of its German counterpart, and the difficulty of transporting a large-scale army through the bottle-neck of the Channel ports under continuous air attack. Those who hold the theory also claim that, in view of Britain's paramount need for decisive strength in the other two arms, a large land army must rank very low on the list of priorities for allotting a limited total of money, man-power and industrial capacity.

It is not the purpose of this article to examine the more technical arguments on one side or another of this

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controversy. The point here to be stressed is that the arguments against a large continental expeditionary force do not cease to apply as soon as war has begun. The mobilisation and transport of a relatively small force across the Channel at the outbreak of war is certainly no more difficult than the assembly, training and eventual despatch of a conscript army, unless in the meantime the mastery of the air has been securely gained. Yet this course seems to be implied in the Prime Minister's statement on conscription. It is reasonable to conclude that his view of the probabilities envisages the defeat of hostile air power in the relatively early stages of any future war, and the protraction of the war for a period long enough to enable a citizen army to be organised, trained and equipped. That period would be perhaps two years.

Such a scheme of probabilities implies two main assumptions: first, that the creation of a conscript army will eventually be the most necessary and decisive form of British effort in a world war; secondly, that British power of resistance to air attack and of counter-attack by air will be sufficient both to prevent the knock-out blow and to preserve sufficient mastery of the air to enable an army to be created. If the first assumption is correct, surely it would be wise for Great Britain to prepare in peace-time with a view to making that military effort at the earliest moment at which it can effectively be made in war. In other words, if she is likely to need a big army at any time in a world war, she needs at least the nucleus of one now. If the second assumption is to be proved correct, surely it will be necessary for her to make as certain as she can, by peace-time preparation, that she is in fact able to defend herself adequately against air attack while she is girding up her loins for her military effort.

No one can tell what the next war will be like—where the enemy's blow will be struck, what his strategy will be, what allies we or he may have, how powerful the latest weapons may be in offence or defence, what new weapons

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or new tactics may be invented. That is why any rigid plan for what we or any other country will do or will not do in the event of war is impossible. It is idle to hope that Great Britain can limit her responsibilities in advance, that she can decide to-day: "We will fight with this arm but not that, we will give our allies help here but not there, we will never again send a mass army abroad". Once a war has begun, every effort of which the nation is capable must be made in order to win it, and to win it quickly if possible. If circumstances dictate for Great Britain a military kind of effort, then that is the kind of effort that she will have to make, whatever preconceived notions may be held of the proper and traditional form of British intervention. It is a commonplace that her vital interests are bound up with the independence of the Low Countries and the security of France. If a British army were capable of turning the scale in defence of those objectives (which the countries most nearly concerned undoubtedly conceive in terms of land warfare), then the British Government and people could not fall back on their traditions or their preferences to excuse themselves from protecting their vital interests.

Since no one knows what would happen if there were another great war, the best that Great Britain can do in peace-time is to prepare herself to defend her most plainly vulnerable joints, and over and above that to maintain a flexible but ample reserve of defensive power which could be applied with the least delay where it would have the most decisive effect. No one can pretend that, within its own field, the present British army system properly secures the second of these two needs, or that war-time conscription can compensate for defects of preparation in time of peace.

IV. UNIVERSAL NATIONAL SERVICE

OF the vulnerable joints in the defensive armour of the British Commonwealth, it is enough here to speak of those that concern particularly the United Kingdom.

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There are others where the flesh of the Dominions comes nearer to exposure, but they are outside the scope of this article. The United Kingdom's greatest danger-points are two: her dependence for life upon sea-borne commerce converging in the narrow waters around her shores, and the vulnerability of her congested populations and industries to attack from the air.

The first of these danger-points is protected primarily by the British navy. The twin purposes of the navy are to guard British commerce and sea communications against surface or submarine raiders (and through its air arm against air raiders too) and to provide a sufficient concentration of strength to combat and destroy a counter-concentration by an enemy. This superiority of concentrated strength gives command of the seas in the areas where it exists; without command of the seas the commerce could not be protected, though the enemy's commerce and communications could still be raided. Thus the naval defence of Great Britain's oversea lifeline requires the maintenance near home of a battle fleet as well as a large body of cruisers and destroyers. The security of that lifeline depends also on the defence of the ports in which cargoes are discharged. This is a task for the coastal and anti-aircraft defence branches of the regular and territorial armies. In addition, steps are being taken to reduce the country's economic vulnerability by the storage of food-stuffs and raw materials.

Though no doubt improvements can be made, notably in the anti-aircraft defences of the ports, this weak joint is to-day relatively well secured in comparison with national means and the forces likely to be available to an enemy. No such optimistic judgment, however, is possible about the other weak joint. The existing defects of A.R.P.* are not such as will cure themselves by the lapse of time; for many of them are due to the inadequacy of the whole

* The present position of A.R.P. is discussed in another article in this issue.

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organisation to its enormous task. This task is nothing less than to transform the whole civil population and the whole industrial and commercial structure of the country into an instrument of self-protection and of passive defence against the danger of constant and ruthless bombardment from the air. Of course the urgency and magnitude of the danger, other things being equal, are likely to grow less as measures of active defence, in the shape of anti-aircraft guns, balloon barrages and other special devices, fighter aeroplanes and a bombing force for counter-attack, grow more advanced. But even if the metropolitan air force had already reached its expected 1940 strength, and even if the whole of the five anti-aircraft divisions of territorial units were already trained and equipped with the new 3.7 in. guns, the problem of organising industry and commerce and the civil population would remain. For no system of defence yet known can altogether prevent the bombers from penetrating the screen and discharging their load, though perhaps with no great accuracy.

Experience in China and Spain, it is true, has not supported the view that the bombing of civil populations soon destroys a nation's morale. The theory of "the knock-out blow below the belt" has yet to be proved. But there are a number of reasons why the analogy of China and Spain should not be too closely applied to future possibilities in Great Britain. In the first place, the scale is completely different. Cities of perhaps a million inhabitants have been bombed by occasional flights of a score of aeroplanes or fewer. That is very different from the almost continuous bombing of a city of eight million inhabitants, day after day, by the concentrated air power of the most highly armed nation in the world. In the second place, Great Britain has a far more highly complex and integrated economic life than either Spain or China. The great cities of England and Scotland, separated from their main food supplies not merely by scores but by thousands of miles, would perish if the economic chain were to break

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at any link. Moreover, Great Britain's capacity to conduct a war depends essentially on the maintenance of her munitions industries in full production. Somehow, if she is to stand up to continuous air attack, those essential economic services must be organised to continue without serious interruption in spite of the bombs. In the second place, even Spanish and Chinese experience shows how air attack on towns may induce a mass efflux of people to points which they hope are safer. Thousands of refugees fled from Madrid and Barcelona, from Shanghai and Nanking and Hankow. They streamed desperately out into the country with little or no knowledge of their destination. Some of them were bombed or machine-gunned on the congested roads. If anything on a comparable scale happened in London with its eight million inhabitants, there would be chaos. It need not happen, even in the worst of contingencies, if the people of London are prepared and organised beforehand. That, indeed, is the best way of ensuring that the worst of contingencies will never come to pass.

Controlled and partial evacuation may well be part of the air defence plans of London and other great cities, but uncontrolled evacuation would be fatal. Control requires not only a plan fully prepared beforehand but also a very considerable force of trained men and women to put it into effect, by marshalling the people for evacuation, patrolling the roads, preventing unauthorised movements, driving transport and so on. Still more trained people, with a highly organised plan behind them, are required to stand ready to supply the evacuated people with their needs in their camps or billets. All this in addition to the fire-fighters, first-aid and ambulance men, gas decontaminators, air raid wardens, and the rest who would be required for other branches of A.R.P.

The numbers wanted for these services, great as they are, could perhaps be obtained in the end by the present methods of voluntary recruitment under the local authorities,

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provided that the crisis can be postponed long enough and that publicity and organisation are improved. But the problem does not end there. The army reserve, the naval and air force reserves, the territorials, the A.R.P. services and special constabulary, all take their toll of the nation's man-power after the regular forces have been drawn off. There is already a danger of their overlapping, a result that is only very crudely avoided at present by settling age-limits below which recruits will not be accepted for certain civilian services. What is even more serious is the danger of recruiting for the armed forces and A.R.P. the men who would be most needed in their own skilled jobs, or in allied industrial jobs more important to a war-time economy. Military conscription with exemptions is no answer to this danger. The most it can perform is the negative elimination from military service of those within the age-groups concerned who can show that they are key men in industries necessary to the prosecution of the war or to the maintenance of the national livelihood. It cannot touch women or over-age men. Still more vital, it cannot begin to perform the positive allocation of people to the posts in which they are best fitted to serve in a nation at war.

Nothing less will suffice. In the event of a general war, there will have to be an immense re-direction of the nation's economic life, some industries being drastically restricted and others greatly accelerated. This requires a transference of labour-power such as the ordinary open-market process cannot possibly achieve under war conditions. Government compulsion itself is inadequate unless it is fortified by prior knowledge of the available resources of labour and prior plans for its movement and housing. In this light, recruitment for A.R.P. is only part of a wider problem, and the question of military man-power likewise falls into a secondary place. For if there were to be instituted at once a compulsory national register, with the corollary of compulsory training for

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those whose appointed tasks in war-time required it, then the difficulties arising out of a purely voluntary system of recruitment would be greatly diminished. Every young man of whom compulsory training was required would be given the option of undergoing military training, unless he was specially qualified for some other duty; and the amount of training given to the existing territorials could in such circumstances be increased. It would then be possible to decide, without prejudice from the fact that the present system allows no possibility of a large army, how far a country in Great Britain's position needs to prepare in peace-time for the contingency of having to make a large-scale military effort by land in the event of a major war. The promise of military conscription when war breaks out is irrelevant to that issue. It is indeed essentially subordinate to the problem of civilian organisation; for without a universal national register and compulsory training the British people will be faced, if and when war comes, by the peremptory question: "Can we keep going long enough to bring our naval and military power into play, or shall we, in spite of our armed strength, be defeated by failure to realise that, under modern conditions, mobilisation for war must precede and not follow the outbreak of hostilities?"

These are dangerous times, when delay may be fatal. Great Britain—and, through its reliance on her, the whole British Commonwealth—has suffered too long from Prime Ministers who did not realise or preferred not to tell the people the unpalatable truth or to call upon them for the sacrifices that were needed. Mr. Neville Chamberlain has a chance to prove that he is of different quality.

WALL STREET AND WASHINGTON

I. MID-TERM

ONCE again the United States is going through a strenuous election, the mid-term election of all members of the House of Representatives and one-third of the Senate. And once again ordinary citizens are dividing their attention between politics and the incipient signs of recovery that have suddenly blossomed here and there in the country. Recovery, it is true, has been most vivid in the hectic flush that has mantled Wall Street's cheek, but this is taken as a sign of inner stirrings which extend from Atlantic to Pacific, and an extraordinary optimism suddenly pervades the marts of finance and business. The optimism has not yet penetrated to the workers or the unemployed, and many industrial communities are still sunk in depressing conditions, but the expanded government spending is furnishing a good deal of direct relief, and on the whole the national morale is better than it has been for some time.

Even the political campaign has added something to this morale; for President Roosevelt or his extreme Left-wing advisers have suffered a series of reverses, preventing them from inflicting reprisals on the Democratic Senators who opposed the Supreme Court Bill last year. Such reverses, indicating the collapse of the New Deal "purge" of these Senators, mean that a bitter civil war within the Democratic party is not now likely. They mean that the President may have to give up his efforts to make his party completely "liberal", driving from it the "conservatives"—a policy which he announced in his last

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ireside chat to the nation. And the loss for significant politics may mean a gain for party unity. This is perhaps an inglorious sort of gain. Perhaps it means that New Deal types of reform will have to come at a slower tempo. Possibly it means defeat for the whole New Deal movement within the Democratic party. But more probably it means a continuation of the same sort of compromise with the forces of conservatism and progressivism within the party as has been the rule since 1933. And that outcome is really rather encouraging to national middle-of-the-road opinion.

II. AMERICA AND THE DICTATORSHIPS

WITH the nation doubly occupied in its politics and the exciting signs of recovery, the development of foreign policy mostly takes place in a vacuum in the State Department—under, of course, the keen attention of the President. The most striking factor in mid-year foreign policy is the increasing number of points of friction between the United States and Germany. Secretary Hull continues to be deeply concerned with the activities of the aggressor nations, as he often calls them—together with much more picturesque language,—and his policies are intended to act as a deterrent in so far as the narrow limits of American public opinion permit him to operate.

American foreign policy is more than ever like the spinster school-teacher. Time was when Teacher limited her discipline to verbal rebukes and moral lectures from her desk. Before that—in the 'twenties, let us say—Teacher simply looked pained at the disciplinary problems of her classroom. Then for a time she uttered sharp verbal rebukes. Now, as played by Secretary Hull, she is walking up and down the classroom aisles, swishing a ruler through the air and continuing her moral lecture in ever stronger language. She has not yet by any means reached the point where she can proceed to a real birching.

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There is a big gulf fixed between the air-swishing and the actual corporal punishment. But how she would like to lay her hands on some of the big boys! And how emphatically she does castigate them—verbally. In fact, she seizes upon every one of their faults, and eloquently enlarges upon them.

And thus we come to the present points of friction with Germany. For most of the air-swishings have reference to that country. Perhaps it would be too much to say that there has been deliberate exaggeration of the points of friction by American officials; but certainly there has been no tempering of American protests against German actions. Here are some of the sore spots. First, Germany is the only country in the world to which the United States denies most-favored-nation treatment in the application of reciprocal trade agreements. Secondly, the United States is taking the lead in the refugee conference at Evian, an activity which is directly critical of German policy. Thirdly, the United States has refused helium to German dirigibles, after having passed a special act of Congress to permit such export, on the specific ground that it might be used for military purposes. Next, a spy plot in the United States, involving the indictment of 18 Germans, was played up by the Government with zest and thoroughness, even more, perhaps, than the occasion warranted. The cases may drag on indefinitely. Finally, public officials are increasingly critical of Germany in their speeches, and no effort is being made to smooth over these affairs—which could be done quite easily.

In short, it has become good politics to be anti-German. There is no group worthy of mention in the whole range of American public opinion which is really sympathetic with Germany—no group like the Roman Catholic organizations which are sympathetic with General Franco and even with Italian aims in Spain. There are, of course, some German-Americans who believe in Herr Hitler. But they are exceedingly few, and they have made their

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own position nearly impossible with public opinion and Government by organization into *bunds* and camps, with all the trappings of Nazism. There are quite as many German-Americans, including of course those of Jewish race, who are violently anti-Hitler. And the list of potentially anti-Hitlerite Americans only begins with the big Jewish nucleus. It includes the Roman Catholics and the organized Protestant churches, which have been damaged in Germany. It includes all those who sympathize with Czechoslovakia—founded as it was in Pittsburgh and Washington. It includes extremely powerful financial and mercantile leaders, lawyers and professional men, and a good many ordinary people who sympathize with under-dogs.

The whole combination of circumstances seems to prove that the United States is part way along the road to 1917—with only the slightest fraction of the pro-Central-Powers and anti-British sentiment that existed from 1914 to 1917. Such is the dominant emotion in front of which Secretary Hull is conducting his air-swishings. But what does the emotion mean in practical terms? The answer is hard to give. There is still a universal and powerful substratum of isolationist opinion to counteract the emotional dislike of the dictators. It says: "Stay at home. Stay out of trouble." One of the ablest New Dealers, Jerome N. Frank, has just published a strong book advocating a completely isolationist policy—politically and economically. But somehow the emotional base of public opinion seems rather tindery as the months go by.

In a powerful leading article on June 15, the *New York Times* attempted to warn the dictators lest they "enormously miscalculate a well-established American habit of choosing sides the moment any issue basic to this country's faith is actually involved". It continued:

The aggressor nations will make a mistake if they assume from our unwillingness to pledge ourselves to a specific course of action that it is safe to leave us out of their calculations. We shall be

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fully prepared, if war on a large scale envelops Europe, to choose the side of the democracies.

This leading article, the recent speeches of Secretary Hull, and many private talks he has had with leaders of American opinion, were all directed toward both immediate and long-range objectives. The immediate objective is to save Czechoslovakia, whose independence the State Department is convinced hangs in the balance as these midsummer weeks wear on. All these warnings to Germany were uttered with that one purpose. And on a longer-range view the objective has been to save democracy and international order in the world. Secretary Hull has had to follow the dual technique of impressing the chancelleries of the aggressor nations and at the same time of arousing American public opinion. He seems to have made some progress in both directions.

Not the least significant evidence of a new American policy towards Europe is the decision to bring the entire United States fleet into the Atlantic and hold its 1938 manœuvres there. The purpose is to impress Europe with the military might of the United States, to call attention to its swiftly growing navy, to warn off possible aggressors from the American hemisphere—and German and Italian propaganda penetration into Latin America has been substantial—and in general to bring United States diplomacy back into the European picture.

Meantime, Japan is being reminded frequently that the United States is still on the Pacific scene by protests at air bombing, by efforts to persuade American manufacturers and exporters not to supply Japan with the sinews of war, and by the keen and palpable interest of public and press in China's successful tactics and the pyramiding internal and external difficulties of Japan.

Thus the development of foreign policy is proceeding, to some degree working within the State Department, and to some extent reflecting popular emotions as they evolve. But it would be inaccurate to infer that these

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emotions dominate the national opinion: on the contrary, people are mainly interested in recovery, and next in politics.

III. BUSINESS AND THE STOCK MARKET

OUR present business upturn burst upon the country with an altogether amazing suddenness. In five trading days, beginning on June 20, the stock market recovered the losses sustained in the previous three months. On Saturday, June 18, the market showed all the inactivity and slender price-range of the preceding months. There was not the least sign of change. There was no news over the weekend seemingly to justify any change. Yet on Monday the market leapt into an opening on heavy volume and upward prices, and within five trading days recorded gains larger than in any like period since 1929.

Few adequate explanations of the rise were available even to experts. The amateurs could guess and rationalize, and to them it seemed that several factors were involved. The complete dejection of conditions in the preceding weeks forced the conclusion that the depression must really be dragging bottom. Operations in many industries were at 1932 levels; steel was down to 25 per cent. of capacity, and copper mining in the United States had been almost closed out. Pessimistic prognostications had come from three leading Wall Street forecasters in the week before the upturn, and experts had scanned the horizons without detecting any substantial sign of hope. And then the market burst upward. Immediately, of course, various hopeful signs were to be seen. Steel scrap prices—a very sensitive barometer—had firmed, and steel scrap is always taken to be a sign of advancing steel operations, which in turn means better general business activity. Following the upturn, various other indications were manifest: commodity prices were improving, steel production gains were recorded, agricultural conditions were not so bad as they

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had seemed, the European situation was a little better, Congress had adjourned.

In any event, the stock market began a fortnight's rise, and—at the time of writing—is still climbing steadily though more soberly upward. Observers were pointing out that this Wall Street barometer not only indicates but sometimes affects the weather. The close connection between the market and general business conditions, which was vividly seen last autumn with the advent of the depression, is now working out in reverse. The decline in the market, which began slowly after a peak on March 10 last year, and sank precipitously from August onward, was followed by the general business depression. Research into the last ten business cycles shows that in general the stock market has provided a clear signal of a slump or a boom by an average lead of seven months. This margin grew much shorter last year, and it is expected to be shorter still in signalling the upturn now.

The stock market's influence on the national economy is of course larger in the United States than in most other countries. Potentially it produces a state of mind which may change the entire nation's economic fortunes, largely by reason of the high proportion of savers and investors here, with their addiction to stock-dabbling, and to the current liquidity of national wealth. Moreover, as Professor A. C. Pigou says, there is "a certain measure of psychological interdependence" in any economic society, from which there comes into play "a quasi-hypnotic system of mutual suggestion".

Because the downward spiral was so swift, experts expect the climb upward also to be precipitous—producing a V-depression—and it is the widespread view that the bottom has been hit, with the upward stroke of the V outlined in advance by the stock market. Such estimates are based on the feeling that the present depression was largely a crisis of confidence, which can most readily be remedied by psychological methods such as stock-market enthusiasm

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des. With the exception of the railroads, the financial picture of business generally is felt to be sound. Banks and insurance companies are untouched, and farmers have escaped no serious damage in the past year despite a decline in agricultural income. Consumer spending is well maintained because individual resources have not been so far depleted as in 1929–32, and there has been little or no hoarding or buyers' strikes. Panic psychology has not spread throughout the whole country, and the declines were localized in manufacturing, mining, and related industries and communities.

meantime, large and high-priced inventories have been largely reduced or exhausted, buyers are placing new orders and many of them are marked "Rush". Retail prices have been brought down by now, so that basic commodity prices can start up again. Most of the improvement, however, is forecast in the consumer-goods industries. Durable goods still lag, although housing is on the up-grade. But the utilities remain uncertain of their fate, and only the faintest rays of hope have emerged from the railroads.

All in all, the business upturn is coming along just in time to help the Democrats in the mid-term elections, and to permit General Hugh S. Johnson (the former N.R.A. administrator who now writes a column for the newspapers) to declare with his usual saltiness: "Franklin D. Roosevelt is so lucky that if he fell down a well he'd find gold treasure there."

Which brings us to the mid-term elections.

IV. DEMOCRATS VERSUS DEMOCRATS

THE American electoral system is more than a little complicated. Foreign observers know, no doubt, that Presidents are elected every four years, and that President Roosevelt was triumphantly re-elected in 1936. But

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members of the lower House of Congress—known as Representatives—are elected only for two-year terms. All of them—435 in all—must stand again this year. And members of the upper House—Senators—are elected for six-year terms, one-third of them coming up for re-election every two years. Thirty-two Senators are therefore facing the voters this year.

But first a candidate must be nominated, and in most states nominations are by vote of the electorate in primary elections. The primaries are held all through the year, beginning with the state of Illinois on April 12, and ending with Massachusetts and three other states on September 20. The general election for 47 of the states is on Tuesday, November 8 this year, but in Maine it is on Monday, September 12.

Now, in many states the nomination in the primary elections is of greater importance than the actual election itself. In about a dozen southern states, for instance, the only real contest is in the primary electoral struggle between different Democratic candidates, for the Republican party never wins elections there. The primaries are divided between the parties, that is to say, a voter must be registered either in the Republican, or the Democratic, or some other primary. He can vote only for candidates within that party primary, and in most states he must be registered in one party or another well in advance of the actual primary voting. The balloting itself is handled exactly as in a regular election. In a few states, the nominating is done by state conventions of the respective parties, rather than in a primary election.

The distribution of the primaries, or in a few cases the conventions, over a six-months period explains the continuing interest shown by the public in the mid-term elections. It has been a serial-story ever since the Illinois primary, with the spotlight shifting from this state to that. Quite early it was obvious that the struggles of major importance would be within the Democratic party primaries,

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turning on the efforts of President Roosevelt and his more extreme associates to penalize the Democratic Senators who opposed his Supreme Court Bill last year, and whom he defines as conservatives or "copperheads". The word "copperhead", which the President revived, was applied to people in the North during the Civil War who were opposed to the war, and who sabotaged the northern cause. Nine Senators who opposed the President's Court plan last year, most of whom are rather conservatively inclined, must stand for re-nomination within the Democratic primaries this year. They are the men on the black list of the so-called "elimination committee", a body of zealous New Deal officials who are trying to "purge" the Democratic party of its conservatives. Some months ago plans for this purge were laid, and efforts began.

The first tests were successful for the New Dealers. That is, they were able to re-nominate two loyal supporters of the President who were under attack from conservatives. These two—Senators Pepper of Florida and Hill of Alabama—were naturally not on the list of nine. For various reasons—some springing solely from local politics—they were decisively nominated. These successes made the elimination committee think that they could score further and greater victories in the drive to purge the party.

So they challenged Senator Gillette of Iowa, the first of the blacklisted nine to come up for re-nomination. The elimination committee backed an eager young congressman, Otha D. Wearin, against Senator Gillette, and they were grievously defeated. The next of the nine "unfaithful" Senators to be up for re-nomination was Senator Van Nuys of Indiana, the most eminent of the Court Bill opponents to face the voters this year. For nearly a year Senator Van Nuys had been marked down for defeat by the New Dealers. He was Purgee Number One. But lo and behold, Senator Van Nuys declined to take his purge lying down. Threatened with defeat for the Democratic

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nomination (which is by convention in Indiana), he took steps to secure nomination on an independent party ticket. The Republicans in Indiana missed a golden opportunity to nominate Senator Van Nuys themselves. And then the Democrats in the state, seeing that with Senator Van Nuys as an independent candidate they would quite possibly lose to the Republicans, prepared to re-nominate him themselves. The act will be consummated by the time this article is printed.

The incident is explained at this length because it is the most significant of all political developments this summer. The purge has signally failed. Senator Van Nuys, by a show of independence, has won. The President's effort to punish the copperheads is itself in the dust. And so Mr. Roosevelt is temporarily frustrated in his effort to drive the conservatives out of high places within his party. In his last "fireside" talk—delivered when the temperature was at 90 degrees in Washington—he announced his intention to purge the party. Now it seems that he cannot do it. That means that he will have to make more and more compromises with the cautious wing of his party, and it may mean that the conservatives will dominate and dictate the presidential nominee in 1940.

Oddly enough, while these isolated conservatives are winning in Democratic primaries, the President's own popularity stands at a high point. Though he is personally popular, this sentiment can only with the greatest difficulty be translated into terms of effective control over his party. In years when he himself is not running for office, he has trouble in influencing the electors; in 1940, according to these important evidences, he might be able to secure his own re-nomination, despite the strong tradition against a third term, but he probably would be unable to nominate a designated candidate of his own views.

The Democratic party is a curious congeries. Its greatest mass is in the solid south, where most of its public officials tend to be conservative, but underneath there is a

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growing sentiment of discontent and progressivism. Yet the old guard is still in the saddle there. In the north, too, individual Democratic Senators and Representatives in many states are conservative, and most of them have strong local positions. So the party, while it has gone along with the New Deal as long as it was a thriving political success, is by no means wedded to New Deal principles. Many of the principal men within the party are stoutly conservative. Most powerful among them are Vice-President Garner, who is a conservative although dominated by forces of expediency for the past six years, and James A. Farley, the party's chairman and political manager, who falls into pretty much the same category. These two men, between them, seem able to control the party, and to have a grip on its grass-roots of a different nature from the President's own appeal.

It is the widespread political view, therefore, that Mr. Roosevelt—unless he should electrify the party with a personal attempt to run again—might well be thrust aside by these more powerful machine-men. But the President is also a consummate politician, he knows these factors, and is laying his own plans. If, on the wings of a business upturn, his popularity swells again, he might easily become the dominant factor in future calculations.

V. A POLITICAL CROSS-SECTION

A VERY good analysis of public opinion has just been concluded by *Fortune* magazine. A "balanced cross-section" of all parts of the United States was consulted by a big staff of tabulators for this enterprise. The results seem accurate to most observers; *Fortune* predicted Mr. Roosevelt's re-election in 1936 with an error of less than one per cent. So the following figures are of more than usual interest as a reflection of "scientifically sampled" public opinion:

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	Ap- prove. %	Disap- prove. %	Undecided and Uninformed. %
Mr. Roosevelt in general . . .	54.8	33.9	11.3
His personality . . .	80.3	11.7	8.0
His economic objectives . . .	48.1	29.1	22.8
His methods of attaining them. . .	35.5	40.0	24.5
His advisers and associates . . .	28.3	32.3	39.4
His rearmament policy . . .	63.6	13.2	23.2
His international policy . . .	50.0	15.0	35.0
His attitude toward business . . .	37.3	34.0	28.7
His attitude toward unions . . .	38.3	30.4	31.3
Wages and hours legislation . . .	48.8	21.8	29.4
Reorganization Bill (on which the President was defeated) . . .	22.3	38.3	39.4
His attitude toward T.V.A.* (Dismissal of its chairman for "contumacy") . . .	26.8	23.9	49.3

This poll was taken at the low point in the depression. It shows the personal triumph of Mr. Roosevelt and the country's warm endorsement of his rearmament and international policies—in so far, of course, as these policies are understood. But most striking is the sharpness of contrast between public approval of his general economic objectives and disapproval of his methods of attaining them, and of his political advisers and associates.

Fortune also consulted its cross-section about two foreign questions. It asked people: "Which of the recent foreign military aggressions disturbed you most?" and "Would you favor allowing political refugees to come into the United States?" The answers, taken in April-May, were:

Which of these events disturbed you most?	
Japan's invasion of China . . .	29.4%
Germany's seizure of Austria . . .	22.8%
Outside intervention in Spain . . .	10.3%
The Russian treason trials . . .	2.7%
None . . .	21.3%
All . . .	0.6%
Don't know . . .	12.9%
	34.8%

* Tennessee Valley Authority.

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Here the striking fact is that—though indignation is an easy, unintellectual, non-committal emotion—34.8 per cent. of the people refused to wax indignant. The man on the street refused to do much moralizing, even when invited to do so.

And, asked: "What is your attitude toward allowing German, Austrian, and other political refugees to come into the United States" the cross-section said:

Encourage them and raise immigration quotas . . .	4.9%
Allow them in but not raise quotas . . .	18.2%
Try to keep them out . . .	67.4%
Don't know . . .	9.5%

And that is the popular verdict at the moment when an American delegation is trying to solve the refugee problem at the Evian Conference. Are Americans humanitarians after all?

So we find a nation interested still in its own affairs, preoccupied with recovery and politics, casting an occasional emotion up in support of the State Department's active alarm at the activities of the aggressors, but basically remaining behind its own oceans and mountain ranges, watching the crops grow, eyeing the baseball scores, and gazing hopefully at the smoke puffing again from factory chimneys, or promising soon to puff.

United States of America,
July 1938.

THE MOVEMENT OF POLITICAL REFUGEES

PUBLICITY has been given to the European refugee problem by the meeting of representatives of thirty nations at Evian in July to discuss plans for the assistance of political refugees. Further publicity will be given by the debates in the 1938 Assembly of the League of Nations when a decision must be taken on the future of League assistance to refugees. It is, therefore, an appropriate moment to review the history of post-war refugee movements in Europe in order that the work of the Evian committee and the decisions of the League Assembly can be seen in perspective against the long series of refugee problems that have arisen in the past twenty years.

Public attention concentrates upon each migration of refugees as it occurs, and at present newspaper readers might imagine that the only problem of the kind was that of the Germans and Austrians. It is important to realise that since the war there has been a succession of refugee migrations, each contributing a new set of difficulties, the accumulation of which now presents the European Governments with one of the obstacles in the way of general appeasement. In this article a brief summary is given of the series of post-war refugee movements and of the international action taken to provide machinery for dealing with the resulting problems.

I. RACIAL CONCENTRATIONS AFTER THE GREAT WAR

THE reconstruction of the states-system in Europe after the war was accompanied by migrations and nationality revisions which produced refugee movements. Part of the

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population that had been evacuated from the European frontiers of Russia into the interior returned to the newly created Baltic States and Poland. Populations in the areas of military activity which had sought shelter in neighbouring countries, such as the Belgian refugees in France and Great Britain, returned to their homeland. Prisoners of war, marooned in various parts of Europe and Russia, were repatriated. Political exiles, like the Czech leaders, returned in triumph to new national States. Groups of population in some of the succession States were ejected into the truncated territories of the old Habsburg dominions, as for example the Magyars from Czechoslovakia, Yugoslavia and Rumania into Hungary. During the process of frontier changes large sections of population acquired new nationalities; and as a result of defects in the treaty provisions or through the failure of some persons to use the rights of option granted them, a class of "stateless" people emerged.

These particular developments in the aftermath of war and treaty-making did not, however, bequeath continuing refugee problems. Their main legacy was the group of stateless persons whose position inside a system of national States becomes anomalous and is rendered more difficult as nationalism grows stronger as a determining factor in political life. A second group of population changes which also did not leave a continuing refugee problem, comprises the movements of Bulgarians, Turks and Greeks after the collapse of the Ottoman Empire and the rise of nationalist Turkey.

Attempts to "unmix" the populations of Turkey, Bulgaria and Greece had been made before the war. An exchange of frontier populations had been envisaged by a Turko-Bulgarian treaty in 1913, and a partial voluntary exchange of minorities had been arranged between Turkey and Greece in 1914. This planned redistribution was prevented by the war, and the redistribution that eventually took place was in only a small degree planned; it was for

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the most part a panic flight of refugees from one country to the other, relieved by an international effort to arrange for property compensation and for the settlement of the refugees in their new homelands.

The greatest of all the movements was that of the Greek population out of western Asia Minor after the defeat of the Greek expansion into Anatolia, culminating in the Smyrna disaster of September 1922. Chiefly from this refugee migration, but also from movements of Greek population out of other parts of Turkey, out of Bulgaria and out of Russia, Greece received 1,300,000 refugees. Both during and after the war Bulgaria received floods of refugee Bulgarians from neighbouring countries; the total number between 1913 and 1925 has been estimated at 220,000. The return of population of Turkish origin to Turkey was part of a continuing process, but was accelerated after the war: 578,000 Turkish "muhajirs" entered Turkey between 1921 and 1929. A small proportion of these migrations was the result of a deliberately planned exchange; 30,000 Greeks from Bulgaria, 35,000 Bulgarians from Greece, and 370,000 Moslem Turks from Greece were moved as a direct result of the exchange provisions of the Convention of Neuilly of 1919 and the Lausanne Convention of 1923.

However, the benefits of the provisions (so far as property compensation was concerned) were available for the majority of the refugees, even though they had migrated before the official "exchange" was arranged.

Turkey did not wish, or need, to seek international help in settling her incoming refugee population; they were mostly agricultural workers, and there was ample land for them in the districts vacated by the departing Greeks. Bulgaria and Greece, on the other hand, sought international assistance through the League. A Refugee Settlement Commission was established in 1923 and international loans in 1924 and 1928, amounting to approximately £13,000,000, were raised for the rehabilitation of the refugees in Greece

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in both agricultural and urban settlements. At the end of 1930, when repatriation was practically complete, the Commission handed over its work to the Greek Government. For the settlement of the refugees in Bulgaria a single High Commissioner was appointed, and in 1926 £2,520,000 was raised by loan. By the end of 1932 the High Commissioner's task was almost finished and the Government took over the final stages of the work. The Greek achievement was more successful than the Bulgarian, but both were striking examples of international collaboration in assisting a country to provide a constructive solution to a refugee problem, the magnitude of which exceeded its own resources and capacity.

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Armenians and Assyrians

THE disintegration of the Ottoman Empire produced two other refugee problems, to which no adequate solution has yet been found, namely the Armenian and the Assyrian. These two Christian populations, dispersed as refugees, are still for the most part living in the countries in which they took refuge and are trying to establish themselves there with only partial assistance from the Governments concerned or from international collaboration. The Armenians in the Turkish Empire, after a series of periodical persecutions in the preceding twenty years, were subjected from 1915 onwards to massacres and deportations intended to achieve their elimination. Apart from those who found asylum in Russia or America, between two and three hundred thousand sought refuge in Syria, Iraq and other countries of the Near East, and in Europe. The majority of these Armenian refugees are still in Syria and the Lebanon (100,000), in France (63,000), in Greece (25,000) and the Balkan countries. Repatriation to Turkey has never been practicable. Dr. Nansen's efforts to secure international

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help for a comprehensive settlement scheme in Erivan were in the end unsuccessful; but he initiated various schemes, which under League auspices have been continued, for the re-establishment of the Armenians in their countries of refuge, notably the urban and agricultural settlements in Syria. The Armenian refugees in France, concentrated chiefly in the big cities, have slowly established themselves by finding employment in the heavy industries, in shop-keeping and other commercial work.

The Assyrian tribes in the Hakkari mountains joined forces with the Russian armies against Turkey in the war, and after 1917 had to seek refuge under the British Administration in 'Iraq. In 1925 the Hakkari mountains were included in the territory assigned to Turkey, and repatriation of the Assyrian refugees to their original homes became impossible. The assimilation of the Assyrians in 'Iraq was interrupted by the events in 1933 which followed the announcement of the forthcoming surrender of the mandate by the British. A group of Assyrians entered Syria in the hope that the French Administration would provide land for settlement. To return this group to 'Iraq was impossible after what had occurred, and the League attempted to devise a scheme under which those Assyrians who could not be incorporated in 'Iraq might be settled elsewhere.* Since 1933 frequent efforts, including enquiries in Brazil, British Guiana and various parts of the British Empire have been made to find a territory in which the Assyrians who had left 'Iraq could be settled. A scheme for their establishment in another part of Syria, the Ghab plain, had to be abandoned in consequence of the French decision to terminate the mandate, which would have rendered their position there as a civilian minority too dangerous.

Since 1936 efforts have been concentrated on improving

* There are at present approximately 9,000 Assyrians in Syria on the banks of the Khabur, where the original group from 'Iraq had first taken refuge, and 20,000 in 'Iraq.

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their position on the Khabur River and trying to convert what was originally a temporary refuge into a place of permanent settlement. The 'Iraqi Government has taken steps to assist the settlement of the Assyrians who have remained in 'Iraq.

Fugitives from the Bolshevik Régime

Of the refugee movements so far described, only the Armenian and Assyrian raise problems that require further international effort to-day. It is these, together with three other dispersion movements, which constitute the essence of the present refugee problem. The largest is the flight of approximately a million people from Russia after the 1917 revolutions and the civil wars; the second is the emigration of political opponents from newly established political régimes, such as those from Italy and Portugal; and the third (and most significant so far as the future is concerned) is the departure from Germany, the Saar and Austria, of political opponents, Jews and "non-Aryans." Each of these specifically refugee movements has raised acute international difficulties and has demanded, though not always resulted in, international action on behalf of the refugees.

Mass emigration from Russia did not begin immediately after the Bolshevik revolution, for anti-Bolshevik forces at first continued their resistance on Russian territory. The autumn and winter of 1919 saw the collapse of the anti-Bolshevik front in the north and on the west; the spring and summer of 1920 witnessed the break-up of the armies and provisional Governments in the south; and the long-continued opposition to the Bolsheviks in the east finally broke down in 1922. From 1919 onwards hundreds of thousands of refugees crossed the frontiers to seek asylum in adjacent countries. They included the remnants of the defeated armies and great sections of the civilian population, whose numbers were increased by people fleeing from the famine in south Russia in 1921. The three great streams

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of refugees flowed westwards into the Baltic States, Poland and Germany, south-westwards through Constantinople as the dispersion point, and eastwards into China. Although there has been some subsequent redistribution, the original dispersion has determined the broad lines of the present location of the Russian refugees. Czechoslovakia, Yugoslavia and Bulgaria were exceptionally generous in receiving, assisting and absorbing large numbers; the Baltic States because of their geographical position and the presence of large Russian minority populations received many; and France is estimated to have at present between 60,000 and 100,000, who are not naturalised. In Manchukuo there are approximately 44,000 Russian refugees and 33,000 in China, of whom 26,000 are in Shanghai.

It was soon evident that mass repatriation was impossible, although the majority of the Russian refugees even to-day hope that in time they will return to Russia. Large-scale settlement overseas, in South America for instance, although often discussed, has never been attempted. For the most part the Russians have continued to live in their countries of refuge. In some, such as the United States, they are being absorbed rapidly into the national population; in others, such as Yugoslavia, they enjoy the position of specially protected and privileged guests. They have needed and have received international protection and assistance through the work of the League, but no general settlement scheme for them has been, or indeed could be, devised. They have needed, rather, a multitude of separate and almost individual settlement schemes.

Exiles from the Totalitarian States

Political refugees from Italy fled abroad from 1922 onwards, but particularly in the period 1926-29. Large numbers went to the United States, but the majority found shelter in France, where the presence of three-quarters of a million Italian settlers provided them with assistance for their economic re-establishment and with

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opportunities for continuing their anti-fascist political work. It is estimated that there are 10,000 Italian political refugees in France, exclusive of their families and dependents. The numbers of political refugees from other countries, such as Portugal and Greece, are extremely small; they can be classed more easily with the individual exiles, who have always appeared in the history of political revolutions, than with the mass refugee movements that are more peculiar to post-war European developments. The Spanish civil war threatened, and still threatens, to produce a large refugee exodus, but until now the movement across the frontier is insignificant in size compared with the evacuations of civilian populations within Spanish territory. It is estimated that France has still 25,000 adult and 10,000 child refugees, but they must be regarded as transients and temporary residents until developments in the civil war show whether repatriation is possible, or whether plans for permanent settlement outside Spain must be made.

The establishment of an authoritarian régime by the National Socialist party in Germany has led since January 1933 to a continuous exodus of refugees, including political opponents, members of the proscribed parties and working class organisations, Jews and partly-Jewish persons (the "non-Aryans"), and members of Christian churches and organisations whose lives and liberties have been endangered. It is estimated that 150,000 refugees left Germany between 1933 and 1938, a third of whom departed in the first year. The migration was swollen as the power of the Third Reich extended to include the Saar territory and Austria. Approximately 7,000 refugees left the Saar, two-thirds of whom have established themselves in France. The Austrian frontiers were closed to the passage of refugees both by the action of the German Government and through the restrictions introduced by other countries, which feared the immigration of large numbers of exiles, stripped of all property. Until now there have been relatively few refugees from Austria, but the pressure to escape grows greater, and

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the 10,000 who have escaped will certainly be followed by greater numbers.

The majority of German refugees were Jews or could claim assistance from Jewish relief organisations. The generosity and efficiency of these bodies made possible a rapid distribution of the refugees into countries where re-establishment was possible. Over 40,000 were able or enabled to go to Palestine, and probably a similar number has reached the United States. By a process of infiltration refugees have moved from countries of merely temporary refuge into countries of settlement; but the intermediate stage is extravagant and has been eliminated as far as possible by the private organisations, who have planned an emigration directly from Germany to the countries of ultimate destination. Similarly, training and re-training schemes have been developed to ensure that re-establishment shall occur as rapidly as possible.

III. THE LEAGUE AND PRIVATE RELIEF ORGANISATIONS

USUALLY refugees have had to abandon or have been deprived of most of their property. They are alien, without the political protection of a government behind them, of uncertain legal status, with passports of questionable validity. Frequently too they arrive in countries inappropriate for their settlement, and trained in occupations irrelevant to their new conditions. With these and other disabilities, they need a form of assistance quite different from that available for the ordinary voluntary migrant. Each refugee movement has led to the creation of a number of private relief organisations. Some of these, such as Zemgor (the Russian Zemstvos and Towns Relief Committee), were organised by the refugees themselves, or, like the Armenian Benevolent Union and the various Jewish organisations, arose from the efforts of other communities related to the refugees by national or religious associations. Others were external to the emigrations, such as the great

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American philanthropic agencies, the Near East Relief and American Red Cross, which organised relief work on a colossal scale during and after the war. The multiplicity of organisations has undoubtedly resulted in extravagance, excessive overhead expenses, and duplication of effort; nevertheless, the relief societies have been responsible for the continuous routine assistance and the highly individualised case-work without which progress towards a solution would have been almost impossible.

Although the voluntary organisations have borne most of the burdens of relief in all the post-war refugee movements, there were problems of a political and legal character that they could not solve. As these problems were of an essentially international character, it was natural that the assistance of the League of Nations should be invoked. In 1921 the League appointed Dr. Nansen as High Commissioner for Russian refugees; in 1923 it added the protection of Armenian refugees to his responsibilities; and in 1926 the protection of certain small groups of refugees known technically as "Assyrians, Assyro-Chaldeans and assimilated refugees." * For a period, 1925-29, the technical refugee service was transferred to the International Labour Office, while Dr. Nansen still remained High Commissioner. After an experimental year in the League Secretariat, the refugee service on Dr. Nansen's death was established (in 1930) as an autonomous office under the Nansen International Office for Refugees. The office was to have only a temporary existence, and December 31, 1938, was fixed as the date for its final liquidation.

Responsibility for the German refugees was entrusted in 1933 not to the Nansen Office, but to an autonomous High Commission, almost divorced from the League. The League, however, placed Saar refugees under the Nansen Office. When the first High Commissioner for German

* Not to be confused with the "Assyrians of Iraq", for whom the League set up in 1933 a special committee of the Council and later a trustee board.

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Refugees resigned in 1935, the League appointed a High Commissioner directly responsible to the League. In May 1938 the League Council provisionally included the care of Austrian refugees within the scope of his responsibilities. The League has never extended its protection to Italian, Portuguese, or other smaller groups of political exiles. For the settlement of Greek, Bulgarian and Assyrian refugees, it established special machinery in each case. Apart from the Greek and Bulgarian settlement schemes, the League's chief work for refugees has been in the legal and political sphere rather than in the humanitarian. Dr. Nansen initiated a series of international arrangements which provided the refugees with identity and travel documents and some legal protection. The benefits of these arrangements were consolidated and extended in a Convention of October 28, 1933, which nine countries have ratified, and which constitutes a charter of liberties for the refugees to whom it applies, namely those under the Nansen Office. The League High Commissioner for Refugees from Germany, Sir Neill Malcolm, secured somewhat similar travel documents and legal protection for the German refugees by an arrangement in 1936 and more extensive benefits by a Convention of February 10, 1938.

For the past two years the future of League protection for refugees has been under discussion. The Nansen Office must disappear at the end of 1938, and the mandate of the High Commissioner for German Refugees expires at the same time. The League Council in May 1938 decided to recommend to the Assembly that League protection should be continued for those categories of refugees at present enjoying it, and that the existing dual machinery should be replaced by a single High Commissioner and a unified administrative organisation. The High Commissioner's duties will be primarily to secure legal and political protection for the refugees by means of further ratifications and the full application of the two Conventions, but he will also be responsible for co-ordinating the work of the

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voluntary organisations and assisting plans for emigration and permanent settlement.

IV. THE EVIAN CONFERENCE

AN inter-governmental committee, meeting at Evian in July 1938 on the invitation of President Roosevelt, made provision for continuing meetings and for an executive agency under a Director. The scope of its responsibility was restricted in the first place to refugees from Germany and Austria, but as the committee remains in being, it can later widen the scope, if necessity arises, to include other categories of refugees. At first sight this may appear to be merely a duplication of machinery; but, in fact, it constitutes a most important supplement to the League work for refugees. In the first place, it has provided a means for the direct participation of the United States and other countries which are not League members in refugee work. In the second place, the inter-governmental committee can make plans for "involuntary migrants" before they leave, whereas the League can only take account of refugees already outside the frontier of their country of origin. There is hope therefore that it may do much to convert the German refugee movement from a disorderly flight into an organised migration. In the third place, the collaboration of Governments has been established for the specific purpose of assisting the emigration and settlement of refugees, whereas the work of the League in this field has only been one of many activities, non-political in character and not engaging the direct and specialised attention of Governments. Furthermore, it has provided a possibility (which no organ of the League could have provided) of negotiating with Germany on the question of allowing the "involuntary migrants" to take some of their property with them, instead of having as now to emigrate without any possessions. The inter-governmental committee made provision for co-operation

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with the existing League machinery, and incidentally with the International Labour Office, and its task will be sufficiently distinct from that of the new High Commissioner. There is therefore no reason to anticipate that there will be duplication of effort as a result, but rather every reason to welcome enthusiastically the direct intervention of the United States in an attempt to solve the European refugee problem.

Hopes that an inter-governmental committee at its first meeting would produce a radical solution could have been entertained only by those ignorant of the complexity and stubbornness of the refugee problem. None of the refugee problems since the war has shown itself capable of a single radical solution. The Greek and Bulgarian settlements do not provide a precedent or direct guidance for dealing with the existing or potential refugee movements. Whereas the Greek and Bulgarian refugees were returning to countries that were practically their national homes, the German refugees are leaving their national home and entering other countries as aliens. The former were movements of concentration: the German migration is a dispersion movement. Moreover in the former cases land was available to a certain extent for settlement through the departure of other populations, and a large proportion of the refugees (47 per cent. among the Greeks) were agricultural workers.

It would accordingly be misleading to try to draw lessons from any of the previous refugee movements in an attempt to plan the treatment of the German refugee question. It is one of the great advantages of the inter-governmental committee, established at Evian, that it makes possible an entirely new approach to the problem. It promises to attack a refugee problem in the only effective way, namely, by anticipation and prevention; it aims at eliminating the "refuge" and therefore the refugee problem by facilitating an ordered migration. The detailed methods by which this migration will be organised, whether exclusively by infiltration or partly by group settlement or

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even by colonisation, are of secondary importance compared with this decision of principle, that an emigration, judged to be inevitable, must be anticipated and directed. This alone makes it important that the co-operation of Governments in the committee shall be effective and successful, for there are population problems in Europe of growing urgency which may soon demand international action. The Evian committee may find that it is experimenting on a comparatively small task, before having to deal with a far larger one.

Throughout the discussions at Evian, the problem of Eastern Jewry was present implicitly. The United States delegation wanted the terms of reference of the committee to be wide enough to include possible emigrations of Jews from Poland, Rumania, Hungary and elsewhere. In the end only the emigration from Germany and Austria, Jewish and other, was included, but the bigger question will soon become one of the dominating issues in Europe. The hopes raised by Evian are partly that the new approach by Governments will lead to a constructive solution of the German and Austrian refugee problem, but still more that Governments from the experience they gain in dealing with this minor problem will develop a technique for dealing with the far greater population problem of Eastern Europe. It is a great gain that the method of anticipation has been adopted; it will be a far greater gain if remedial measures are adopted for the larger issue, so that not only may a refugee emigration be prevented, but the conditions that might produce such an emigration be eliminated.

IMPERIAL RESPONSIBILITIES IN THE WEST INDIES

By a Correspondent

I. THE CONSTITUTIONAL BACKGROUND

A SERIES of events that have taken place in the West Indies during the last four years have drawn public attention to colonies which are the oldest in our colonial empire and which in the past were regarded as of immense value. It has been made quite evident that throughout the West Indies there exists serious discontent, which has manifested itself from time to time in riots and disorders.

In the summer of 1934 riots took place on two sugar estates in Trinidad. These were merely local, and action taken by the administration prevented the unrest from spreading to other parts of the island. Early in 1935 serious disorders occurred in St. Kitts. Later in that year riots broke out in St. Vincent, and a state of emergency had to be proclaimed in the neighbouring island of St. Lucia in order to prevent a similar outbreak in that colony. In June 1937, riots took place on the oilfields of Trinidad; strikes, marked by disorders, affected the sugar industry, and spread to Port-of-Spain. Shortly afterwards rioting broke out in Barbados. In the spring of this year a strike occurred on a sugar estate in Jamaica, and subsequent strikes and disorders affected Kingston and other parts of the island. From time to time throughout the whole period there have been signs of discontent in the neighbouring colony of British Guiana, which have manifested themselves in occasional strikes and some disorder.

These events have not unnaturally caused grave concern

and have been a rude shock to public opinion in England. The natural assumption has been that our present system of colonial administration has proved inadequate to meet the difficult situation caused by a long period of economic depression. The object of this article is to analyse as far as possible the causes of the unrest that has manifested itself in the West Indian colonies, and to suggest methods by which the present difficult situation can be improved. Before attempting this analysis it is advisable to make a short survey of the different systems of administration that exist in the British West Indies.

Barbados can claim to be one of the oldest colonies in the Empire, having been first occupied in 1627. Its constitution dates back to the seventeenth century and is unlike that of most of the crown colonies. There are two Houses : a Legislative Council, of which the members are nominated by the Crown, and the House of Assembly, of which the members are elected annually. The Executive has no seat of right in either House, nor does the Governor preside at the deliberations of the legislature. The franchise is a very limited one and less than six thousand people have the right to vote. The island is divided up into eleven parishes, in which local vestries deal with such matters as health services, roads and poor relief, which in other colonies are under the direction of a central Executive. The disadvantages of such a system in a small colony are evident, but it must be admitted that in spite of these disadvantages Barbados has established a tradition of sound administration of which the people in the island are justly proud.

Jamaica has been a British colony since the days of Cromwell. Its present constitution is very similar to that of other crown colonies. The Legislative Council consists of five officials, ten nominated members and fourteen elected members. The Governor presides at meetings of the legislature and has a casting vote. A feature of the Jamaican constitution which is peculiar to the colony is that

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any financial measure can be vetoed by the votes of nine of the fourteen elected members. This power has for some time been used as a political counter with unfortunate results. As a case in point, efforts made by the Government to improve the incidence of taxation by increasing the scale of income tax payable on higher incomes, with a view to decreasing those import duties which affect the poorer classes, have been defeated by the votes of the elected members, who have shown little anxiety to co-operate with the Executive. The Jamaican legislature has of recent years earned an unenviable reputation for wasting time and for opposing necessary reforms. Recent events, however, have caused many Jamaicans to realise that the past activities of some of their elected members are not in the public interest, and a movement to secure a more efficient legislature is manifesting itself.

The Trinidad constitution provides for a legislature containing twelve official members and thirteen unofficial, seven of whom are elected and six nominated. The Governor presides at meetings of the Legislative Council. All financial measures, before their introduction into the Legislative Council, are discussed by a Finance Committee consisting of the unofficial members with the Colonial Secretary as chairman. This system has worked admirably and, in consequence, there is not the waste of time that is so marked a feature in the Jamaican Legislative Council.

The Leeward Islands consist of a federation of presidencies constituting one colony, with the seat of government in Antigua. The Windward Islands, on the other hand, consist of three separate colonies under one Governor, whose seat of government is in Grenada. At the present time steps are being taken to detach the presidency of Dominica from the Leeward Islands and to incorporate it in the Windward Islands.

In these colonies a new constitution has recently been introduced. The former system, whereby the official members were equal in number to the unofficial members,

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has been abolished, and the legislatures now consist of a Governor or Administrator in the chair with three official members and an increased number of unofficial members. The Governor, however, is vested with the power of over-riding the decisions of the legislature when he decides that it is necessary to do so in the public interest. The result of this change is that the unofficial members of the legislatures no longer find themselves faced by a body of official members, many of whom took no part in debates, but merely voted as directed by the Governor. The not unnatural result of the former system was to foster the idea of a Government and an Opposition, which was apt to prevent proper co-operation between the Executive and the legislature. The main functions of the legislatures in crown colonies should be those of deliberative assemblies, consisting of men prepared to co-operate with and advise the Executive. This object will be more readily attained under the new constitutions that have recently been introduced in the Leeward and Windward Islands.

In the larger colonies the affairs of the principal towns are controlled by elected councils. These councils have, in many cases, very wide powers and are independent of the Executive. In some cases their activities are open to criticism. It is noticeable that in the report of the Trinidad Commission * the failure of the city council of Port-of-Spain to deal adequately with slum conditions in that city is attributed to the fact that some of the councillors are owners of slum properties. In Kingston, also, the municipal authorities have failed to deal with such slum areas as Smith Village. In the writer's opinion, the time has come when the Governments of these West Indian colonies will have to intervene unless city and town councils show that they intend to make a serious effort to deal with this problem.

Local administrations, particularly in the smaller colonies, are severely handicapped by lack of funds. Some of the

* Cmd. 5641, p. 41, para. 39.

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islands, such as Dominica and St. Lucia, are dependent on grants-in-aid to balance their budgets, while in other islands financial independence can be achieved only by heavy taxation combined with low salaries and economies which affect the social services. Trinidad, during recent years, has obtained a large revenue from the development of its oil industry, but it was previously finding difficulty in balancing its budget. This colony, however, is the only one in the West Indies that has been able to develop a valuable industry other than agriculture, and it must be remembered that the oil industry employs only a small proportion of the population; it is safe to say that not more than 10 per cent. are dependent on it for their livelihood.

In Trinidad roughly one-third of the population consists of East Indians, who were originally brought to the island as indentured labourers during the latter half of the last century and the first few years of the present century to work on the sugar estates; but in the rest of these colonies not less than 90 per cent. of the population is of pure or partial African descent.

II. LOW PRICES AND LOW WAGES

THE main causes of the unrest that has affected the British West Indies are economic. Since the war there has been a serious decline in the market prices of the main agricultural products obtained from the West Indies. The following figures exemplify the decline in two of those products, namely, sugar and cocoa. The maximum price realised for raw sugar on the open market was 33s. 3d per cwt in 1923, 16s. 6d in 1926, 10s. 1½d in 1929, 7s. 6d in 1932, and 5s. 3d in 1935. In 1937 it rose to 6s. 10½d, but at the time of writing it has fallen again to 5s. 4½d per cwt. The value of the present empire preference amounts to 4s. 9d per cwt. Trinidad cocoa, which in 1919 was being sold at 112s. per cwt, realised 52s. per cwt in 1923, 68s. in 1926, 63s. in 1929, 45s. in 1932 and 37s. in 1933. Since

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that year there have been considerable fluctuations, but the present price is in the region of 40s. per cwt.

Of all the agricultural industries in the West Indies sugar is undoubtedly the most important, and several islands, such as Barbados, St. Kitts and Antigua, are entirely dependent on it. The sharp decline in prices that took place in 1928 and 1929 induced the British Government to send out a commission under Lord Olivier to enquire into the situation. Some relief was given in 1932 by increased preferences, though it fell short of what the West Indian sugar industry—or, indeed, the members of the commission—regarded as adequate, and for several years the industry found great difficulty in maintaining itself. The difficulties that had to be faced resulted, however, in greater efficiency. Improved types of sugar-cane were evolved and valuable assistance was given to the industry by the Imperial College of Tropical Agriculture in Trinidad. Experiments, in which the College co-operated, enabled the industry to obtain increased production by the scientific use of fertilisers, and improved machinery resulted in a higher yield of sugar extracted from the canes. As a result of these improvements there was a large increase in production throughout all the islands that depended either wholly or in part on this industry. In Trinidad, for example, where the exports of sugar in 1929 amounted to 81,500 tons, by 1936 they had risen to 142,670 tons.

As a result of improved methods the sugar industries of the West Indian islands and of British Guiana have managed to survive, but this survival has been achieved by maintaining a low standard of wage. Nor is it possible to see how there can be an adequate improvement in wages in present conditions. During the present year the price obtained for West Indian sugar in the home market has been in the region of £9 15s. a ton, and the difficulties of the situation have been intensified by the restriction of output that has resulted from the International Sugar Conference. The sugar industry can be helped by increasing the

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preference when the price of sugar in the open market is less than 6s. per cwt. If prices are stabilised, it is then possible to increase the minimum wage paid to unskilled labour, and to compel those companies which have lagged behind in providing satisfactory housing accommodation to replace the existing barracks by more suitable dwellings. During the last fourteen years, while the old-established sugar industry of the West Indies has had to struggle for its existence, England has built up a beet-sugar industry at home by means of heavy subsidies. The total of those subsidies now amounts to over £40 million, and is additional to the preference given to Empire-produced sugar. It is not surprising that the policy of the United Kingdom Government in launching and heavily subsidising a beet-sugar industry in England, which many West Indians regard as being in direct conflict with their own industry, has caused dissatisfaction.

In regard to cocoa, which for many years was considered the most important product of Trinidad and Grenada, the decline in prices has had very serious results. In Trinidad the production of cocoa in 1929 amounted to 61,900,000 lb.; in 1936 it had shrunk to 28,340,000 lb. A serious decline has also taken place in the production of cocoa in Grenada. It is safe to say that the cocoa industry in both islands cannot continue in existing conditions, but so far no alternative crop has been found to replace cocoa, and it is estimated that in Trinidad alone no less than 100,000 people are dependent on it for their livelihood. Since the Empire production of cocoa is far in excess of Empire consumption, the cocoa industry cannot be helped by any system of preferences.

In 1933 a deputation from Trinidad and Grenada put forward the suggestion that an international cocoa conference should be called for the purpose of restricting output and stabilising the price of the commodity by removing from the market large surplus stocks. The Secretary of State at that time, Sir Philip Cunliffe-Lister, now Lord

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Swinton, supported this scheme, and an effort was made to secure international agreement regarding output. Unfortunately, Brazil refused to subscribe to a scheme involving restriction of output, and it was accordingly abandoned, although there was evidence that it would have received support from other cocoa-producing countries. There is reason to believe, however, that Brazil is now prepared to reconsider her attitude in this matter, and it is therefore to be hoped that a fresh effort will be made to secure a rationalisation of the cocoa industry by agreement among the producing countries.

As a result of a long period of uneconomic prices for cocoa and other products, estates are heavily mortgaged, and neither estate-owners nor peasant proprietors can find money to maintain an adequate standard of cultivation. Under-employment and low wages are the natural results, and in many of the islands financial assistance is urgently needed for estates that can no longer meet heavy interest charges. In many cases loans have been obtained through local firms, who act as agents for mortgagees resident outside the West Indies, and who exercise the right to handle all produce exported from the mortgaged estates. The mortgagors can obtain only such advances for working their estates as these firms are prepared to give, and the whole system is open to serious abuse. Mortgagors complain that the commission charged by the firms controlling their operations is unduly high and that they are unable to obtain fertilisers or other materials needed for their estates in the open market. In many of the islands no satisfactory rehabilitation of the agricultural industry can be effected unless some alternative credit scheme can be evolved by means of an agricultural loan bank, which will enable estate-owners and peasant proprietors to pay off the present mortgagees and to obtain financial assistance for working their estates on reasonable terms.

While the agricultural industries of the West Indian colonies have been in decline, further difficulties have arisen

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from the action of other countries, such as Venezuela, Cuba, and San Domingo, in refusing to admit West Indians in search of employment and in repatriating many of those who had migrated to them. No exact figures are available, but it is probable that the number of Jamaicans alone who had migrated to Cuba exceeded 70,000, and a recent estimate of those who had returned to Jamaica was 8,000. This may not appear to be a large proportion, but it must be remembered that in the West Indian colonies there is annually a large increase in population, which can no longer be absorbed by their agricultural industries. The resultant situation is a very serious one. Unemployment in rural areas has caused a drift of people from the country to the large towns, such as Kingston in Jamaica, Bridgetown in Barbados and Port-of-Spain in Trinidad. This has produced deplorable slum conditions, which in Kingston have been described by observers as possibly worse than those existing in any other part of the Empire.

The writer received in April a letter from a West Indian, who has considerable knowledge of conditions in many of the islands. He expressed the view that trouble was being fomented by men who had in the past been earning good money in Cuba and San Domingo and had during their stay in those countries imbibed revolutionary ideas. It is not unnatural that men of this type, who when they return to their own islands find that they are without employment, should become agitators and leaders among people who are dissatisfied with existing conditions. There can be little doubt that the activities of these local agitators are being assisted by organisations outside the West Indies which recognise that these islands provide a favourable field for subversive propaganda.

Another factor which, in the writer's opinion, has helped to increase discontent was the attack on Abyssinia by the Italians and the failure of England to prevent the annexation of that country. It may not be generally realised how deep an impression the events of the Abyssinian war

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made on the African population throughout the West Indies, or the extent to which it aroused a bitter feeling of racial animosity. In Jamaica, for instance, the cult of "Ras Tafari," which virtually deifies Haile Selassie as a great negro king, is said to be gaining many adherents and is regarded by some observers as being a potential source of future trouble.

III. POSSIBLE REMEDIES

THE report of the Trinidad Commission has drawn attention to serious defects in social development and to evidence of widespread malnutrition. These evils are not peculiar to Trinidad but, unfortunately, are general throughout the West Indies. Nor can any adequate remedy be found unless the agricultural industries, on which the vast majority of the people depend for their livelihood, can be placed on a more satisfactory footing. Reports by committees formed in Jamaica and other parts of the West Indies state quite clearly that the present scale of wages is insufficient to secure a reasonable standard of living, but in each case it has been pointed out that in existing conditions an adequate standard of wages is impossible. This is undoubtedly true. Minimum wage legislation has been enacted, and in some of the islands orders in council fixing a minimum wage, have been introduced, but action of this kind must necessarily be taken with the greatest care. A case is known to the writer in which a local administration fixed a minimum wage which could be met by the majority of sugar estates on the island, but its introduction resulted in the closing down of one sugar estate, on which some three thousand people were dependent for their livelihood. As a result, the administration was faced with the difficult task of finding some other means of supporting a large number of people who would otherwise have been left destitute.

Formation of trade unions was advocated by the Trinidad Commission. They can be of definite value to workers

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on the oilfields of Trinidad, on railways, or in such local industries as have been developed in the principal towns. They can also be of value on large sugar estates, provided that these unions are led by men who have some knowledge of the economics of the industry and are capable of giving honest and wise leadership. Recent events in Trinidad give the impression that the newly-formed trade union of those engaged in the sugar industry is lacking in wise leadership, and is being directed by men who fail to realise that sudden strikes during the short grinding season can only increase economic depression, and make it impossible for the industry to improve conditions for the workers. In the present stage of development there is a risk that trade unions may be controlled by mob orators, who have not the real interests of the workers at heart. More can probably be effected by the appointment of labour commissioners, who are able to make a detailed study of the situation in each island with a view to securing for the workers the best terms that each agricultural industry can give.

The Trinidad Commission has also advocated the development of a land-settlement policy. Experience has shown that any land-settlement scheme must be most carefully thought out. In some of the islands peasant proprietors have been encouraged or allowed to take up land without due regard to its cultivable value or to the elementary question of means of transport. The natural result in such cases has been a failure to make good and the abandonment of the land. Careful soil survey to decide what crops can be produced and the construction of roads to enable the peasant proprietor to market his produce are essential preliminaries to any land-settlement scheme. Furthermore, it is not sufficient to settle peasants on land that can merely produce subsistence crops unless they are in a position to grow cash crops or to obtain work on neighbouring estates. A recent report by a local committee appointed in Grenada has suggested that in the island of Carriacou

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the land-settlement policy adopted by the local Government has gone too far. It would appear from the report that the Government bought up the majority of the estates in the island for land-settlement purposes, with the result that, although the natives had no lack of land for subsistence crops, many of them were unable to secure money for their needs by estate labour.

Economic rehabilitation in the West Indies necessarily depends on the efficient working of estates and cannot be secured purely by the development of small holdings. Sugar, for instance, must remain for the most part an estate crop, although in some islands, and particularly in Trinidad, a considerable proportion of canes supplied to factories are grown by cane farmers. In Trinidad some 19,500 farmers are engaged in this industry, and provide 44 per cent. of the canes sent to the factories. Owing to the present low price of sugar the livelihood made by these men is a very meagre one, and the annual incomes of most of them are less than £30. In islands such as Montserrat and St. Vincent, where cotton has become a principal export, there is the added difficulty that the crop is a purely seasonal one and provides full employment to estate labourers for part of the year only, while there is insufficient cultivable land available for the development of a land-settlement policy that would satisfy the needs of a rapidly increasing population. Jamaica has, in bananas, a crop ideally suited for peasant cultivation, but this is now threatened not only by Panama disease but also by the appearance of "leaf-spot," which, by its rapid spread, devastates plantations. The only method of checking this disease appears to be by spraying at a cost estimated at £7 an acre, which is higher than the industry can afford. Efforts to introduce banana cultivation in other islands have so far met with little success.

The most urgent problem of all that has to be faced is the provision of some outlet for the surplus population of many of the West Indian islands. Unless that problem

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is solved, no scheme of rehabilitation can be of permanent value. Possibly a solution could be found by opening up the hinterlands of British Guiana and British Honduras. In the former colony, cultivation is virtually restricted to the coastal areas, and only about 280 square miles out of 9,480 are under cultivation. Up to the present no proper oil survey has been made of this colony. In 1928 the late Sir Gordon Guggisberg, who was at that time Governor of British Guiana, had come to the conclusion that the economic development of that colony depended on inducing East Indian agriculturists to migrate thither, and he opened up negotiations with Mr. Gandhi to achieve this purpose. The schemes that he had in view came to an end with his premature death; possibly they were impracticable, but the fact remains that British Guiana, which in area is larger than Great Britain, has a population of less than 400,000 people. British Honduras, with an area equal to that of Wales, has a population of some 50,000 people, and it is known to the writer that tentative suggestions have been made in the past that migration from the West Indies to that colony might be encouraged.

In contrast, Barbados has a population which already approximates to 1,200 to the square mile and is rapidly increasing. It is safe to say that Trinidad, Grenada, St. Vincent and several of the Leeward Islands are already over-populated, and that the position is becoming more serious year by year. Deplorable social conditions have contributed to a laxity of morals throughout the islands, and Professor MacMillan, in his book *A Warning from the West Indies*, estimates that the proportion of illegitimate children is as high as 70 per cent. These unwanted children provide a serious problem. Furthermore, it is a problem that has received little or no attention in islands where financial stringency has made it difficult for the local administrations to establish homes for the many waifs and strays in the larger towns. Funds are urgently needed to combat a social evil which, if allowed to go unchecked, will

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provide large numbers of recruits for the criminal classes. It is to be hoped that this whole question of over-population will receive the serious consideration of the Royal Commission which the Secretary of State intends to send out to the West Indies; for no permanent solution of the economic difficulties with which these islands are faced can otherwise be found.

Finally, some reference must be made to the relations that exist between the West Indies and the Colonial Office, because rightly or wrongly, many thinking West Indians consider that of late years their interests have not received sufficient attention in Whitehall. Control by the Colonial Office has been intensified during the last ten years, and this has had the unfortunate result of producing a large increase in the amount of office work demanded from local administrations. At a Royal Empire Society meeting in November of last year a retired colonial Governor stated that the number of official communications received in the Governor's office, which totalled about 880 in 1930, had exceeded 1,900 in 1936. He pointed out that this development was making conditions impossible in the smaller colonies, where, for financial reasons, large secretariats could not be established; it was paralysing the administration by preventing officers from giving proper attention to local problems. This vast increase of office work must obviously militate against efficient administration.

It is difficult to believe that the Colonial Office would to-day encourage such independent action by colonies as resulted in the 1927 trade agreement, negotiated at Ottawa with the Canadian Government by representatives of the British West Indies, the Bahamas, Bermuda, British Guiana and British Honduras; yet this agreement has been of immense value to the West Indies. Suggestions from the West Indies that improvements in it could be made by further direct negotiations have been discouraged by the Colonial Office, and it is sincerely to be hoped that an effort to renew the agreement will not be barred.

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Dissatisfaction has at times been caused by what appears to be unnecessary delay in dealing with important problems. For a number of years West Indians have complained that the successful marketing of their products has been made difficult by heavy freight rates. As a case in point, the freight rate for cocoa has been maintained at 70s. a ton during years of depressed prices, whereas the rate for West African cocoa is only 37s. 6d a ton. Until recently the rates charged for the transport of citrus fruit from Jamaica and Trinidad were in excess of the rates for similar fruit from such countries as California and Brazil. The exploitation of British Guiana greenheart and other valuable timbers, it is said, has been made exceedingly difficult by the heavy charges of the shipping lines. In the West Indies competition among shipping lines is largely eliminated by a system of deferred rebates. For example, the principal shipping lines from Europe and England to Trinidad consist of one British, two German, one French and one Dutch line. Freight rates charged by these lines are fixed by agreement among them, and a 10 per cent. rebate is given after a period of six months to every shipper who, within that period, has not used any other than the five principal lines. This method of preventing competition has been made illegal in American ports and might well be forbidden throughout the Empire. It is unfortunate that this question of freight rates has been so long ignored. It is now being referred to the Imperial Shipping Committee, although it would have appeared preferable to have formed a committee representing other interests than shipping to consider so important a question.

Another cause of dissatisfaction has been the opinion that inadequate attention has been paid to the selection of officers for West Indian appointments and that unsuitable men have been retained in key positions. At the same time, the belief is widespread that coloured West Indians, who have given evidence of a high standard of ability and character, are prevented from obtaining positions outside

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their own islands. It has been suggested that many of these difficulties could be eliminated if a senior official from the Colonial Office were to visit the West Indies each year for the purpose of discussing local problems on the spot, and acting as a liaison officer between the Secretary of State and Colonial Governors. Such a scheme might do much to secure more rapid decisions on urgent problems than are at present achieved by correspondence, and it is one that might well be considered.

BRITAIN AND ITALY: PAST AND FUTURE

By a correspondent

I. PRE-WAR ITALIAN ASPIRATIONS

AN Italian national State was the dream and desire of some of the noblest sons of Italian soil during the centuries when Europeans of all nations dared to hope for a better human society than anything known in a barbarous past. While Frenchmen and Englishmen made programmes to reform existing States, Italians had their national State yet to make. Although efficient sceptical people—Cavour the first of them—limited their hopes to an improvement of Italy up to the standard of countries already nationally organised, Gioberti and Mazzini called for an Italy that should be, at the very moment of its birth, superior to anything that had yet been seen in the world. Gioberti (before the disillusion of 1848) wanted the Pope to rule over this Italy, and to draw the civilised world into unity around it. Mazzini wanted Italy to incarnate a new religion of “Thought and Action”, with the “duties of man” (as opposed to the French “rights of man”) instilled into every citizen’s heart.

Although the Savoy monarchy, the Piedmontese army, and above all Cavour, pressed Anglo-French constitutional forms upon the newly united nation, Italy until well on in the twentieth century bore something of the character of a nation without original sin, that is to say, without aggressive ambitions—and, as some said, without the corresponding virtue of self-reliance and conscious responsibility for a share in the world’s affairs. Italian policy, if you read the statements of it over a long period, seems at one and the

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time to claim and to repudiate with indignation a truly high moral standard. In these most recent Abyssinia is conquered to free the slaves, Spain d to defend Christian civilisation: yet Mussolini and, wealth and power for Italy, without (it is boasted) any hypocritical make-believe such as imperialists have employed to disguise their plans. 1884, an Italian statesman is to be found claiming for policy a unique but profitable innocence: the claim in an interview with a *Times* correspondent, who exercised about the recently formed Triple Alliance.

In answer to my question whether the Italian people would come somewhat anxious in view of the appropriation of the globe in which at this moment several Powers were striving to vie each other, Count de Robilant said that he decidedly disapproved it. Italy, he remarked, had no colonial aspirations, and colonisations were different from all others. The Italians were satisfied without annexing. The Argentine Republic was exclusively of Italian extraction, and bore an Italian character, and was as good as a colony for the commerce of Italy although there was not a shade of State connection. . . . This policy of colonisation had the advantage of being exempt from political and financial drawbacks. Assab was originally intended as an convict colony and only became a commercial colony when, to its nearness to the Peninsula the first intention had to be abandoned. What was suitable for England, France, Germany or Portugal for countries whose highly developed industry required an extensive export trade—was not suitable for Italy. For this reason he thought the announcement very improbable that Italy and Austria had promised Italy to support her colonial policy, since a thing which did not exist hardly required support.*

Even thirty years later, after a quarter-century of intervention in African wars, Francesco Nitti could still write: “Italy is the liberal great Power: the freest country in the world. Among all the groups competing to dominate the world, Italy appears the one country whose aid can be obtained (by Balkan and Eastern countries) without fear, and whose help may be transformed into a humiliating prostrate or a concealed domination”. †

* *The Times*, August 30, 1884.

† *Il Capitale Straniero in Italia*, Bari, 1915, p. 23.

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Meanwhile some Italians regarded this reputed harmlessness as dangerous or even shameful, while outside observers, with various feelings, acknowledged Italy not so harmless. In 1884 an English student of Italy wrote :

It must be a matter of the gravest import and interest for the diplomatists and statesmen of Europe that the military organisation of Italy is advancing by leaps and bounds until from a purely defensive movement it threatens to become an active factor in the military politics of the future. . . . It is enough to breathe a suspicion of foreign hostility, and the war spirit of the country speaks from the mouths of all; party animosities and regional envy and malice will assuredly give way before the stirring considerations of a great State policy.*

That particular observer watched the development of Italy as an armed nation with contentment: he foresaw an Italy more populous and disciplined than the "beatified republic" of France, where (he says) "Malthus holds sway, quickened by immorality, the child of atheism". Against France, Italy was to be a powerful stable buttress.

But meanwhile Italian policy overreached itself, and, if no longer harmless in intention, Italy seemed what was worse—helpless. In 1887 Francesco Crispi, autocratic veteran of the struggle for unity, succeeded in imposing himself on a distraught Parliament, and ruled at intervals for ten years. His predecessors, in the spirit of the statesman first quoted, had refused opportunities for the annexing or controlling of Tunis and Albania, and declined an invitation from Great Britain (1882) to take joint action in Egypt. Not satisfied with a Platonic expansion through emigration, Crispi looked to see what overt conquests Italy might still achieve in Africa, and marked down Abyssinia. Crispi's agents helped Menelik to establish himself in Addis Ababa as Negus Negusti. Menelik signed the Treaty of Ucciali, apparently promising to hand over to Italy the conduct of all Abyssinia's relations with the outside world; but shortly

* *Military Italy*, by Charles Martel, London, 1884, pp. 10, 25.

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afterwards he repudiated the Treaty, and defeated with great slaughter the Italian punitive expedition sent to bring him to book. Almost in a day the Italian parliamentarians, under popular pressure, hounded Crispi out of office (March 1896), leaving another generation to plan a revenge for the disaster of Adowa.

II. THE BRITISH REACTION

FROM the first years of Italian unity until Adowa and some time later, Italy had surely given England, by her rivalry, no moment of disquiet. The *Times* correspondent in Rome in the 'nineties, W. J. Stillman, reproved several Italian Ministers for complaisance towards France and Russia, thus (given the relationships of the time) swinging away from the connection with Berlin and Vienna, which London favoured. He hardly thought possible a serious divergence between British and Italian interests.

British disquiet about Italy was altogether of another sort. Italy had ventured as a colonising Power into East Africa: well and good, if the effort had been equal to the ambition. But native Africans had found out that they could lay low the armies of this weakest of the European great Powers. The British wondered if they had been altogether wise in encouraging Italy to undertake the responsibilities and try to keep up the status of a great Power. Among the monarchs congratulating Victoria at the Diamond Jubilee in 1897, Humbert of Savoy, whose dynasty she herself had long regarded as little better than robber princes occupying the lands of Bourbons and Hapsburgs, must have loomed very small. King Humbert's death three years later at an assassin's hand, after half a decade of political disorder, must have confirmed many in their small esteem for political Italy as an actor in world politics, and made many Italians vow desperately, though half

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despairingly, to rehabilitate her. As a matter of fact, far from the centres of high politics, new Italian industries were springing up, and the champions of a stronger political Italy could appeal to a generation with wits sharpened by new economic opportunities.

For the moment, after Crispi's downfall, men of a mild and (in the present Italian jargon) "renunciatory" outlook took charge. Thinkers of the positivist school, who regarded flags as fetishes and heroes as megalomaniacs, strongly influenced the radicals and freemasons who were the Ministers of the young King, Victor Emmanuel III, himself in no way disposed, as far as could be judged, towards national adventures in arms. Those who held, on the contrary, that without adventures, and successful adventures, Italy could never attain mature nationhood, and, moreover, would never achieve a secure material well-being like that of other countries, summoned their countrymen to new efforts from the pulpits of various political persuasions. Advocates of a firmer and even a fiercer political demeanour were found on every side. Thus while the Socialist parliamentary party—now, with the growth of a factory population, becoming important and respectable—had denounced Crispi's adventure both before and after Adowa, Antonio Labriola, the leading Marxist theorist, was an out-and-out colonial expansionist. Papini and Prezzolini (later to be well known men of letters) set about promoting a Nationalist party, but they soon left the field to Enrico Corradini, now commonly called the "precursor" of fascism. Above all, d'Annunzio, already well established in fame as the poet of erotic exuberance and despairing satiety, turned to a Nietzschean cult of war. Having a year or two before expressed in a notorious phrase his indifference at the death of Italian soldiers slaughtered in Abyssinia, he became an ardent propagandist for collective "dangerous living". "For some time past", wrote a British journalist, "this writer has been rapidly developing into an Italian Kipling

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—and a Kipling, I need hardly say, is out of place in any but a very great Empire".*

* * * * *

Italy went to war in 1911 in order to capture from nominal Turkish rule the last strip of North African coast obtainable without direct conflict with a great Power. The British and French Governments tolerated or approved the war, which brought Italy into some bad odour in Germany, then posing as a protector of the Moslem world. But the British radicals condemned the aggression, and between their press and the Italian supporters of the war exceedingly harsh accusations were exchanged. Francis McCullagh's *Italy's War for a Desert*, written after his return from a journalistic assignment in Tripoli, assails Italy in these terms :

Italy is, in short, the militant suffragette of the nations. She breaks diplomatic, international, hygienic and strategical laws as Miss Christabel Pankhurst breaks windows, and then she raises an ear splitting hysterical yell if anybody ventures to criticise her.

He quotes, too, from an unnamed British colleague :

Italy, the flower of our Western world whom we so loved and pitied fifty years ago ! It is well that we should be reminded of our folly in that we believed in her tears and thought that liberty would be a cure for her secular griefs. Her tears are dry enough now, and she stands before us hard-eyed, brazen-cheeked, the harlot of Europe boasting with loud tongue her shamelessness.

McCullagh reported the Libyan war for the *Westminster Gazette* and the *Daily News*. He declares in his preface that he addresses his book "not to those cold-blooded calculators, the statesmen and publicists who want to detach Italy from the Triple Alliance . . . and who therefore think it better that we should all keep silent in this country about Italian doings in Tripolitania. When they look out on the continent of Europe these gentlemen can only see one nation there, Germany . . . they do not realise that

* McCullagh, *Italy's War for a Desert*, London, 1912.

Germany may be our ally to-morrow". He mentions other classes of Englishmen who would not want to read the condemnations of Italy in his book: those who sought advantages in Egypt in return for countenancing Italian action in Libya; those who had helped in the unification of Italy and could not believe that unified Italy could do wrong; those who were dazzled by Italian civilisation and picturesqueness; those who supported the Italians because they were Catholics; and those who favoured the Italians in Libya because the Italians favoured England in the South African war. In the event, Germany was not "our ally to-morrow".

The Italians met British criticism with retorts that were not too delicate. When, during Italy's neutrality in 1914-15, the brilliant Neapolitan journalist Edoardo Scarfoglio provided the pro-Germans with the classic anti-British pamphlet, *Il Popolo dai Cinque Pasti* ("The Five-Meals-a-Day People"), he may have been taking his revenge for the journalistic assaults of two years before. He died without completing the pamphlet: his executors appended a note in these terms:

To round off his series of pictures of British conquest in its eternal traits of greed and high handedness, the author intended to formulate the hope, calm but forceful, that new forces would break the iron ring forged round the world by British gold and tyranny; and that the submarine, weapon for the adventurous rather than for the domineering, would put an end to the command of the sea by great ships, avenging the Armada of Catholic Spain, liberating the Mediterranean, cancelling the work of the Elizabethan corsairs by the deeds of new corsairs.*

III. WAR AND ITS AFTERMATH

IF after May 1915 any Italians still felt like that about Great Britain's Mediterranean dominance, they kept their feelings to themselves. With the controversies of the peace, however, new grievances were felt on the Italian

* *Il Popolo dai Cinque Pasti*. Reprint, Rome 1926.

side. On the British side, those who had (or would have) taken the part of Turkey in 1911, were for Yugoslavia in the affair of Fiume, and, far more strongly, for Greece in that of Corfu. Some of the new Italian grievances may be briefly recalled. The British and French, after inviting Italy into the war on certain terms (the Treaty of London, April 1915), made secret agreements between themselves and Russia (May 1916) for a rearrangement in the Eastern Mediterranean without compensation to Italy and in violation of the undertakings given to her. After proclaiming acceptance of President Wilson's Fourteen Points, especially Point 9,* the Allies denied the Italian racial claim to Fiume. President Wilson refused to recognise the Treaty of London: the Allies themselves did not fully back up Italy's insistence upon it, and later they evaded implementing it. To these diplomatic grievances were added the hardship caused by the British surcharge on coal for export, on which Italy's industries were dependent, and by the restrictions on Italian migration to the countries of the British Empire as well as to the United States.

To all this must yet further be added the feeling in Italy that British soldiers and politicians neglected (almost like the French) to give due value to Italy's contribution in the war, failing to recognise with what moral energy and at what economic cost a poor country, still only in its second generation since national union, had brought into the field armies in some respects comparable with those of the old and wealthy Powers. To the Italians, their allies seemed to remember only Caporetto, and to view Caporetto as the rout of a force in the field rather than as a momentary crisis of an overstrained nation, insufficiently united at home to give full support to allies that had alienated sympathy by acting dubiously towards it.

* Point 9 was as follows: "A readjustment of the frontiers of Italy should be effected along clearly recognisable lines of nationality". Cf. *The Round Table*, No. 33, December, 1918, p. 41.

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With such recollections in his mind, Signor Mussolini, in one of his earlier programmatic speeches as leader of *fascismo*,* denounced the League of Nations as "a sort of Holy Alliance of the plutocratic nations of the Franco-Anglo-Saxon group to guarantee themselves the exploitation of the greater part of the world". He proclaimed the purpose of "liberating Italy gradually from dependence on the great western plutocrats, by developing our own internal productive forces" and promised "a demand for colonies according to the rights and needs of the nation". He concluded with these words: "It is fated that the Mediterranean should be once again ours: that Rome should be the directing centre of Western civilisation". Later (1922) he wrote in the *Popolo d'Italia* (the sentence is here requoted from a reliable German source): "We must hold ourselves ready for the possibility of a practical anti-British policy. It is not in Italy's interest to contribute to upholding British imperialism, but rather to help in destroying it". Thus, a few weeks before becoming Italian Prime Minister and Foreign Minister, he demanded what no responsible Italian politician had ever thought of mentioning, an "anti-British policy".

Mussolini was one of those who had grown up in the ten years after Adowa. As a Socialist, he opposed the Libyan war, but more through the automatism of his party alignment than on any grounds of policy. But the men of his generation who rose to power, whether (like Mussolini himself) as Marxists intent upon a socialist dictatorship at home, or whether as nationalists whipping up their blood for adventures abroad, were scorers of the Franco-British model on which Cavour and the Piedmontese had fashioned the Italian State. Yet their scorn was not that of a Mazzini, who blamed in such a state the lack of faith in freedom and fraternity which could not dispense with kings, armies, clergy and diplomats: it was the scorn of men who wanted acquisitive appetites to be openly acknowledged,

* Trieste, February 1921.

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and governmental power to be stripped of the pretences (judged never likely to be more than pretences) of obedience to the will of the governed.

Men of high moral standing and mental attainments joined with tumultuous demagogues in denouncing the theories of parliamentary democracy. Many of them, for sure, denounced the more freely because they believed parliamentary democracy too strong to be seriously damaged by such prodding; but in the turbulence of the after-war their taunts were more effective than they expected or wished.

Englishmen who for personal or professional reasons had to take note of the fascist *coup d'état* in 1922 generally approved of it as putting an end to "Red" riotousness: some few, having seen the blackshirts in action intimidating opponents, destroying clubs and co-operatives and newspapers, conducting punitive expeditions against helpless villagers, favoured the defeated factions. But those who approved and those who disapproved could both equally assume that the blackshirts had merely overridden Parliament more brutally than Crispi, Giolitti, and other Italian "democratic dictators": sooner or later they expected to see the Fascists pass into the ranks of the parliamentary Conservatives much as the French Socialists had since 1900 turned to a purely constitutional activity. The English Conservative papers found excuses for the Fascists while waiting for them to settle down and behave like loyal Tories: the Liberal and Labour papers saw in each new fascist repression of Parliament, the press, and free institutions in general, a reactionary attempt to hold down by exceptional decrees the nation which through these institutions was pressing for social and economic reform: and no doubt Mussolini depended largely on the support of reactionaries who were glad enough to see him silence the spokesmen of the poor and discontented. But once he had this power, who was to stop him from silencing equally the voices of the comfortable and satisfied? Meanwhile,

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the wealthy and privileged in Italy accepted Mussolini as their plenipotentiary policeman for the time being : and for the moment the British Government, perhaps the French also, found the Mussolini Government easier to make use of than its demoralised predecessors.

Actually, in making Parliament, the press, the universities and the professional organisations simple echoes of his own pronouncements, Mussolini came to control the flow of judgments from England and France which for two centuries had been conveyed by those agencies to the Italian people. In his earlier years of power, indeed, he countenanced the views of history and economics which Italians of European culture were teaching, intercepting only what his obstinate opponents would have made use of. The Italian free-traders believed at first that Mussolini would listen to them as no predecessor had done : fifteen years afterwards Italian economists were officially summoned to teach the economics of self-sufficiency instead of "Anglo-Saxon" theories. With each year Mussolini annexed, weakened or annihilated some major or minor Italian organ of foreign influence—Freemasons, Boy Scouts, Society for the Prevention of Cruelty to Animals, Protestant missions. Thirty years ago Englishmen were often at the head of charitable and social movements in Italian towns. Long before the Abyssinian war and the official banning of all things British and French in protest against the "crime of sanctions", Italy, under fascism, had rejected what an earlier generation had been glad to take from richer and nationally older countries—pre-eminently from England.

By 1935 our politicians and diplomats had drawn no lessons from this : they either believed that a British Minister and a British Ambassador, tapping Mussolini on the shoulder, would find him at once as attentive and impressionable as an Italian of King Humbert's day, or else they presumed on being able, with the smallest sign of a naval displacement in the Mediterranean, to bring him to

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his senses as they had done in his first year of office, when under such pressure he had been brought to evacuate Corfu. The British Government appeared still to view Mussolini as the useful employee of the major signatories of Versailles : the British Opposition leaders still regarded him as the turncoat socialist in the service of Italian plutocrats, making a last vain attempt to suppress the Italian working classes, easy therefore to bring toppling down.

Thus British statesmen with almost complete, though variously shaded backing in the press and Parliament, instead of choosing between acquiescence in Mussolini's East African policy and full-blooded opposition to it, first pretended to notice nothing, then gave a show of disapproval with a hint of threats. In so doing they ranged all Italy behind Mussolini : for Italy reasoned that either Great Britain was playing a deep game, luring Italy into war by delaying the show of force until it was too late for Mussolini to draw back : or else that Great Britain believed she could exercise authority over Italy without showing her ability to enforce obedience.

The writer has travelled up and down Italy many times in these years. He has witnessed the tragic alienation of true Italian patriots from a country captured by Cæsarism : also the energetic and various labours of men reconciled to Cæsarism in planning for war, public health, and collective splendours. He cannot deride these people's claim to be capable of as rich and strenuous a contribution to human existence, in the world to-day, as any other nation : he dare not think lightly of their power in arms. He has known Italians to speak lightly and vaingloriously about their readiness to fight another war to gain respect : but scarcely any, and none worth speaking of, who would not rejoice to think that they need take no such ruinous steps to get their due.

IV. GULFS AND BRIDGES

SINCE the Reformation, Great Britain had until lately at an almost consistent rate out-distanced in populousness, science and wealth the countries of the old faith. We need in no wise renounce our claim to have then begun to shape, on richer and purer principles, the modern state to which in these two last centuries others have chiefly looked as a model. But may not the countries of the old faith perhaps enjoy, by virtue of the greater continuity of culture which they have been able to preserve, a slower steadier development? Englishmen cannot afford to look back solely on the few centuries of their astoundingly rapid advancement for clues to the natural relations of their race with others in Europe and the world.

From this point of view, in considering relations between Great Britain and Italy, we must pray that we be not involved in a crude religious or "ideological" conflict, at a moment when we too, on our side, have so much more reason to think out our "ideology" afresh than to denounce the ideologies of other peoples.

Without forgetting for an instant that the present rulers of Italy have gained their eminence by flattering the countrymen's ambition to be considered soldierly and combative, we may yet credit them with the intelligence to prefer a square deal between mutually respectful neighbours to the infliction, each upon each, of hideous damage. We may start, then, with trying to promote some mutual respect. The countries hear of each other chiefly through heated journalistic exchanges. Might not some British military and naval experts endeavour to give us an appraisal of the Italian armed forces—their recent achievements, their part in the great war and the lesser wars, their present preparedness—with an eye primarily to their organisation and efficiency and not to their all too obvious perilousness—in certain contingencies? Might not British trade unionists find it worth while to study wage-contract

tory conditions, and price control in Italy, regardless of uniform worn by officials of the corporations?

What are the fundamental questions of Anglo-Italian relations? Surely above all these: how Italy can feel sure of entry and exit in the Mediterranean, though Great Britain's navy might blockade it at either end; and how Great Britain can rely upon passage through the Mediterranean, though Italy might cut the passage in the middle. Beyond these, either party may suspect the other of intending to pounce upon its possessions. Once the parties were mutually respectful, they would probably be less suspicious of each other: though, as has been truly said, a general staff with nothing else to do would always find it necessary to fortify the moon against Mars, and so long as Europeans cannot freely move themselves or their goods across frontiers, they will cry out against certain "unjust" apportionments of the earth's surface.

Admittedly there are great difficulties in the way of an Anglo-Italian understanding about Spain. A dissertation on Italy's relations with France and Germany, quite outside the scope of this article, would be necessary for the advancement of any clear-cut view of what seems possible. Mussolini's Italy has no advantage in permanently damaging France for the pleasure of Germany. If Mussolini were deprived of the plea that powerful or prospectively powerful groups here and in France were planning to bring pressure to purely Italian affairs, he would have a much harder task in getting his people's support for continuous intervention in Spain, let alone for the ambition (if he has it) to establish himself permanently in Spain. And Mussolini himself would think twice before provoking France by accusations of "anti-fascist" plotting, once French internal feuds were somewhat appeased and France was in consequence more sure of cordial British approval of her national policy.

England and Italy can best approach an understanding by being quite clear that neither country plans to force upon the other, directly or indirectly, any form of political

philosophy. Italians, and nobody else, must decide what sort of state they want: while we, having created for ourselves through the travails of the Reformation, a working compromise between religious authority and religious liberty, possess institutions which we shall not easily give up merely because countries with other histories have failed to adapt them to their own circumstances. In extending a natural sympathy to those Italians who find our institutions desirable, we must never let it be suspected that we wish such institutions to be thrust on nations where the guiding class does not demand them, or demands them under a different external form. Rid of such suspicions and subject to military precautions which neither country would renounce in a great hurry, the framers of economic policy in both countries might find prompt advantage in British co-operation in the equipment of the new Italian empire. In the longer run, however, we must face the question of admitting Italian emigrants as well as Italian goods to British territories, if we are to be able, with any conviction, to ask the growing Italian people to renounce combatant imperialism in favour of that peaceful Italian expansion which the apostles of Italian unity preached and foretold.

A.R.P. PUTS DEMOCRACY ON TRIAL

I. THE NEED FOR LEADERSHIP

THE British public has taken three years to become conscious of air raid precautions as a necessary factor in the life of the civilian. Yet for some time it has been clear that without them the country's armament programme and foreign policy rest on a frail foundation. This reluctance to face the implications of a Europe in arms has been both cause and effect of the official attitude.

Air raid precautions began casually because the public were casual. The public were casual because their Ministers seemed casual. This is a vicious circle out of which Great Britain is only just beginning to emerge. Even now official spokesmen prefer to call A.R.P. a third or even a fourth line of defence, and they qualify their appeals for a national effort with the fervently expressed hope that the new organisation will never be called upon to function. Ministerial timidity has hampered the A.R.P. department of the Home Office from the outset. There may be legitimate hesitation about the bold handling of what is called "political dynamite". But the job of leaders is to lead. It is a sad reflection on democratic leadership and democratic loyalty that the whole matter was until recently handled in so tentative a way. Wherever, in the provinces, there has been bold leadership, A.R.P. has prospered. Where there have been timidity and half measures, the plant is a sickly one. In the last five months there has certainly been an improvement. The announcement in June that Mr. Geoffrey Lloyd, the Parliamentary Under-Secretary to the Home Office, would devote his whole time to A.R.P.; the

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calling of the committee under the chairmanship of Sir John Anderson to study the problems of evacuation; the development of active publicity, and the reorganisation of the A.R.P. Department at the Home Office under a permanent under-secretary of state, Mr. W. G. Eady—all these events are signs of a fresh initiative.

The improvement has coincided, significantly, with a change of attitude on the part of the Opposition, as revealed in Parliament and the press. Denunciation of the very idea of A.R.P. has given place to criticism of its shortcomings. The democratic zeal that was manifested over Spain and Czechoslovakia is being called upon to tackle a solid job of work at home. Even many pacifists, and the supporters of a policy of universal collective security, are coming to admit the need for passive defence and to drop the argument that the preparation of civilian defence inculcates war-mindedness. Both wings of political opinion now recognise that in air raid precautions lies the opportunity for a great demonstration of the virility of a free society. But as yet we are feeling only the first stirrings. There is still room for that inspired leadership which was demanded from both sides of the House in the last Commons debate on the subject. Public opinion needs to be guided, not followed, and there are few members of Parliament who have taken more than a perfunctory interest in the precautions of their own constituencies.

II. THE STRAIN ON LOCAL GOVERNMENT

IT has not been sufficiently realised that our A.R.P. schemes are based on a German model. The German scheme is based on the framework of the National Socialist party. This is a homogeneous organisation, which provides a *cadre* of persons and departments covering every part of national life and every social class. No corresponding organisation exists in England. Even the idea of the air raid warden—a dreary title—is a natural child

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of the “leader principle”, to which democracy takes kindly only in moments of crisis. In Germany the problem of enrolling every individual in national defence arrangements is solved by the fact that the German has to do what the party tells him, or suffer in his social and economic life. The British problem has been to find a substitute system that will be both free and effective.

The almost reckless experiment has been adopted of putting a large-scale defence plan into the hands of local government authorities. Perhaps this was the only way in which it could be done. But there are evident drawbacks. The local government official is essentially a departmental expert without special training or aptitude for A.R.P. work. A town clerk has often neither the taste nor the talent, let alone the time, for the work of chief warden. Secondly, and more important, in our large industrial towns and suburbs local government does not command that local patriotism and community spirit which is the rule in the small town and village. A.R.P. itself may do something to remedy this. If it succeeds, as it is succeeding in some places, local institutions may come under the influence of a most valuable revivifying process.

Until recently the difficulties of the local authorities were unnecessarily increased by the scarcity of expert advice and of trained A.R.P. officers. Decentralisation looked like running riot. But the creation, six months ago, of a central school in London for A.R.P. officers has provided a centre for the pooling of ideas and the training of the novice by the old hand. The appointment of 13 regional inspectors also secured more effective supervision and gave A.R.P. something like a general staff. The fact remains that until the beginning of this year practically the whole burden of thought, organisation, propaganda, and stimulus was left to one man, the present Inspector-General of A.R.P., Wing-Commander Hodsoll. To him the public owes a very great debt.

This view of the difficulties of entrusting local government

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with the organisation of passive defence is borne out by the contrast between London and the provinces. The position in some metropolitan boroughs is pathetic. The City of London, the centre of the Empire's finance, communications and shipping, should be ashamed of its backwardness. In one or two largely middle-class boroughs—Westminster, Chelsea and Holborn—a great deal has been done. But their leaders would be the first to admit that they are not ready to deal with an air raid. In the poorer boroughs of north and south London—to say nothing of the East End, which is an immense problem in itself—the position is almost desperate. Huge working-class populations, some of them frequently changing quarters, are without experience of that service to the community which can be given by a leisured class. That is not their fault. They live in streets and houses, many of which are obviously beyond protection. The conditions in which they live, the political views that they hold, have created an attitude of mind which only the ablest leadership and the most carefully planned publicity can modify. Some of their political representatives are setting excellent examples. But years of political thinking directed to the hope of permanent peace and increased security of life, combined with ingrained suspicion of the policies and motives of a National Government, present a very tough problem for democratic leadership. It is a problem far beyond the capacity of a local government official or an ex-service A.R.P. officer. It is one for statesmen and publicists of all shades of opinion. London is the core of the A.R.P. problem. The London area with its eight million inhabitants is the best bombers' target in Europe.

It would be unfair to imply that the working-class supporters of the Labour party are giving rise to peculiar difficulties. Similar criticisms hold good of the black-coated suburban resident and of the wealthier business man of the Midlands and the North. The fashion now is for such people to leave their city or town when the day's

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work is done. Sometimes they refuse either to provide adequate precautions in business premises or to take an active part in municipal schemes. The type of person and experience most needed in A.R.P. is often engrossed in the far less important protection schemes of rural communities, or else is altogether indifferent. Retired professional men and officers from the services are invaluable for this type of work. But they tend to congregate in areas that are of no strategic importance at all. This fact alone suggests that a system of peace-time registration is advisable if energy and talent are to be properly distributed in the event of war.

III. PROBLEMS OF MAN-POWER

THE efforts of authorities to recruit volunteers have been hampered by rapid and unnecessary changes of fashion in A.R.P. Certain sections of the press and some rather thoughtless members of the House of Commons have harried the Home Office with demands for shelters for all, evacuation for all, concrete for all, and recently trenches for all. As a result, the lines of official policy have become badly obscured. The original plan was to concentrate on anti-gas training, enlistment of wardens and firemen, and the distribution of gas masks to every member of the population. This was sound, not because gas was the only or even the most important danger, but because it ensured immediate contact between local authorities and individual households, the most vital element in A.R.P. Just when the public was getting "gas conscious", however, it was suddenly discovered that high explosive was the real danger. Concrete shelters for all were thereupon demanded, as well as the use of the London tube stations—a ridiculous suggestion. When the financial and constructional implications of this shelter policy were realised, there came a demand for trenches and for evacuation of half the population of London. The result has been that local

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authorities have been harassed by waves of public opinion, bringing with them amendments in official policy. Those who have travelled round the main centres agree that local authorities are confused about the order of importance of the twenty-odd aspects of A.R.P.

The original emphasis on gas training and the distribution of masks at least ensured the training of an expert personnel, contact between the authority and the individual for the fitting and choosing of masks, and attention to the possibility of making each house and each family a unit of defence. The Englishman was asked to remain in his castle. Moreover, the fact that over 300,000 people have received anti-gas training and that masks are ready for the whole population is an excellent assurance against the possibility of gas attack from the air. To-day there is a tendency to overlook the individual, who is the main concern of A.R.P.

This insistence on the individual household and the problem of man-power needs emphasis. From the first, the official policy has been dispersal as opposed to concentration. That means that A.R.P. (except in the factory or school) is built up on small units like the household, not on large units like two thousand people in an underground shelter. If the small unit is to work efficiently, the whole population without exception must have learnt something about A.R.P. To teach them, even to arouse their interest, is a task for the two million volunteers that Sir Samuel Hoare has asked for. We are back, therefore, at the problem of man-power—and woman-power. The present state of recruitment and training is surveyed later in this article. It is not satisfactory and will not become so until policy develops on bolder lines.

The ambiguity of the Government's man-power policy is discussed elsewhere in this issue of *THE ROUND TABLE*. It is sufficient to say here that those in charge of A.R.P. are seriously embarrassed by uncertainty about the position of the man under 45. Several branches of A.R.P.—notably fire-fighting, clearance and demolition work, and the more

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gruesome sides of first-aid—need men morally and physically in their prime. But until it is officially admitted that the A.R.P. volunteer is part of the first line of defence, the claims of the Home Office and the War Office will overlap, and first-rate material will be reserved for ill-defined military tasks.

IV. DEFENCE AGAINST PANIC

THE great importance of securing first-rate personnel for A.R.P. has been emphasised lately by those who have studied the problem of panic.* The civil population are in the front line in modern warfare. Its object is to make normal life impossible for the hostile nation. Where the enemy's strength is bound up with the maintenance of food supplies and industrial processes, the obvious target for the aeroplane is the industrial and commercial area. Killing becomes far less important than dislocation, which it is hoped to achieve through panic induced by terrorism. The modern town is so built that military and civilian targets cannot be separated. Therefore a scheme of defence must cover the whole population at home and at work. The best antidote to panic, which is notoriously infectious, is the organised effort to hit back, or at least to put up a defence. An isolated individual or an unorganised crowd is denied that antidote.

It seems to follow that the concentration of people in large shelters is risky and the dispersal of individuals into their family or working groups wise. Large scale evacuation holds out infinite possibilities of panic and disorganisation, besides being at the mercy of accurate bombing. Evacuation breaks up the family, the group with the strongest emotional ties. If the men go with their women and children, economic activity comes to a standstill and the enemy achieve their objective.

* See *The Lancet*, June 4, 1938. "Panic and Air Raid Precautions: Notes for Discussion", prepared by John Rickman, M.D. pp. 1292-5.

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Fire, debris, gas and communications are matters for a comparatively few trained experts. But panic, the greatest enemy of all, can be defeated only by the individual citizen himself. As many people as possible must have something useful to do in an emergency, either in self-defence or in the assisting of others. Panic may arise before, during or after an air raid. As the writer in the *Lancet* points out, one of the common results and causes of panic is distrust of authority. Nothing is more likely to cause panic than the discovery after a first air raid that A.R.P. offered less security than had been expected. The rationality of the human being is the best safeguard against terror. But that rationality must not be deceived by false assurances and soothing words. No doubt an anti-gas course leaves pupils with few illusions, but millions of untrained English people have only the vaguest ideas of the real dangers of air raids and the possible precautions to meet them. Those millions must be told; until they are, volunteers will only trickle in. A national effort at publicity is needed this autumn if Sir Samuel Hoare is to get the recruits he asked for in May. Only candour can reveal the full immensity of the task of A.R.P., and only candour can leave critics without a basis for accusations of bluff, window-dressing and ineffectiveness. We need very frank information of what has been happening in Spain and China.

Defence against panic therefore means widespread group activity and widespread knowledge. Knowledge can be communicated only by trained volunteers, and the volunteers will come in their hundreds of thousands only when they are told the full danger and the full importance of the task awaiting them. Here is a chance for a Minister willing to emulate Mr. Gladstone in Midlothian! Official tours should pay less attention to the latest type of syren, or the latest method of filling sandbags, and more to the problem of the householder who knows literally nothing about A.R.P. in his district. The door-to-door visit should be tried in more areas, even if the warden does not always get a

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warm welcome. Hoardings and passenger vehicles should be used for publicity, as they have been used abroad. The cinema and the wireless have not been employed nearly enough.

The local authority is obliged by law to provide a scheme of protection. How can it do so if the man-power is not available? If the men and women are recruited, as they should be, from all classes, it cannot be argued that an instrument of "class domination" is being set up. They are given no weapons, no powers. The case against military conscription does not apply to A.R.P.

There are also strong arguments for bringing pressure to bear on local authorities who are clearly muddling or delaying their work. It has been recognised in too few areas that air raid precautions need a special department in the town hall, should take precedence of most other local affairs, and should on no account be the spare-time occupation of a single local-government official. Where there is inefficiency or neglect, ratepayers' committees might well transform the situation.

It has been calculated that at the present rate of enrolment we shall have all the volunteers we want by the end of 1943—if war does not come in the meantime. With its present resources, London cannot enrol and train its 30,000 badly needed auxiliary firemen in less than two years. At the date of writing, Southampton, the most advanced town in England in many respects, has received no new fire-fighting equipment at all. In fact there seems as yet no sign of a time-limit for A.R.P., as there is for air force expansion and naval building. The Home Secretary's call for another million volunteers by next January is the nearest approach to such a time-limit.

There is still awaiting Ministers a great opportunity for leading this vast democratic experiment with courage and candour. Public opinion seems to be turning away from the apathy of post-war years. It is grasping more quickly than its leaders that A.R.P. is partly a military problem.

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Enthusiasm is waiting to be roused, but it must be assured that its work is of the first importance, as essential as that of the sailor, the soldier and the airman. And, if that effort of leadership is to be made, steps should first be taken to ensure that A.R.P. authorities are everywhere ready to cope with a flow of new volunteers. The experiences of London volunteers who were turned away during the Austrian crisis must not be repeated.

V. FACTS AND FIGURES

IN surveying the progress made with A.R.P. in various districts, certain considerations must be borne in mind. First, different areas began their A.R.P. schemes at different times. Whereas in some places organisation was launched as far back as 1936, others have only begun since January of this year, when the A.R.P. Bill made preparations obligatory. Even now, some areas and boroughs are still advertising for A.R.P. officers, and there are places where training facilities are unable to cope with the number of volunteers. Secondly, where there are still deficiencies it is important to examine what has been the rate of recruitment hitherto, remembering that the last six months have been a time of international tension. That fact has certainly stimulated recruitment. A relaxation of tension, unless accompanied by intensified publicity, might lead to flagging effort in the autumn. Thirdly, figures and paper schemes sometimes disguise shortcomings. Figures say little about equipment, intelligence organisation—curiously neglected in some quite advanced schemes—standards of training, protection of vital services and the degree of contact established between authority and public—the most vital matter of all. Lastly, there is always the possibility that A.R.P. standards may be revised. The numbers of demolition and rescue squads, for example, will almost certainly have to be increased in the light of Spanish experiences. With these qualifications in mind it is still possible to feel pride at the

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energy and self-sacrifice that are represented by the figures of trained personnel for the whole country, now approaching the 400,000 mark.

It would not be difficult to draw up figures of A.R.P. recruitment which should form a sort of championship table for the towns and counties of the country. But in view of the variations in training standards and the differences in the periods of time during which schemes have been under way comparisons are very difficult to make. The following figures however give some idea of good and bad boroughs.

	<i>Personnel Required.</i>	<i>Enrolled.</i>	<i>Trained.</i>
Salford	4,010	944	45
Birmingham	35,000	9,752	2,486
Liverpool	23,693	12,436	7,478

It has been difficult to secure similar figures in all cases, particularly for the London boroughs. Nottingham, Southampton and Manchester are well in the lead, and of the London boroughs, Chelsea, Wandsworth, Holborn and Paddington have made a very creditable showing. But the amazing variations from town to town in the same area are well shown by some returns from Yorkshire. Figures given are the percentage of all necessary personnel enrolled to date :

	<i>Per cent.</i>		<i>Per cent.</i>
Middlesbrough	74	Bradford	20
Doncaster	81	Hull	5
Halifax	24		

These figures need no special interpretation. "Poor" areas are backward because of their natural reluctance to begin organisation until the financial question was settled with the Government late last year. The special difficulties of boroughs with preponderantly working-class populations have already been discussed. The political views of the council sometimes add a further complication.

A high A.R.P. official was heard to say in public that

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It's only in the North that they really understand A.R.P." If this is true, then the outlook for London is poor. It may be repeated that a largely suburban and working-class population, which moves daily from home to work and back, presents a special problem. More than one central London borough has to organise A.R.P. for half-a-million people in the daytime and 50,000 at night. In war-time the problem of the daily migration of hundreds of thousands would be terrifying, yet its solution is vital for the maintenance of the economic life of a fifth of our population. London, it seems, requires a special centralised organisation, comparable with the Metropolitan Police. Some of the boroughs are mediaeval survivals. For certain essential services their powers have already been overridden. Is it reasonable to centralise the control of the fire-brigade, ambulance services, health services, education and police of a great part of London, and to leave the rest of A.R.P. to the separate boroughs? Feeling is growing that London needs a special scheme and a special organisation.

An attempt has been made to emphasise some of the vast difficulties of air raid precautions. It is too easy to criticise. The student becomes acutely conscious both of the limitations and of the virtues of the voluntary, democratic, decentralised system. The enthusiasm and devotion shown by volunteers during some of the recent exercises have been a tonic to all observers; but the deliberations and delays that clog the wheels of municipal government are equally depressing. Some A.R.P. officers complain of the almost apologetic manner in which they have to approach their A.R.P. committees.

So we come back inevitably to the question of leadership and inspiration. A.R.P. must be seen for what it is: not merely a permanent and burdensome addition to the functions of local government, not a social organisation to be left to the public-spirited minority who already run our most virile voluntary institutions, but a great democratic experiment in self-defence, based on faith in the public and in its

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local constitutions. There should be no room for that distinction between the active and the passive citizen which is so obvious at local and national elections. Every individual has a duty to co-operate. The outbreak of war would undoubtedly see most British people conscious of his duty. What is needed is that they should become conscious of it in peace-time, in order that war may be prevented, as far as British preparedness can act as a deterrent. The complete success of British air raid precautions would dumbfound the opponents of free institutions and impress the whole of Europe. If duty is not to be enforced, its voluntary recognition must be secured. How that is to be done is the problem of the next six months.

MR. DE VALERA'S VICTORY

I. THE BUDGET AND THE LOAN

MR. MACENTEE'S seventh budget, which he introduced in the Dail on May 12, was received by the taxpayer with a feeling of relief. Although it contained no concessions of any importance, it imposed no fresh taxation beyond some small adjustments of existing duties and a few new protective tariffs. Provision for agricultural export bounties already paid, for others that must be continued for the present, and for increased expenditure on defence, consequent on taking over the fortified ports, prevented any reduction of taxation as a result of the London agreement.* For the fiscal year 1938-39, Mr. MacEntee estimated that total expenditure would come to £34,426,990, of which £425,000 would go to meet interest and other charges on the new loan, and £600,000 would be required for additional expenditure on national defence. Gross revenue he estimated at £31,505,000. It was therefore necessary to find £2,921,990 to make good the deficiency. Allowing £1,500,000 for over-estimation of expenditure and £450,000 for export bounties payable out of last year's surplus, he proposed to borrow £976,000 for defence and other special purposes, thus leaving a small estimated surplus of £4,010. This surplus, he said, although small, was significant; for they had been able to meet the substantial responsibilities which they were about to undertake in regard to defence without imposing additional taxation. That might be taken as a proof of the inherent soundness of their position

* For the terms of the agreement, see THE ROUND TABLE, No. 111, June 1938, pp. 527-532.

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and a manifestation of fundamental economic stability. Answering the charge that his Government had been recklessly increasing the national debt during its six years of office, he gave figures to show that during this period the capital repaid and new assets created exceeded the total borrowings by £9,000,000.

The new loan of £10,000,000 required to meet the payment due to Great Britain under the recent agreement was offered to the public on May 23 and over-subscribed in three days. It was issued at par, bears interest at $3\frac{3}{4}$ per cent., and is redeemable in 1958. The Minister of Finance, on behalf of various funds under his control, applied for £4,000,000, but this application was afterwards wisely reduced in order to enable small investors to receive the full amount of their applications. It is pleasant to record that, as Mr. MacEntee gratefully acknowledged, all parties united to make the issue a success; and subscriptions of over a million pounds received from foreign sources indicate that our national credit is deservedly high. The present prices of earlier loans, all now standing at par or over, prove that the new loan is a sound security. Its success was further guaranteed by the fact that the trade agreement between Great Britain and Ireland, having been ratified by both Parliaments, had already come into force on May 19.

II. THE ELECTION CAMPAIGN

ONCE these important matters were disposed of, the Government were naturally anxious to strengthen their political position. After the last election, held in July 1937, their party, Fianna Fail, constituted only half the new Dail, and the death of a deputy had left it for some time in a minority of one.

The Opposition, with singular fatuity, at once presented Mr. de Valera with a legitimate excuse for a general election. On May 25, the very day on which the loan was over-subscribed, the Government were defeated in the

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Dail by one vote on a private member's motion to establish compulsory arbitration in disputes concerning civil service pay and conditions. As this vote, on a question of major importance, reproduced the exact position of the Government in the Dail and was brought about by an alliance of the Fine Gael and Labour parties, they were clearly justified in treating it as a vote of no-confidence. Nor, as the civil service is relatively well treated, was public opinion likely to be against them. On May 27 the Presidential Commission,* acting on Mr. de Valera's advice, dissolved the Dail and fixed the general election for June 17.

In a public statement issued at the same time Mr. de Valera said that a Government with a precarious parliamentary majority—constantly at the mercy of group combinations in support of sectional interests—could not do their work as it should be done. The question raised by the Dail's decision was whether the Government, as guardian of the public interest, were to remain in effective control of the civil service, or to resign that control, in its most important aspect, to a body that would not be answerable to the people. They were more concerned, however, with the general position caused by the insecurity of the Government's parliamentary position during the last six years, through which the national interest had suffered. On two occasions, he said, he had appealed to the people to set this right, but owing to the system of proportional representation his appeals had proved ineffective. In the work of national reconstruction that lay before the Government during the next five years, a proper balance would have to be maintained between rival claims and opposing rights—for example, the claims of agriculture and the manufacturing industries and of employer and employed. Care had also to be taken that, in pursuit of material development, they should not lose sight of things cultural and spiritual, without which a nation could not become great. This proper balance could be secured,

* Dr. Hyde, although elected, had not yet been installed as President.

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he claimed, only by a strong Government with a secure majority to support it. He hoped that the electors would seize the opportunity presented by the election to obtain such a Government.

To this Mr. Cosgrave replied that the nation's advance must not be retarded by a political party which took years to make up its mind on simple political questions, waged war on agriculture, unsettled industry, and was responsible for the high cost of living. The Government had undertaken to reduce the cost of public administration. It had never been higher. The real reason for the election was that the Government, having adopted the Fine Gael policy and settled the economic war, were now unable to produce a practical reconstruction programme for the agricultural industry. In subsequent appeals to the electorate his party's aims were thus defined: to obtain the maximum benefit from the recent Anglo-Irish agreement and from friendly co-operation with the other members of the Commonwealth; to preserve the authority of Parliament and to see that proportional representation was not abolished in order to make way for a party dictatorship; to give security and stability to agriculture and to manufacturing industry; and to reduce taxation and the cost of living. These admirable generalities were supplemented by a promise to apply de-rating to agricultural land, but it was not made clear where the two million pounds required for this purpose were to be found.

Now that the Anglo-Irish dispute is happily settled, it is increasingly difficult to discover any substantial difference, other than the personal appeal of their leaders, between our two major parties. The most one can say is that, whilst Mr. de Valera's policy favours indiscriminate industrial protection, Mr. Cosgrave's first aim is to help agriculture.

The real case against Mr. de Valera's Government, however, rests on its past record rather than its present policy. During its term of office, as compared with the

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previous six years, our export trade has declined by £132 million, farmers' earnings by £134 million, and the wages of agricultural labourers by £9 million, while in the same period taxation has risen by £21 million. Despite a policy of feverish industrial development, at least 100,000 of our youth have emigrated, the number of registered unemployed has risen by 30,000, and the cost of living by eleven points. The alternative markets to Great Britain that were so confidently promised have failed to materialise. Last year we had to buy foreign goods to the value of £10 for every pound's worth we sold abroad. Even under the present improved conditions it will be many years before the farming community recovers even a portion of its past prosperity. Against these serious economic losses Mr. de Valera would no doubt set the fact that he had torn up what was left of the Treaty of 1921, substituted an elected President for a selected Governor-General, reduced our relationship with Great Britain to an external association terminable at will, and compounded the land annuity claim of £100 million for a payment of £10 million. In the process, however (his opponents would retort), he has indefinitely postponed reunion with the North, and has proved beyond dispute our economic and strategic dependence on Great Britain. Whether Mr. de Valera's political education and his ultimate recognition of the necessity for a *modus vivendi* with Great Britain were worth this price is a question for the historian to decide.

The Labour party obviously could not hope to form a Government, but their electoral manifesto was an extremely injudicious document. They made it clear that if they secured the balance of power in the new Dail they would use it to secure substantial increases in every form of social benefit, to decrease working hours and to increase wages. The effect was to drive a great mass of conservative voters into Mr. de Valera's arms in order to prevent Labour from controlling Government policy. Moreover, entirely

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reversing their former attitude, the Labour party declared themselves opposed to the Government, which they accused of seeking to establish a dictatorship and of involving the country willy-nilly in England's wars. This was resented by many even of their own supporters, who considered the British evacuation of the fortified ports as a great triumph for Mr. de Valera. The extreme republican, or Sinn Fein party, having no funds to contest an election and small prospects of support, wisely advised their followers to boycott the entire proceeding on the ground that they could not recognise the authority of Mr. de Valera's "partition Government" to usurp the lawful authority and functions of the Irish Republic. Their decision had certainly no influence on the result.

The election itself was the quietest that has taken place since the Treaty of 1921, so quiet indeed that many believed that the people were quite apathetic and would not vote. The party leaders made the usual rapid tours of the country, covering hundreds of miles each day and speaking in all the principal towns. Thanks, presumably, to lack of funds, party propaganda in the press and otherwise was greatly reduced in volume, and the horrible habit of painting slogans on walls and roads was fortunately dropped by common consent.

Mr. de Valera made it clear from the beginning of the campaign that if he did not obtain an effective majority of at least eight votes over the other parties combined he would seek to abolish proportional representation, but not without a referendum to the people. This declaration led to considerable controversy. The supporters of proportional representation argued that it had given effective and accurate representation to all considerable minorities, that without it Mr. de Valera's party would have been virtually obliterated after the civil war, and that, as Mr. Cosgrave's Government lasted ten years, and Mr. de Valera's has already lasted six, P.R. had secured stability also. They urged that even in its present attenuated form

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it was a safety-valve for substantial minorities. Mr. de Valera admitted that it was unfair to judge proportional representation under our present system of executive government, and indicated that, if it was continued, it might be necessary to change the present system in such a way that the Government would run its full term and would not have to dissolve Parliament when defeated. At the same time he declared that he did not believe in coalition governments, which had in them the seeds of disruption.

The opponents of proportional representation claimed that it was not owing to proportional representation but in spite of it that the new Irish State had survived the first critical years of its existence. Its effect, they argued, was always to checkmate government, unless it were coupled with a proportional executive on Swiss lines, which was impossible in Ireland. Moreover, they claimed that proportional representation had not given and could not give representation to the small religious and economic minorities, which were the only real minority interests in Ireland. But when all is said and done, it must be admitted that proportional representation has secured the just representation of all material points of view in the Irish State, and has compelled our politicians to accommodate their party prejudices to our national necessities.

During the campaign Mr. de Valera revealed that the reason which had impelled him to seek an accommodation with Great Britain was anxiety about the position of this country in the event of a European war. He claimed that, in taking over the defence of the ports, we would also be serving the interests of Great Britain by preventing any hostile Power from using them as a base. In the same way Great Britain would in a certain sense be defending us. In his election manifesto he stated that one of the chief preoccupations of his Government in the coming years must be to promote friendly relations with the people of Great Britain. Mr. Cosgrave and his party suggested that Mr. de Valera's arguments concerning the defence

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question were merely pretences to hide the real situation; the evacuated forts were to be maintained in a state of defence at Irish expense for the benefit of Great Britain without any advantage to Ireland. The restocking of the country's impoverished farms would be of more importance than the reconditioning and defence of these forts.

The election was nevertheless singularly devoid of the usual anti-English diatribes. The one exception was provided by Mr. Sean T. O'Kelly, the *Tánaiste* or Deputy Prime Minister. Speaking in Dublin on June 8, he announced that, although the British Empire was a very powerful political force, during the last six years they had whipped John Bull every time and with God's help would do the same again. This statement, which caused considerable comment, should not be taken too seriously. Mr. O'Kelly, who is the Nick Bottom of Irish politics, loves to play the lion and to roar loudly, but he is really more dangerous to his friends than to his enemies. Such speeches have been for generations common form in Ireland, and it is difficult for our demagogues to adjust their mental processes over-night. Mr. Norton, the leader of the Labour party, made the unkind comment that it was unfortunate for the Irish people that the whip used by Mr. O'Kelly was made of ten million pounds of Irish money.

Mr. de Valera, although he did not directly repudiate Mr. O'Kelly's emotional outburst, which must have given him considerable annoyance, made it abundantly clear that his aim was to establish friendly relations with Great Britain. He specially appealed to the ex-Unionist element, who had formerly believed that the best thing for Ireland was unity with England, to consider whether it was not in the interest of the community to give their support to his party. If the Government had made mistakes they had at least acknowledged them. Dealing with the question of partition, he said that they wanted to secure, not the physical territory of the six Northern counties,

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but the hearts of their people. One of the ways in which they could get unity was to make right use of the freedom they had, by governing themselves properly, and by improving their resources and the general standard of living. The English attitude towards Ireland had changed, and he was certain that on the day when the majority of the people of the six counties decided to join the rest of the country there would be no interference from England. No sensible person in Ireland or England is likely to quarrel with this diagnosis.

III. MR. DE VALERA'S MAJORITY

THE result of the election was a decisive victory for Mr. de Valera. He had asked for a majority of eight over all other parties and he had obtained a majority of sixteen. The state of the parties at the dissolution was as follows: Fianna Fail (de Valera party) 68, Fine Gael (Cosgrave party) 48, Labour 13, Independents 8, with one vacancy. In the new Dail the numbers are: Fianna Fail 77, Fine Gael 45, Labour 9, and Independents 7. An analysis of the first preference votes in the contested elections shows that, as compared with the 1937 election, Fianna Fail increased its vote by 70,814 and Labour by 15,187, while the votes for Fine Gael decreased by 33,209 and for the Independents by 67,791. The number of votes polled was 14,999 less than in 1937.

It is interesting to examine the result from the standpoint of proportional representation. Mr. de Valera's party polled a majority of the votes and secured a majority of the seats, one seat for every 9,300 votes received. Mr. Cosgrave's party, though defeated, received its full share of representation with one seat for every 9,900 votes. Labour fared worst, securing only one seat for every 14,300 votes, while the Independents did best of all, with one seat for every 8,700 votes. It must be remembered that, since Mr. de Valera's Government altered the

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constituencies by increasing the number of those returning three members only, proportional representation cannot operate as accurately as before. Moreover, all representation provides at best an approximation, and the fact that constituencies vary in the number of electors per deputy and in the proportion of votes registered sets certain limits upon the degree of arithmetical accuracy obtainable. The leaders of the three organised parties were all returned. Without proportional representation Labour would probably have returned no candidate and Mr. Cosgrave's party would certainly have been reduced to half its present strength. He himself would probably have been defeated. In the seven counties of western Ireland, in each of which Mr. de Valera's party has an absolute majority, Fine Gael secured nine seats, the Independents two and Labour one. If the election had been fought under the British system, Mr. de Valera would have swept the board, leaving the minority without representation, whereas under the present system, just as Mr. de Valera's followers obtained fair representation after the civil war, so now Mr. Cosgrave's party has survived the aftermath of the Anglo-Irish agreement, and will constitute an effective Opposition in the new Dail. This election has proved conclusively that proportional representation, if the electorate so desires, can provide as strong a Government as any other system and that it also acts as a healing and unifying force. One therefore presumes that nothing further will be heard of its abolition.

It is significant that both the principal party leaders, in statements issued after the election, stressed the fact that their future aims were constructive and not incompatible. Mr. de Valera said that it was now possible to pursue a steady course, in which he asked all parties to co-operate, and Mr. Cosgrave declared that his party would carry on a constructive opposition designed to guide the country along the right lines.

Among the successful candidates was General Richard

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Mulcahy, formerly Minister of Local Government in Mr. Cosgrave's Government, who was defeated in 1937 and who was greatly missed in the Dail, where his integrity and industry had been conspicuous. Mr. Cosgrave for the first time failed to head the poll in his constituency, Cork City, and in Dublin a similar fate befell the redoubtable Lord Mayor, Alderman Byrne. An independent Republican who had the temerity to seek election in Dublin received only 1,200 out of 59,255 valid votes. The defeated candidates included Mr. James Larkin, the famous Labour leader, who stood as an Independent, and Mr. Patrick Hogan, the Labour member from Clare, who was Deputy Chairman of the last Dail. Three women deputies were elected. The dissolution involves a fresh election for the Senate, but the complicated election procedure* will prevent its being completed before the middle of August.

There can be little doubt that Mr. de Valera's victory was largely due to the support he received on this occasion for the first time from the conservative voters, who are mostly Protestant and ex-Unionist. This minority, who in the past supported Mr. Cosgrave, made no secret of the fact that they were seriously perturbed by the possibility that if Mr. de Valera were not given a clear majority, Labour would once more control the political situation; for it appeared unlikely that Mr. de Valera and Mr. Cosgrave would agree to form a coalition Government, while even if Mr. Cosgrave obtained an absolute majority they feared that the extreme republican element would create serious disturbance. They were also satisfied that Mr. de Valera, having attained his objectives in regard to the constitution and our external association with the Commonwealth, was desirous of developing friendly relations with Great Britain on the basis of our mutual interests. Moreover, the selection of Dr. Douglas Hyde as President had given them much satisfaction; for it had conclusively proved

* See THE ROUND TABLE, No. 111, June 1938, p. 533.

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that one of the religious minority could attain the highest position in the state on his own merits, a lesson in tolerance which might well be taken to heart north of the Boyne.

The *Irish Times*, which is their recognised mouthpiece, alarmed by Mr. de Valera's threats to abolish proportional representation and by Mr. O'Kelly's childish tirade, was at first inclined to counsel opposition to the Government, but finally, on maturer reflection, or under direction, advised its readers to exercise their votes without fail, and, inspired not by memories of the past but by their ambitions for the future, to consider what was best for the country. This was as near as it could decently go to telling them to support the Fianna Fail candidates. Their intervention may well have been the decisive factor in the election, and it was certainly inspired by an honest desire to do what was best for the country in a difficult situation.

It is a good thing to find the Irish Protestant community taking an intelligent and active interest in public affairs and identifying themselves fully with the national life. Although their wealth, numbers and influence have decreased, and their ascendancy and privilege have vanished for ever, they are still a vital force and have a valuable contribution to make to our public affairs. As Dr. Harvey, the Protestant Bishop of Cashel, recently reminded them in an eloquent sermon, they are the heirs of two traditions of culture and possess certain qualities—industry, integrity, the power of leadership, and an independent spirit—which are essential to the community; their best service to Ireland is to be themselves. In the past they have made their contribution to every great and good national cause and not least to that of political liberty, as the names of Tone, Emmet, Davis, Mitchel, and Parnell eloquently remind us. The Anglo-Irish have in fact always been the spear-head of our attack. One other service they are now specially qualified to render to Ireland, that of bringing North and South together, a service that would justify their old title of Unionists on new and better grounds.

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By their action and influence they can materially help to cement or divide our country. It is not only their privilege as Protestants but also their duty as Irishmen to work now for domestic peace and national unity. From their ranks may eventually come the Moses to lead us into that Promised Land.

IV. A NEW CHAPTER

THE installation of Dr. Douglas Hyde* as first President of Ireland took place in St. Patrick's Hall, Dublin Castle, on June 25. The ceremony, which had been postponed owing to the general election, was both simple and dignified. In the presence of the members of the Dail and Senate, the judiciary, the diplomatic corps, the leaders of the various churches, and members of important public bodies, Dr. Hyde read the declaration of fealty prescribed by the constitution:

In the presence of Almighty God, I, Douglas Hyde, do solemnly and sincerely declare that I will maintain the constitution of Ireland and uphold its laws, that I will fulfil my duties faithfully and conscientiously in accordance with the constitution and the law, and that I will dedicate my abilities to the service and welfare of the people of Ireland. May God direct and sustain me.

Having subscribed this declaration, Dr. Hyde was then handed the Great Seal by Chief Justice Sullivan, the senior member of the Presidential Commission, who had hitherto been responsible for its custody.

Mr. de Valera, in his capacity as *Taoiseach* or Prime Minister, then delivered a short address in which he saluted the new President on behalf of the nation. He said that as the freely chosen President of Ireland he inherited the authority and was entitled to the respect which the Gaels always gave to those whom they recognised to be their rightful chiefs. After paying tribute to Dr. Hyde's work

* See THE ROUND TABLE, No. 111, June 1938, p. 539.

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for the restoration of the national language and his attainments as a scholar, Mr. de Valera said that in his person the new President held up to us the ancient glory of our people and beckoned to us to make the future rival the past, urging us to be ever worthy of our inheritance as a great spiritual nation whose empire was of the soul. In a short reply the new President asked the Almighty to give him the grace and power to advance the good of Ireland and the wisdom and strength to fulfil his duty as President. The entire proceedings were in the Irish language.

Before the ceremony Dr. Hyde and the Protestant members of Parliament attended a special service at St. Patrick's Cathedral, while Mr. de Valera and the Catholic members were present at a solemn Votive Mass at the Catholic pro-Cathedral. After the installation ceremony the President drove through streets of cheering people to the Viceregal Lodge in the Phoenix Park, which is to be his official home and which is to be known in future as *Arus an Uachtaran* or President's Residence, stopping *en route* opposite the General Post Office in O'Connell Street as a mark of respect to those who fell in the rising of 1916. But the installation of Dr. Hyde has far more than ceremonial importance. It marks the opening of a new chapter in our history. Ireland has now for the first time a head of the state who has been freely chosen by the people as their representative and who can become a focal point for their loyalty and allegiance. We are in fact a republic in all but name so far as our internal government is concerned. Externally our relations with Great Britain and the Commonwealth arise from mutual necessities and reflect our parity of status. On no other basis can they flourish or endure.

The new Dail met for the first time on June 30 and unanimously re-elected the former Chairman, Mr. Frank Fahy. The election of Mr. de Valera as Prime Minister was opposed by Mr. James Dillon on behalf of the Fine

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Gael party, but he was re-elected by 75 votes to 45, the Labour party not voting. Mr. Dillon said that Mr. de Valera's past policy had brought nothing but disaster to the country. Fortunately he changed it last January and substituted that advocated by Fine Gael, when he went to London and settled by negotiation the economic war for which he and his party were responsible. Fine Gael, he said, regarded the policy of economic self-sufficiency advocated by Fianna Fail as a fraudulent chimera that would only result in the destruction of their people's standard of living. He was not without hope that as they had showed the Fianna Fail party the right way to travel in international affairs, they would also be able to teach them the right way to travel in economic affairs. In so far as they believed that the Government's proposals would serve the common good they would help to carry them out, but in so far as they believed them to be unsound they would oppose them to the full limit of their constitutional right. When the Government changed their policy wider grounds for co-operation would, he said, be possible.

Mr. de Valera, after his election, received the seal of office from the President and announced to the Dail that there was no change in the personnel of the Government, although it might be necessary to examine the departments of state later, as it was not certain that the work of the Government could not be divided better. The election of Mr. Fionan Lynch, a prominent member of the Fine Gael party and a former Minister in Mr. Cosgrave's Cabinet, as Deputy Chairman of the Dail, proves that there is a desire for mutual accommodation and a better atmosphere in the new Dail. The Government is certainly strong enough to be fair and reasonable, and it has evidently learnt by experience. There is much work for it to do on which all parties can agree. The establishment of a balanced economy, the revival of our agricultural prosperity, the encouragement of vocational organisation, the development of afforestation, and the eradication of the slums in

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our cities all demand attention. Mr. de Valera has proved himself a clever politician. It remains to be seen if he is also a statesman. If he truly desires the reunion of Ireland, he must for the moment forget the existence of Ulster and concentrate on putting our own house in order.

V. THE PROBLEM OF DEFENCE

ON July 11, under the terms of the Anglo-Irish agreement, the British garrison handed over the defences of Cork harbour to the Irish army. After the British troops had departed, with appropriate military ceremonial, Mr. de Valera, accompanied by members of the Government and representatives of public bodies, proceeded to Spike Island, the former headquarters of the British coast defence force, and hoisted the Irish flag to a salute of twenty-one guns. At the same time ceremonial parades were held at all military stations throughout the State. The other harbour fortifications at Bere Haven and Lough Swilly, held by British troops under the Treaty of 1921, will also be evacuated during the next few months. This recognition of Ireland's right and duty to defend her own shores will undoubtedly improve relations between the two countries, and it removes a certain source of friction in the event of war. We must now defend ourselves, and we shall soon realise that we cannot defend ourselves without naval assistance. As Mr. McGilligan pointed out in the Dail debate on the London agreement, harbour fortifications without a navy are like a needle without thread, and there is only one navy that can or would defend our shores. Moreover, the need is mutual, because these harbours dominate the western and north-western approaches to Great Britain and are remote from air attack.

Asked in the Dail on July 13 whether there would be consultations with Great Britain on the question of defence, Mr. de Valera said that the Government's defence policy would be adopted purely in the interests of this country. He

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did not think that they could successfully meet a frontal attack from a foreign State here. If, he continued, they were to get assistance from Great Britain in such circumstances, it was common sense that facts should be prepared in advance so that the assistance would be of the greatest possible benefit. To do that, consultations were necessary, and therefore such consultations would be held.

The strategic unity of these islands will soon be apparent even to the most purblind of Mr. de Valera's followers. They will also learn the wholesome lesson that freedom must be paid for. The guns that saluted the Irish tricolour as it flew for the first time over the Cork harbour forts proclaimed to the world not only our liberty but also our responsibility. Here, too, begins a new chapter of Irish history, which, it is well to remember, could never have been written but for the faith and courage of Mr. de Valera's predecessors.

Ireland,

August 1938.

POLAND, HER NEIGHBOURS AND THE WEST

By a Polish Correspondent

IN recent months one cannot complain that the world has shown any lack of interest in Poland's foreign policy. On the other hand it can rarely be said, either of those who praise or who condemn the policy, that they understand its principles or consequences. The object of the present article is to explain as objectively as possible the principles common to all Polish politicians, no matter to what party they belong. Only then can we consider how the men who dictate our foreign policy have applied these principles and what results they have achieved. It is in the application of the principles that the differences arise among Polish politicians. The writer's own point of view, which is also held by the great majority of the Polish community, is opposed to that of the men who direct the policy. Only very special conditions have prevented our opinions from being put into practice.

I. THE CONSEQUENCES OF GEOGRAPHY

THE Poland of to-day is by no means a small State. Its frontiers were fixed as a result of four events—the victory of the Allies in the war of 1914–18, the Treaty of Versailles, the victory of our own newly-risen State over Soviet Russia in 1920, and the Treaty of Riga in 1921. An area of 150,000 square miles, a population of over 34 millions with one of the largest natural rates of increase in the world—these are Poland's claims to be considered a first-class Power. If these claims are not generally

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admitted, it is because the level of our economic welfare is not as high as that of other Powers. For this two things are responsible: in the first place, a deliberate policy on the part of Germany, Russia and Austria, between whom Poland was divided until the world war, and, secondly, the damage that resulted from fighting carried on in Polish territory during the war itself. The significance of Poland, however, is constantly increasing, and this fact appears to be more and more freely acknowledged in Europe.

The opinion has been frequently expressed abroad that Poland's present frontiers are too wide, enclosing, as they do, a population consisting of 30 per cent. of national minorities and only 70 per cent. of Poles. It is only with great difficulty that she has been able to secure the general recognition of these frontiers. It should be remembered that the plans of the victorious Allies were not specially favourable to Poland. There once existed the so-called Curzon line, which limited Poland on the east to the territories occupied only by Poles. Nothing but victory in the Polish-Russian war and the direct agreement with Soviet Russia at Riga fixed our present frontiers. This obstinate fight for wide frontiers on our part was not the result of greed. The great majority of Polish people were convinced that in this quarter of Europe a small State could not survive, and that only a large and powerful State could hold its own and play its rôle in maintaining peace in eastern Europe. The future development of events in Europe is likely to prove our conviction well-founded. In the present political situation that conviction is gaining ground abroad.

In considering Poland's foreign policy one must constantly remember her geographical situation between the Russian colossus to the east and the Teutonic power of Germany to the west. Past historical experience and a simple consideration of numbers teach Poland that she must be large and powerful and must follow a wise and prudent

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foreign policy if she wishes to avoid the fate of being gain devoured by her powerful neighbours. History—*magistra vitae*—and the power of Germany and Russia constantly dominate Poland's policy and explain her caution in committing herself in any way that might involve her in war with one or both of her neighbours. This is a principle of foreign policy generally acknowledged in Poland. From the moment in Polish history when the Russian State was born in the east, and in the west Prussia grew more and more powerful, a double problem arose: whether to join the stronger neighbour against the weaker or the reverse, and which of these States was the stronger, either in general or at a particular moment. This problem still exists to-day and explains the various conceptions of foreign policy held by different parties and leading politicians. The pro-German sympathies of some groups in Poland are the effect either of fear of Russia, whom they consider the more dangerous, or of fear of Germany herself, against whose power they see no sufficient support. The like is true of those with pro-Russian sympathies. These facts must always be remembered when considering Polish foreign policy.

II. BEFORE AND AFTER THE NAZI REVOLUTION

BEFORE Adolf Hitler's rise to power, the possibilities of Polish foreign policy were very limited and did not therefore give rise to any great doubt. The policy was decided by certain facts, which may be briefly described.

The two great neighbours of Poland—Germany and Soviet Russia—were bound by the Rapallo pact, developed later into the Berlin agreement. It was a most unfavourable situation for Poland. The arrangement between these two Powers implied a risk of their taking common action against Poland, whose territory separated them, and ultimately shaking hands over the corpse of Polish independence. Poland has always had to take this

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danger into consideration, and it turned her against both Germany and Russia.

A counter-balance existed in the then very limited capacities of these States. After defeat and revolution neither Germany nor Russia at once recovered her former power. This state of affairs, however, was constantly changing to Poland's disadvantage; for she, being smaller than Germany or Russia, recovered her strength at a proportionally slower rate. Nevertheless the disparity in strength was not so great as to prevent Poland from being a very important factor in eastern Europe. Moreover conditions in Europe as a whole were arranged in a way favourable to Poland.

The principle of collective security, supported by the League of Nations, was still predominant, and the strength of the victors of the war was sufficient to guarantee the maintenance of the *status quo* in Europe. Though this condition steadily deteriorated, there was no very conspicuous evidence of the weakness of the former Allies or of the League of Nations until the outbreak of the National Socialist revolution in Germany. The alarming fact was the failure to proceed with the post-war organisation of world peace—witness the difficulties encountered in enlarging and interpreting the League Covenant and in agreeing on disarmament. In Poland special anxiety was aroused by the attempts to differentiate between western and eastern European security, for instance, at Locarno and in various attempts at a Four-Power Pact. It was in this period that Poland began to be tempted to take her own measures to secure her frontiers and the existence of the State.

Nevertheless the Polish policy resulting from these conditions was clear and intelligible. It was founded on co-operation with France, with whom Poland was united by an alliance, and on the advancement of the collective security principles of the League of Nations.

Great changes were brought about by the rise of Herr

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Hitler and the National Socialist party to power in Germany. The danger of an agreement at Poland's expense between her two great neighbours vanished, or at least was much decreased. Instead a new danger appeared, that of an armed encounter between Germany and Russia, threatening to involve Poland in a conflict, making her, perhaps, a battleground or forcing her to make a tragic choice between the rivals.

Simultaneously there was thrown into relief the disproportion in strength, on the one hand, between Poland and Germany, who was arming herself openly, and Russia on the other, who was doing the same to no less an extent. The ratios of the populations of these three States, the ratios of their armies and of their economic and financial capacity all worked out distinctly to the disadvantage of Poland. She found herself deprived of her position as the biggest military Power in the east of Europe, and definitely inferior to each of the large neighbouring States.

At this time, moreover, the general European situation changed to Poland's disadvantage. The principle of collective security was seriously shaken. The League of Nations appeared to be incapable of guaranteeing and maintaining peace in Europe. Fascist Italy drew away from the Allies towards Germany, thus gravely disturbing the balance of power. Finally, partly owing to the fault of Polish diplomacy which drew away from France, Russia appeared on the European scene as a member of the League of Nations and the partner of France and Czechoslovakia, a development harmful for Poland.

All these changes placed Poland in a new position. Whereas previously the possibilities open to Poland had been very limited and the course of her policy was predetermined, now the possibilities were multiplied and her diplomacy was presented with a choice of three courses: dependence on Soviet Russia, dependence on Germany, or an attempt at a policy independent of either of her neighbours.

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After the conclusion of the Polish-German agreement of January 26, 1934, the world in general became convinced that Polish diplomats had selected the second of these courses. Indeed a number of concrete political moves seemed to indicate that this was the case. The error, however, lay in the execution rather than in the policy itself, which was differently intended.

It is necessary to realise that the regulation of relations with Russia and agreement with Germany are objectives held in common by almost all Polish politicians. The January agreement with Germany was welcomed by all Poles as relieving Polish policy from German pressure. Because this pact was preceded by the conclusion of a non-aggression pact with Soviet Russia, it was regarded as the instrument of balance between these two great neighbours, a policy entirely in accord with the ideas of the Polish community, which was peace-loving and desired to consolidate neighbourly relations. Differences of opinion arose, not because the January agreement was concluded, but because the price paid to Germany seemed to the Polish community too high. Polish people differed, too, over the consequences of the agreement, and especially over the upsetting of the balance between her neighbours to the obvious advantage of Germany.

It must be remembered that of the three courses mentioned above the first is absolutely excluded in the opinion of the great majority of Poles. The special status of Soviet Russia and the character of her régime exclude the possibility of Polish co-operation with her except in the field of ordinary normal neighbourly relations. On this point the policy of Colonel Beck is approved by virtually the whole community. Public opinion is only at variance with his policy when it suspects any tendency to disturb correct relations or to co-operate with Germany against Russia. Another cause of difference might arise if Poland were involved in a conflict on her own territory, through no fault of her own and entirely without her approval.

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In a case of unavoidable necessity, the great majority of the nation, choosing the lesser of two evils, would be in favour of co-operation with Soviet Russia against Germany, because the former seems to be less dangerous than the latter. But in such a situation the leaders of Poland's foreign policy might conceive a different course of action for Poland. This is the principal possible cause of disharmony between official policy and public opinion. On the point of not binding ourselves to Soviet Russia there is entire agreement. The project of guaranteeing a right of way to the Russian army through our territory is equally unacceptable to the present Government and to all serious-minded parties of the Opposition.

At the same time active co-operation with Germany is equally excluded. Few even of the pro-German Poles would be supporters of such co-operation. Polish official policy never took up an attitude of co-operation; for, whenever in practice it inclined in that direction, it met with decided opposition from the community. As public opinion comes to have in the near future a larger voice in affairs, through the liquidation of the late Marshal Pilsudski's dictatorship, it will be increasingly difficult to satisfy the demands of the extreme pro-German Poles. The community's fear of close co-operation with Germany is the outcome not only of disapproval of her régime but primarily of the consciousness that Germany did not willingly acknowledge our frontiers or stop attacks on Polish interests, as for instance in Danzig. Our frontiers might easily be affected as a consequence of close co-operation with Germany.

Hence, of the three courses above mentioned only one remains, namely, that of striking a balance between Germany and Russia and having a policy of our own in which closer relations with either is barred. Such a course is equally consistent with the ideas of the whole Polish nation and with the interest of Europe. Such is the programme of the Polish Government and of the Opposition as well.

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The only problem lies in the matter of execution, which is interpreted differently by the present Government and the community. This difference of interpretation has recently been the cause of numerous criticisms of Polish policy.

III. FROM PILSUDSKI TO BECK

WHEN, after the rise of the Nazis, the late Marshal Pilsudski decided to change Polish policy towards Germany, he had ample justification for his decision. Contrary to general supposition, he had grounds for believing that Nazi Germany wished to improve relations with Poland rather than the opposite. The German attitude was rooted, first, in Germany's desire to achieve security in the east with a view to settling, to begin with, her affairs in central Europe; secondly, in the wish to end isolation, which at this time was a serious danger to Germany; thirdly, in ideas for the co-operation of the dictatorship States in a kind of fascist "international", in which Germany included the Poland of Pilsudski. So when Marshal Pilsudski reacted strongly by sending troops to Westerplatte,* after having met with difficulties from the Nazi quarter in Danzig, it was generally understood as a question to Berlin—"peace or war?" The answer came back from Berlin, "peace", thus opening the door to further negotiations between the two countries.

For Poland it seemed a necessity to enter into these negotiations, because there was reason to suppose that in the event of Germany's attacking Poland the help of western Europe would be insufficient or *nil*. The history of disarmament, and especially the conclusion of the famous Four-Power Pact, were in this respect very instructive. There exists a Polish proverb: "God is high above and France far away". Just at this moment she seemed further away than usual. Hence it seemed

* Westerplatte is a zone intended for loading Polish military transports.

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justifiable to take the initiative and to free ourselves from the pressure that Germany had constantly exerted on us ever since the Treaty of Versailles, regardless of her changes of government. This pressure was particularly felt in the matter of the so-called "corridor", which was for Poland an integral and unquestionable part of her national territory. This territory, the population of which is 90 per cent. Polish in essence, was Poland's only outlet to the sea. It contained Gdynia, her own port on the Baltic, built with great expense of labour and money, the only open window to the world for a State of 34 million people.

The smoothing out of relations with Germany did not arouse doubts among the Polish community, and should not have done so in the mind of Europe. Doubts were aroused only concerning the method adopted by Colonel Beck of achieving this end. The opinion of eminent Polish politicians and publicists was that an approach to Germany was of no real value to Poland unless it was backed by the strengthening of Poland's own power as a State, by an improvement of the national position based on alliance with France and Rumania and membership of the League of Nations. Only a strong Poland could be a partner to Germany. A weak Poland, in a weak international position, might sink to the rôle of a client State.

Poland's internal strength is a function of her internal policy, and the present Government, based on the principle of authority, is the object of severe criticism by independent publicists. This question, however, in spite of its prime significance, is beyond the scope of this article. It affects foreign policy only in so far as outside help for Poland, financial or in materials, is concerned, since this depends to a large extent on the state of her relations with western democratic countries. By that help Poland has as yet profited only in the minimum degree. Nevertheless, the strengthening rather than weakening of Polish alliances, combined with attachment to the principles of the League Covenant,

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was, in the writer's view, the fundamental condition of the new Polish policy of smoothing relations with Germany. Unfortunately this policy was launched by the conclusion of an agreement with Germany without previous consultation with France, to whom Poland was bound by the text of the alliance both in its original form of February 1921 and in its form of September 1925 as a part of the Locarno agreement. This error at once gave Polish policy a quite unintended character, that of an act directed against France or at least undertaken without her. It now appeared as a change of political predisposition, drawing Poland away from the western democracies and the League of Nations. In these circumstances it was easy to accuse Poland of an approach to the bloc of fascist States, to the famous Rome-Berlin axis or to the Berlin-Tokio-Rome triangle. Thus a quite justifiable stroke of policy was from the start fundamentally warped in its application.

Later events were but the natural result of this principal fault. Other errors followed, all the more plainly because the initiator of the new Polish policy, the late Marshal Pilsudski, was no longer personally directing foreign affairs and died shortly afterwards. It is questionable whether Colonel Beck's interpretation and execution of Marshal Pilsudski's programme are really consistent with the original intentions of Pilsudski himself. In any case, the practical result was to draw Poland further away from France, Great Britain and the League of Nations. In spite of attempts to smooth out these difficulties, they are on the whole increasing and growing harder to overcome.

There is room in this article to mention only the more salient developments, such as Poland's attitude towards the proposed eastern security pact, towards Czechoslovakia and the League of Nations, and her policy in regard to the *Anschluss*. In all these cases the desire for emancipation from French policy had unfavourable results for Poland. Special significance attaches to the Polish objection to the eastern pact proposed by M. Barthou

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and backed by British policy. No one in Poland could agree to M. Barthou's form of the pact, more especially to the article allowing Soviet troops a right of way through our territory. Independent public opinion in Poland held that we should try to change the content of the pact, not to destroy it and align ourselves with Germany. Such a course did not appear to be entirely impossible, especially after the tragic death of M. Barthou, who was strongly impressed with the strength of Soviet Russia. Polish official policy, however, chose the other course. Since Poland had quitted her place by the side of France, it was taken by Russia, and this led to the Franco-Soviet and Czech-Soviet pacts, which were in the interest neither of Poland nor of Europe. All this had very serious consequences in central and eastern European politics.

These errors gave rise to the impression that Polish official policy was not only drawing away from France, but positively approaching Germany, with whose policy she had many points in common, such as aversion from collective security and the League of Nations and a preference for bilateral agreements.

IV. A NEUTRAL BELT

IN spite of all this the intention of the official policy was to maintain an independent position, one of equilibrium between Germany and Russia. While Polish official policy was drawn to Germany on certain counts, there were many principles that tended to operate in the opposite direction and to assimilate it rather to British policy. To this group of principles belongs the disapproval of the division of Europe into two ideological blocs, which prevented Germany from gaining Poland for the anti-Comintern pact. To this group belongs, too, the dislike of intervention in affairs not directly concerning Poland and the fear of being involved in them, a characteristic that helps to explain Poland's

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enthusiastic attitude towards the League of Nations. This group belongs to the peaceable character of our policy, which springs from a consciousness that any profits from a new war are very doubtful, whereas the losses are certain. Lastly one may mention the desire to achieve the status of a neutral State, which in Poland's geographical situation seems unfortunately to be nothing more than a vain hope.

The new Polish policy shows a constant tendency to draw closer to States holding similar political opinions. The Polish Government follows with interest and measures the declarations of statesmen in Belgium, Yugoslavia and some Scandinavian countries, who seem to be taking a similar road to their own. Constant efforts are being made to enlist the sympathies of Rumania and the Baltic States in a policy of forming a chain of independent neutral States extending from the Baltic to the Black Sea and separating Germany and Russia. After Colonel Beck's recent visits to Stockholm, Riga and Tallin, and reciprocal visits between Poland and Rumania, it was rumoured that Poland was attempting the formation of such a chain. When the character of this rumour changed until Poland was alleged to be trying to form a new bloc. This, however, was never the intention of the official policy. The policy of balance between Germany and Soviet Russia, it may be repeated, would have the understanding and support of Polish public opinion as a whole, and is common to the Government and the Opposition. The latter, however, does not believe that this policy can be realised with Colonel Beck's methods, which they fear may bring Poland further under German influence. Indeed the results of these methods up to the present moment justify such fears.

A short time ago, in reference to Colonel Beck's visits to Stockholm and Tallin, one of the chief Opposition newspapers formulated the conditions required for conducting effectively the policy of gathering about Poland

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other States with similar political interests and thus creating a guarantee of peace in eastern Europe. It set down four such conditions :

1. That Poland's actions should be fundamentally peaceful and equally so towards both Germany and Russia.
2. That she should occupy a position of genuine and stable balance between Germany and Russia.
3. That all States, interested in maintaining peace in eastern Europe, including Czechoslovakia, should have the opportunity of entering into mutual agreements.
4. That Poland and the States gathered round her should have sufficient power in comparison with their great neighbours, but that, since their own power is bound to be inadequate, they should be able to rely on the support of the western democracies.

This last point seems to be the most important. It is fundamental to the whole policy and alone gives it a real chance of success. With this fourth condition unsatisfied Polish policy may become dependent on Germany.

It may be appropriate to point out here that any attempt of the present leaders of Poland at maintaining an independent policy has met with an unfavourable response from Germany, who dislikes it intensely. Whenever they start to organise co-operation with Baltic or Balkan States, as at the present time, Poland becomes an object of attacks and concealed threats by the German press. These attacks particularly concern the situation in Danzig. The silent consent of Poland to the entire *Gleichschaltung* of Danzig, and her support of the successful attempt of the Free City to throw off the guardianship of the League of Nations, created a serious situation in Danzig. The sacrifice made by Polish official policy on the altar of German ambitions is very great. The situation in Danzig is used to extort political concessions from Poland. It is very characteristic that, to-day, in response to Colonel Beck's new efforts to initiate an understanding with the Baltic States, fresh rumours arise of German threats to Danzig.

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V. THE RESPONSIBILITY OF THE WEST

THE present direction of Polish policy is the outcome of limited faith in the efficacy of help from the western democracies in the event of Poland's being attacked by Germany. Even the most ardent adherents of democracy in internal policy, and of co-operation with the western democracies in foreign policy, have had moments of grave doubt when they have seen the weakness and inefficacy of these Powers in their policy towards Germany. The popularity of any policy in Poland is largely determined by the attitude of the democracies towards Germany's actions.

The present Government, standing as it does for the ideas of authority and totalitarianism, has been able to carry on the foreign policy of the last few years only because of the weakness shown by the democracies. This weakness had a fatal reaction on opinion in Poland, undermining the position of believers in democracy and decisively influencing the outlook of governing circles. If, in spite of this, the Polish community maintains a decided aversion from joining with Germany, an aversion that has acted as a brake on the Government's tendency in this direction, it is proof of the strength of the national instinct in the masses.

Recently, thanks to the consolidation of Anglo-French relations, the progress of British rearmament, and above all the firm and effective intervention over Czechoslovakia, conditions arose favouring some alteration of Polish policy. In Polish public opinion there is plainly to be seen a strengthening of the current of thought towards an independent and peaceful policy based on co-operation with the democratic Powers. Particularly noticeable has been the shifting of opinion in favour of Czechoslovakia. All efforts at anti-Czech propaganda were useless in the face of the spontaneous recognition that Czechoslovakia's interests are the same as ours. The change in the official

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attitude, and the Paris conversations of the Polish ambassador, M. Lukasiewicz, were entirely the result of these reactions.

The success of attempts made by the Opposition politicians, supported by a great majority of thinking people, to bring about a re-direction of Polish foreign policy depends much on the conduct of the western Powers and on the degree in which it will be possible to count on their interest in the affairs of eastern Europe. If the policy that they so clearly embarked upon over Czechoslovakia is carried through with purpose, there is no doubt that Polish policy will come back to its original peaceful and moderate course. Democrats in Poland will do all in their power to bring this consummation to pass.

Poland,
July 1938.

GROWING PAINS IN INDIA

I. GOVERNMENTS AND THE PEASANTS

THE hot months have traditionally been a sort of recess in India, when officials, and of late Ministers, have had an opportunity to escape from the action and publicity of politics to the quieter life of administration, generally in a hill station. In this new phase, things are different. Not that the hill station habit has all at once disappeared (it would hit these stations hard if it did) but legislatures and Ministers do not retire for the recess so promptly as was the custom. Some legislatures have been busy during the past three months; and Ministers have toured, made dozens of speeches, inspected, consulted, kept in touch with all parts of their provinces, altogether done their duty as responsible statesmen—so actively, indeed, that here and there they have been accused of spending too much of the public money on travelling. The new constitution has inculcated the practice among politicians, or at least Ministers, of educating the people, and for this the hot months give them a special opportunity.

After fifteen months of the new phase it is possible to forecast the developments of the next few years with some confidence. Whatever unexpected interests may emerge, Ministries everywhere will be busy with peasants, industrial workers, village education, extension of medical relief, and in general the improvement of rural life. Congress publicity has drawn attention to what is being done in these fields in the Congress provinces; but conditions are generally similar in the others, and their Ministries are similarly occupied. For policy is shaped by the time and the environment. Governments must do something for the worker in the village and the worker in industrial towns.

GOVERNMENTS AND THE PEASANTS

They must endeavour to make the beneficial draft legislation that has accumulated in official files an accomplished fact. The *festina lente* of the old days is now a faint memory. After the promises of the election campaigns and the things said by Ministers in their first days of office, the latter must show themselves energetic in social improvement. Nor is there any suggestion here that this is done unwillingly, but only that Ministers might reasonably wish for a little more leisure to think over their measures of reform.

Congress is in power in seven provinces, and in some measure the Congress high command supervises all these Ministries. Conditions and needs, moreover, are broadly similar throughout India. In a sense, therefore, the sum of provincial policies is All-India policy. Most provinces are grappling with elementary education, and Ministers are studying Mr. Gandhi's "Wardha scheme", which is regarded as the hope of the moment. The scheme is a modified version of the familiar "learning through doing", education through the hand especially, which has been little tried in India, where learning is book-learning and knowledge is what is in the memory. A few missionaries have provided the exception. Bihar has won attention by a drive for adult literacy through voluntary unpaid agents; some of the Ministers, the Premier among them, are conducting classes and are probably discovering that the teacher's work is not so easy.

Public health problems are also to the fore. In the United Provinces Mrs. Pandit, the Minister in charge of this portfolio, is much in the public eye, not only because she is India's only woman Minister, but also because she does her work with energy, sympathy and imagination. Her province, as well as others, has been afflicted with cholera, and she is reported to be working on plans for fighting epidemic disease by a combination of official and non-official agencies, the first line of defence being vigilance committees in the villages.

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The debt-burdened peasant commands political attention everywhere. It is necessary to liquidate or reduce his debts. But how? Co-operative credit has not been the regenerative force that it was expected to be; the peasant has not behaved as peasants do in the text-books on co-operation. Assets are frozen, and societies spend their energy in trying to recover what is due from one another. Instead of being a sturdy flow out to the peasant and back, credit has almost ceased to circulate. It flows out to him with regularity, but returns with hardly a trickle. The slump in agricultural prices is largely to blame; the peasant has not had a dog's chance recently. At the moment reliance is generally placed on debt-reduction through debt conciliation boards and similar contrivances. Whether this can be done without permanently injuring the credit structure, in which the chief element is the money-lender, cannot be said at this early stage, but fears on this score have been expressed in the legislatures. Someone must help the peasant from harvest to harvest, and nothing that Governments have yet done has diminished the importance of the money-lender in his scheme of things.

Everywhere the agricultural problem is difficult: in some provinces it is acute. Expectations have been roused; the peasant had been led to believe that he would at once be rid of his troubles, and as he is still burdened by them he is restive. Several Governments have worked at land legislation, and have inevitably antagonised landholders, who are making, or threatening, such resistance as they can. *Kisan** movements are causing embarrassment in Bihar: processions call upon the Government to give relief at once, or create local disturbances in the countryside. The *ryot's* lot is generally hard, but relief can come only at the expense of the landlord and creditor. To adjust these interests without inflicting permanent injury on the economic structure is a difficult and delicate task for which time is not available. The only practicable procedure is piecemeal legislation.

* Small peasants and workers on the land.

STRIFE IN INDUSTRY

Bengal intends to make a thorough investigation of the Permanent Settlement, which, after an existence of 140 years, is now part of the social as well as the economic structure of the province. Sir Francis Floud has been appointed to preside over the enquiry. The choice has not pleased everyone; for it is pointed out that a stranger will need a long time to become acquainted with Bengal's peculiar problems. The Tenancy Act Amendment Bill has not yet received the Governor's assent. It was passed by the legislature some months ago after meeting considerable opposition on the way but little in the final division in the Lower House, when Congress decided not to go into the lobby. As a measure relating to the Permanent Settlement it has been reserved under a provision in the Government of India Act for consideration by the Viceroy. A declaration by the Chief Minister that the Ministry would resign if it were not assented to caused a flutter for some days, but was explained away as only a statement of inevitable and remote consequences, not a threat. Bengal's peasantry has been worked up to excitement about the Bill, and some small groups of politicians demanded the Government's resignation if it was not approved by a date now past. The difficulty has been obviated by an executive order that certain formalities in procedure shall for the present be carried out as if the Bill were an Act. This issue, however, will be one of the fences the Government must get over when the legislature meets at the end of July.

II. STRIFE IN INDUSTRY

THE industrial worker is no less clamorous than the agriculturalist. He too has been giving trouble all over the country; and he can do it the more competently because industry is locally concentrated. Cawnpore has recently provided an outstanding example. The strike there lasted many weeks, but has been brought to an end by good sense on both sides and good service by the provincial

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Government. If the settlement proves lasting, the loss will have been worth while. The United Provinces Premier has added considerably to his reputation through his part in it, and the employers have behaved in a manner that is widely appreciated. On their side the strikers kept themselves in hand, and, although they engaged in determined picketing, there was little violence. The many strikes in the country (Bihar and Bengal have recently been full of them, and fresh strikes are threatened at Nagpur and elsewhere) may be an indication that the time has come for a general review of the worker's position. Some companies do a great deal for their men; but if an examination were made of the outcome of the Whitley Commission's report, it might be found that in the many years since that famous document was published the general advance has been slight.

The present situation nevertheless cannot be understood without reference to the suspicion in employers' minds, for which there is ample justification, that politico-labour leaders are deliberately fomenting trouble. Election time and the new constitution engendered a great deal of loose talk about the New Jerusalem that the worker would soon see. The constitution itself offers opportunities to labour leaders, who, to build up and maintain their authority, must be extravagant in their promises and criticisms. Dealing with illiterate men who have little knowledge of anything outside their own hand-to-mouth existence, they find the best way to assert themselves is to advocate extreme doctrines and claims. As a rule they are professional leaders, having no connection with the industries in which they make trouble. An instance of this was seen recently at a tobacco factory in the Madras presidency, where a strike led to shooting. At the enquiry it came out that the man who had agreed to lead the union which the workers were setting up knew nothing of the organisation of the industry, of the work the men had to do, the wages they drew, or of the wages paid elsewhere. He drafted far-reaching demands on the basis of conversations with a few of them, and after

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a hasty study of certain British blue-books and some Soviet and other labour literature.

Similar outside intervention was seen in the big jute strike in Bengal a year ago. It is seen, or felt, in most industrial centres. If employers could deal only with their own men, understanding might be arrived at more easily. Industrial workers, however, are too uneducated to produce union leaders from their own ranks; if they did, they say, employers would easily circumvent or intimidate them. It is generally agreed—and employers are as emphatic about this as anyone—that only the development of sound trade unionism can bring peace to industry, a trade unionism concerned with the welfare of the worker as a part of his industry, and not with any politico-economic theories. But to-day it is hard to find a foundation on which to build sound trade unionism in India.

Not all Indian employers are good by any means. To many their workers are "hands" and nothing more. Yet plenty of good employers can be found, men who provide amenities in the shape of housing, schools, medical care for workers and sometimes for their families, and facilities for recreation. In industrial disputes these are hardly ever mentioned by spokesmen for the workers. Attention is fixed only on wages when complaints are made. The demands generally take the form of an immediate programme of improvements of a kind that even in a Western industrial country would be classed as long-term. When Indian labour threatens to strike because it has no annual holidays with pay, or no maternity leave with pay, it has obviously been well coached. Again, where local conditions are deplorable (as much of the housing accommodation is everywhere) the employers receive all the blame, though the responsibility may ultimately rest with the local authority.

Not everyone at Cawnpore thinks that all will henceforth be peace. There has been talk of moving industries from that city to Indian States, where labour would be less

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sophisticated and Governments less inclined to apply pressure on employers. Three industries that had been contemplated for Cawnpore, it is reported, will be built up in Bhopal. With India as it is, few people will believe that a new and happier world can be found by moving a little distance.

III. CONGRESS AND THE MOSLEMS

ONCE again an attempt has been made to bring about an alliance between the Moslem League and the Congress. In April the League held a general meeting in Calcutta, which in attendance and enthusiasm was a great personal success for Mr. Jinnah. Its deliberations, however, were not of outstanding importance. In the weeks after the meeting discussions were pursued with Congress leaders, by correspondence and interview, but nothing came of them. Mr. Jinnah failed to persuade the Congress men to recognise the League as "the other half", as an independent army under its own leader engaged in the same purpose but after its own fashion. When the correspondence was published a common criticism was that Mr. Jinnah is not very persuasive with the pen. Nor did it further his aim that he would meet Mr. Gandhi only at his own house near Bombay, though he himself had had to pass near Wardha in order to get there. The League has declared against federation, but some cynics suggest that the purpose is only to get level with Congress.

In these discussions Congress has always a fundamental advantage. It is, at any rate in theory, and is anxious to be in fact, a national, not a sectional institution. To the charge that in sentiment and outlook and composition it is a Hindu organisation, the reply is that in proportion as others come in any justification for such charges disappears. No one seems to have disproved the statement that, notwithstanding the League's progress of late, Congress has more Moslem members than the League. No signs are visible of any comprehensive political understanding between the two

MINISTERIAL TROUBLES

communities. Bengal has lost none of its bitterness about the Communal Award; the Congress President, a Bengali, cannot ignore this factor, although Congress itself does not treat the Award as a major grievance, having to consider Moslem feelings. Moslems, on the other hand, make the most of anything that may be represented as Congress tyranny over Moslems in the seven provinces.

IV. MINISTERIAL TROUBLES

THE previous article in THE ROUND TABLE on Indian affairs dealt with the resignation and return of the Bihar and United Provinces Ministries when the Governors refused to assent to the immediate release of all political prisoners.* Since then another Ministry has been on the brink of resigning because a civil servant of that province was selected to act as Governor. Many Governors are on leave this year. Only in Orissa, however, was an official of the province (Mr. J. R. Dain, since knighted and now on leave preparatory to retirement) chosen as deputy Governor. Protest was strong; the Ministry declared that it could not work under a man who in his own post was its subordinate. It made ready to depart. The crisis was overcome at the last moment by the Governor's decision to cancel his leave. Though he was a sick man, Sir John Hubback stayed on, and all were grateful to him. Comment was heard that his Government had pushed its protest too far; that it was obvious that a mistake had been made which would not be repeated. To Mr. Dain himself, whose merits it openly recognised, the Ministry had no objection; it was maintaining a principle.

The Central Provinces Ministry's trouble has been of another kind. Public opinion forced it to get rid of its one Moslem Minister, who held the portfolio of Justice. Without consulting either the Premier or his colleagues he had released a certain prisoner, a man of standing and an

* See THE ROUND TABLE, No. 111, June 1938, p. 559.

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educationalist in a position of great responsibility, who had been found guilty of premeditated rape of an under-age *Harijan** girl and sentenced to three years' rigorous imprisonment. This sentence had been confirmed by the Sessions Court and the High Court. The Minister's explanation of the release, after the man had served one year's imprisonment, was that he had motherless children. Public opinion boiled up, and women saw to it that it was kept boiling. The *Harijans* of Bombay made their feelings felt. The provincial Government in its embarrassment referred the matter to the Congress Working Committee, which consulted Sir Manmatha Nath Mukherjee of Calcutta, an ex-judge of that High Court. His comments left but one way out; the Minister's resignation was accepted. These events have left a nasty taste in the mouth.

In Bengal, too, the Ministry lost a Minister, in this case through internal dissension. It was known that there was a quarrel of one against ten, and that a break of some sort would soon come. One morning, in the small hours, the Governor received eleven resignations, ten from the Chief Minister on behalf of himself and nine colleagues, one independently from Mr. Nausher Ali, Minister for Self-Government. He had steadily refused to resign unless all his fellow Ministers did so, having his own views of constitutional procedure. It was rumoured that the Governor had been pressed to dismiss him and had refused. The Governor, accepting the resignations, at once invited Mr. Fazlul Huq, the retiring Chief Minister, as leader of the largest party in the Assembly, to form a new Government, which he did by inviting the nine faithful to resume their offices. The new Ministry of ten was in harness before midday.

Correspondence between the Chief Minister and his troublesome colleague has been published. What they quarrelled about is not clear, but they certainly quarrelled with a will. Mr. Nausher Ali complained that the

* Depressed class.

RECENT REACTIONS TO FEDERATION

Government had forgotten the peasant, that hardly any of its members knew anything of the villages, that it was subservient to landlords and European imperialists. He thought it folly to bring out Sir Francis Floud to investigate the Permanent Commission; what purpose could be served by his ignorance of Bengal?

V. RECENT REACTIONS TO FEDERATION

HAVING receded into the background for a while, the subject of federation has returned to public discussion. Statements made in London, at dinners and elsewhere, have evoked suspicions and counter-statements in India. To federation as set out in the 1935 Act Congress has maintained a consistent hostility. Criticism, however, is not uniform. There have been signs of weakening in the opposition of Congress members, and the President has announced that, if there is any prospect of a majority vote within Congress for putting the second part of the Act into operation, he will resign his office in order to gain time to fight it. Similarly, Pandit Jawaharlal Nehru, whose cordial reception and speeches in London have been followed with eagerness in India, is no compromiser. A year ago he said: "We will resist it, we will break it, we will tear it, and we will burn it". His opinion remains unchanged.

Mr. Subhas Bose, the Congress President, would throw the federation part of the constitution into the melting pot and let something new emerge under Congress stirring. Pandit Nehru would tear up the whole and have a new Act, made in India, Indian in texture and sentiment, worked out by a constituent assembly. Mr. Satyamurthi of Madras has made moderating suggestions, which are scouted by most Congress thought as concessions to imperialism, although a few years ago they would have seemed drastic enough. It has frequently been his fortune to give counsel that has later been found to be good, but without receiving reward or appreciation.

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Of late there has been an expectation in the air of some concession to Indian thought, stimulated naturally enough by the presence in England of the Viceroy and many Governors as well as a number of Indian politicians of outstanding importance and by the published comments of one or two men prominent in British politics who have recently visited India. It has been freely rumoured that the India Office was preparing a statement of possible modifications in the federal part of the constitution. A recent announcement from the India Office that nothing of the kind is intended has not cured everyone of the belief that there is important work in hand relating to federation. But it is generally admitted that the India Office would find it hard to strike an average of opinion in India. Moderate Congress opinion would perhaps be satisfied with some minor changes in the Act. Mr. Subhas Bose announces that any divergence of view in Congress ranks will split it in two. The Moslem League thinks federation, as proposed, while not providing sufficient responsibility at the centre, will give a preponderance there to the Hindus. This latter prospect does not disturb the Hindu Mahasabha, which is anxious to get on with the federal scheme as it stands. The Liberals, somewhat hard to find nowadays, would accept the scheme only because it shows a way of establishing nationalist influence at the centre. So far as there is any feeling among those whose thoughts are not under party discipline, it may be summed up as an expectation that federation is on the way; that repudiations of it are no more convincing than were the previous Congress declarations that it would have nothing to do with provincial autonomy; and that once it is established, most parties will make the best of it. According to this view, any small changes that might grease the wheels should be conceded for the sake of peace and progress, while major changes need not be considered until experience has shown what they should be.

FEDERATION AND THE STATES

VI. FEDERATION AND THE STATES

WITH regard to the position of the States in a federation, however, there is wide concern. How will the populations fare under autocratic rulers, while yoked in a federation with the peoples of British India enjoying representative institutions? What will be the outcome of an attempted amalgam of democracy and autocracy? The recent assurance from London in response to such misgivings, that nothing in the constitution prevents democratic progress through representative institutions in the States, has given some satisfaction. It is now for the Princes of their own volition to read the signs of the times. Of late, however, they have given little indication of their views: nor is the public aware what effect the visits of the Viceroy's special representatives may have had upon them.

The argument that more enlightenment is necessary in the States if federation is to be a success has received added point from two recent episodes,—the “rebellion of Sikar”, and the clash of State authority and State Congress with bloodshed at Viduraswatham in Mysore. The same moral is drawn even from the troubles in the Travancore and Quilon Bank, which are now being investigated with a view to reconstruction. By some it is being maintained that the responsibility lies with the State and its Dewan, who persecuted and impeded the bank because some of its directors were connected with the Congress party in the State, a view to which the Dewan himself, Sir C. P. Ramaswamy Ayer, has given vigorous denial. As the situation is in a sense *sub judice*, controversy is suspended for the time.

Sikar's defiance of its overlord, the Maharajah of Jaipur, has kept all India interested. No one knows exactly what occasioned the outbreak. According to Sikar's people, Jaipur attempted to exceed its powers; the Jaipur authorities, on the other hand, insist that agitators were anxious to make trouble. Certainly many from outside were more

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than observers. But some of these were men of position who had a connection with Sikar, and could not be suspected of any nefarious purpose in going up from Calcutta or Bombay to help in reaching a settlement. Sikar is a small semi-independent town in Jaipur's domain, paying tribute as a feudatory, but with a limited civil and criminal jurisdiction of its own and its own police. Its Rao Rajah is a feudatory of Jaipur, an *Istimrar Muamlaguzar* or perpetual lessee; one theory, repudiated by Jaipur, is that the title derives from the Emperor Akbar. Sharp differences arose, and soon Sikar was in a state of defiance and defence. It closed its gates, suspended its courts, and rejected all orders, while armed Rajputs from all sides poured in to help. Jaipur had part of its forces mobilised outside Sikar and the scene seemed set for a mediaeval town-storming. Fortunately there was sufficient self-control and good temper on both sides to avert a serious clash. The Jaipur authorities acted with forbearance, and the ability with which the Inspector General of Police, who was in charge of the Jaipur forces, handled a difficult situation was a splendid factor on the right side. The absence of the Maharajah in England at the peak of the trouble was the cause of much comment. He has since returned by air, but not promptly enough to satisfy public opinion.*

Mysore, often referred to as the model State, has been the scene of a shooting affray with much loss of life at Viduraswatham. This is the only clash resulting in bloodshed between a State authority and a State Congress party for many years. Congress in the States is not part of the Indian National Congress, which has vacillated in its policy about Congress activities in the States. Its present policy appears to be a compromise; it has abandoned hope of

* Since this article was written, the Maharajah has made a triumphal entry into Sikar and received the submission of its inhabitants. The view appears to be widely held that, while the trouble was mainly due to the eccentric behaviour of the Rao Rajah, Jaipur should investigate the possibility of making administrative changes to remove any legitimate ground of dissatisfaction for the future.—*Editor*.

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influencing developments in the States through its own action, while recognising in some fashion State Congress parties, provided that they accept the leadership of the Congress Working Committee. As an investigation is proceeding, nothing more can be said with profit. The clash occurred at a festival where there was a multitude of pilgrims. Members of the local Congress party tried to make the most of the occasion by speeches and flag hoisting; orders were disobeyed; an ugly situation developed, and firing was ordered. The deaths were seven by official counting, about thirty in general belief. Strained relations between the State and the local Congress organisation began about six months ago, and the latter unfortunately ignored wise hints from the central Congress.

India,
July 1938.

NEW DEALS AND NEW ECONOMICS

I. THE DECLINE OF LAISSER-FAIRE

THE nine years that have passed since the happy days of 1929 have been so tightly packed with crises that even now it is hard to think of them with a balanced judgment. In particular, the revival of power politics has brought warfare to three continents and an increasing terror to men's minds throughout the world. Yet it may be that some politicians and political movements have been granted too much of the world's attention which they so peremptorily demanded. Causes have sometimes been obscured by spectacular effects, and movements of permanent importance have been forgotten in the presence of temporary, if acute crises. Thus, it is possible to detect a current of world opinion which is shared by peoples holding the most divergent political views, and which may embody an idea of permanent value. Nine years of troubles have helped to destroy an outworn conception of society, and to emphasise a more generous and optimistic view of the aim of social organisation. They have shown, moreover, certain practical means whereby this aim may be pursued. The change has been shown in the development from a passive to an active policy towards economic problems, culminating in energetic counter-attacks against the depression. In every civilised country the state has accepted plainly, by deeds if not in words, the obligation to protect the economic welfare of its subjects. The depression period may be seen by future students as a turning-point in the long struggle between the principles of classical liberalism and those of state intervention.

THE DECLINE OF LAISSER-FAIRE

The chronology of movements in political thought can never be precise. In the nineteenth century, however, it was widely felt that the function of a government was to govern, to keep law and order, and to protect life and property against physical violence. These tasks were straightforward and finite, and, in the phrase of President Harding, not so very difficult after all. As for economic problems, the state was held to be absolved from responsibility by a truly providential arrangement: namely, that men in striving for their own gain automatically and inevitably promoted the public good. At most, then, the government should act as benevolent umpire in a world of striving individuals. Its main function was to see that no human agency should obstruct or delay the working of natural law.

This theory, dominant as it was, could never be acted upon with logical consistency. It was humanly unworkable. In countless individual cases the state was compelled to intervene in economic affairs by arguments of humanity and of expediency. The theoretical need for intervention was expounded at least a hundred years ago, when French socialists included the right to work among the Rights of Man; of what use is political equality to a hungry man? And in practice intervention was systematised by Germany, pioneer in state-socialism under a military monarchy, closely followed by the democratic British communities overseas; for colonists in a new country could not allow old-world theories of non-intervention to weigh against the practical necessity for state assistance and the state organisation of economic life. The same trend was enormously strengthened during the war; and after 1919 the tide of economic nationalism ran strong during a period of political internationalism. Yet in 1929 *laissez-faire* liberalism was still the background to most men's thinking about politics, especially among the commercial and financial groups who are so powerful in government. In particular, it needed the disasters of 1932 and 1933 to force upon optimistic,

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individualist America a change not only of practice but also of outlook. With 14 million unemployed and no immediate prospect of business recovery, the United States jettisoned a national faith. In the phrase of André Siegfried, "*c'était une crise morale autant qu'économique*". A people traditionally individualist felt a sudden strengthening of national cohesion, "a growth of social consciousness". They who had never doubted that rugged (if selfish) individualism was the key to permanent prosperity determined that their newly realised national strength should be applied to solve the problem of the depression.

Laissez-faire is by no means dead as a political influence. Yet the desertion of the United States, and the continued—sometimes frantic—activity of all governments during the past nine years may well mark a decisive change in men's thinking. That, it may be suggested, is one outstanding result of the depression. A second is the change from the policy conveniently labelled deflation to that called reflation or expansion.

II. THE DISCREDITING OF DEFLATION

IN 1929 the world had no plans for meeting a depression. For one thing, in the popular mind at that time, 1928 and 1929 did not appear as years of boom when a slump might be feared; rather they seemed a continuation of the slump when men still looked anxiously for signs of recovery. The result was that state after state, struck by the "economic blizzard", met the emergency with desperately devised expedients. Common sense and accepted economic theory ensured that these expedients should be broadly "deflationary" in character. In face of falling revenue it seemed only reasonable for governments to "cut" their expenditure. Salaries, wages, public benefits were almost universally reduced, and capital expenditure on public works was cut away.* Meanwhile, taxation was generally increased

* As regards public works, Sweden, and later Australia, were interesting exceptions.

THE DISCREDITING OF DEFLATION

and trade further restricted by tariffs, quotas, and subsidies.

Most governments were simply hustled into such measures by sudden and apparently irresistible economic pressure. In many cases, however, deflation was given a rational *apologia*. The argument was that costs of production must be reduced in order that industry might live in the new conditions. This argument had special force in those countries that were particularly dependent upon exports. Belgium, for example, feared the closing of markets for manufactured goods through economic nationalism. New Zealand's primary products secured prices so low as to dislocate the country's whole economy. In both countries relief was sought in forcing down costs by all the means that seemed available. The same policy was followed at different times by other countries. Often the whole weight of the state's authority had to be used to enforce adjustments on the reluctant, and to over-ride established law and custom. Some nations helped to balance their budgets by repudiating part of their national debt. Even President Roosevelt followed at first an "orthodox" or deflationary policy.

Up to a point deflation succeeded, as witness the rapid fall in costs and the accumulation of banking reserves. In some countries—such as Germany, Belgium and New Zealand—there is plain evidence that the success of deflation in these directions greatly facilitated subsequent expansion. Reserves had accumulated and could be used. Since industrial costs were low, a policy likely to raise costs could be followed without immediate danger. Yet as a method of organising prosperity deflation is now profoundly discredited. This is partly due to criticism by a group of economists led by Mr. Keynes; but it is due still more to a popular and unscientific reaction. Governments had asked their peoples to endure economy and retrenchment on the ground that prosperity would be promoted. But when depression continued for year after year the argument wore thin. It was not in practice

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comforting for a wage-earner living in daily insecurity to be told that the retail price index had fallen more than his wages had been cut; the unemployed in particular failed to appreciate the argument. Nor was it encouraging to Frenchmen to be told that M. Laval's policy was failing because it was not deflationary with sufficiently rigid consistency. In short, the ordinary man rebelled. He refused to acknowledge that further sacrifices were necessary. When means of production had been vastly improved, and when men and factories were idle, it seemed nonsense to suggest that the right remedy was for people to consume less. On the contrary, it seemed that a remedy more sensible as well as more pleasant would be to consume more.

In other words, the situation was psychologically ripe for the fashionable doctrine of purchasing power. Further, attention was more and more concentrated upon credit policy, as being the main single factor that regulated the community's purchasing power. The existing financial system seemed to give practical proof that it had grave technical faults: witness the banking crises in Austria, Germany, the United States, and Belgium, and the international migration of capital, which shook every great financial centre in turn. The existing banking system seemed to give to one class powers of life and death over the community, particularly (it was urged) since governments through collusion or weakness had made themselves the instruments of the bankers' deflationary policy. Such lines of thought were expressed in every country: the bitter attacks on the Belgian "bankers' government" of M. Theunis, and on the "two hundred families" of the Bank of France were typical but not isolated instances of popular reaction. And the moral was plain. In the general view, the problem of production had been solved; the world was now faced with a problem of under-consumption, which could be solved by the adoption, under state leadership, of a correct credit policy.

THE DISCREDITING OF DEFLATION

If there was a "typical" view of the lines to be followed by this credit policy, it was probably that which was expressed in almost identical terms by men so different in outlook as the economic spokesmen of Nazi Germany, and Mr. Nash, socialist Finance Minister in New Zealand. The conception is, broadly, that the function of credit is to enable labour to transform raw materials into consumable goods. If labour, materials and demand for finished products are all there, only good can result from the provision (or creation) of the necessary credit. It is when labour or raw materials are lacking that continued creation of credit causes inflation. All is well if new credit is always balanced by a new marketable asset, and if supply always equals demand. As the matter has been explained by an eminent German, production and credit are two parallel streams, and it is the function of the state to see that they move together harmoniously. Dislocation must result if the credit stream is made to conform to some rigid standard—such as the gold standard—which might be quite inappropriate to the needs of national production.

Most people had not considered the matter deeply, and many of those who had studied it would have rejected such theories. Yet there was a general feeling that monetary policy should be made the servant of society, not its master: witness the wide vogue of Social Credit in the United States, the British Dominions, and some continental countries. Again, faith in the sovereign virtue of the "gold standard" gradually decayed, and the mystic terror of inflation was in time weakened, even in countries like France and Belgium, which had suffered severely during the post-war inflations. In short, general opinion about money and credit came to permit—even to demand—government-controlled "reflation", though in 1929 it had virtually imposed "deflation".

III. EXPANSION IN PRACTICE

ACCORDINGLY, to the period of "deflation" there has succeeded the period of "expansion", or of "New Deals". As in the first phase of the depression, there has been an impressive degree of similarity in thought and action throughout the world. However, it is convenient to draw examples chiefly from the United States, New Zealand, France and Belgium. Different as they are in economic and social structure, these countries afford striking examples of the evolution of a common principle: state action to promote national prosperity under the compelling pressure of urgent public demand.

The United States has become the spiritual home of the "purchasing power" theory of prosperity. This theory was, in fact, eminently suited to American conditions. The underlying conception was that of using the community's credit to place purchasing power in the hands of the ordinary public; they, having money, would spend it quickly, and so start again the wheels of industry. The "average" American, whose instinct was in fact to spend as quickly as possible, naturally welcomed such a policy. President Roosevelt's programme also embodied many measures that reflected America's newly developed social consciousness: for example, regulations relating to the labour of women and children, minimum wages, and encouragement of trade unionism, which had in fact taken on new strength even before the recovery legislation, and which appreciably helped its progress. The President's measures, by shortening hours, also seemed to promise relief to unemployment by spreading among a larger labour force a volume of work that had been drastically reduced by labour-saving efficiency in production. The public debt and the rate of income-tax were light as compared with those of most European countries, and natural resources were remarkably rich. It was therefore comparatively easy to raise ready money without straining the national credit.

The Federal Government thus adopted without difficulty the deliberate policy of spending vastly more than its income. Much of this money was spent in straight relief, but the Government also undertook a vast public works programme, which became one of the main instruments of American anti-depression policy. The conception was not new. In particular, it had been worked out in some detail as a practical policy by Mr. Lloyd George and his collaborators in the Liberal party's 1929 election campaign. England turned her back on this adaptation of Liberalism to state leadership in economics, but the plan was passed on to Mr. Roosevelt by Mr. J. M. Keynes and by some "unorthodox" American economists, and it has become a cardinal feature in "New Deals" throughout the world. Public works, it is argued, absorb unemployment, give a stimulus to the credit system, and help to perfect a country's economic equipment.

The "purchasing power" theory, fortified by reputed success in the United States, has had profound influence in other countries, even where conditions were fundamentally different. Notably, it influenced the policy of the New Zealand Labour Government and the Popular Front in France. As contrasted with the United States, New Zealand has a small internal market, and depends very largely on the sale of primary produce overseas. Her public debt is fairly high, as is natural with a "young" country recently developed by overseas capital; and she is comparatively well equipped economically by vigorous public works programmes of the past. Yet the Labour party argued during the depression that the country could have been "insulated" from world economic conditions by an "expansionist", or at least non-deflationary, policy. While in opposition, the party sketched the broad lines of such a policy: state control of credit, public works expenditure, the restoration of wages, increase of unemployment-relief rates and pensions, and above all the "guaranteed price" to stabilise farmers' incomes whatever happened to

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overseas prices. While in power Labour has been energetically "expansionist" along these lines. Its spokesmen claim (with reservations that are not always clear) that a continuance of such a policy, by keeping up local purchasing power, will protect the country from future slumps originating overseas.

New Zealand is thus launched on an interesting experiment in economic policy, and some of the vaguer promises of Labour's pre-election programme are crystallising into comparatively concrete and coherent plans for social organisation. Here the foundations had already been laid. New Zealand had long ago established many of the principles which the New Deal sought to introduce into the United States. The policy of raising and securing standards of life by social legislation has its roots in the country's history, and had of course been adopted by the Labour party long before the depression. Both parties have in fact pushed forward social control, but Labour has pushed harder, and has at the same time placed renewed emphasis upon social security. In short, the New Zealand Government seems likely to take advantage of the fact that the country's small size, simple structure and political tradition make economic leadership relatively simple. The differences between conditions in New Zealand and those in the United States and France are not all to the disadvantage of New Zealand.

As to France, she has an internal market vastly smaller than that of the United States (partly because her people on the average are poorer) though not so minute as that of New Zealand. Her people have the tradition of saving, not of spending. In spite of past inflation and revaluation of the franc, her existing public debt was extremely heavy; and her undeveloped resources were comparatively small. Finally, French unemployment never reached proportions comparable to that in the United States, either as an economic or as a human problem. Nevertheless, the programme rushed through in France under pressure of

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the strikes in June 1936 was strikingly similar to the American New Deal. Increased wages, encouragement for trade unionism, the 40-hour week, and the increase in government spending—all were justified by the same attitude of mind as prompted similar steps in the United States. This was the more striking in that France, like the United States, was backward in social legislation and reforms were hurried through which, as people of all classes agree, were long overdue. As for public works, the programme foreshadowed by election promises and explicitly demanded by the trade unions has actually been replaced by vast expenditure on armaments, dictated by the international situation. Such expenditure has of course been undertaken throughout the world. Economists of the next generation should have plenty of evidence by which to judge the value in a national economy of unproductive capital expenditure, or, more bluntly, of economic wastage on a large scale.

IV. THE BELGIAN EXAMPLE

THE change from deflation to expansion was essentially due to the demands of a strong current in world opinion. "In economic matters", it has been said, "the 'categorical imperatives' of politics have always ruled. The facts have had to adapt themselves to popular programmes and to the prejudices of crowds". And the categorical imperative demanding spectacular action against the depression was urgent and politically irresistible. Often it called to power men and parties with no previous experience in government, and launched them headlong into economic policies for which they had not been prepared by mature previous study, and for the execution of which they lacked the essential administrative experience or machinery. Consequently, the early history of expansionist governments was marked by energy and goodness of heart rather than by clarity of mind.

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Of this benevolent confusion there is one outstanding example, the United States, and one outstanding exception, Belgium. The last Belgian deflationary Government was, indeed, overthrown by political propaganda rather than by scientific demonstration that its policy was unsound. But the National Government of M. van Zeeland, which succeeded it, showed no sign of confusion or lack of precision in its policy. M. van Zeeland and his collaborators set themselves a definite task: to re-create conditions in which private enterprise could be successful. World conditions favoured his work; for by the time he came to power there was a fairly general economic revival in other countries. His task was to remove the special circumstances that prevented Belgium from sharing this improvement. Yet tasks as straightforward and as specific have defeated ill-planned efforts, and the point of real significance is that M. van Zeeland had equipped himself by careful and accurate study of the problem he was called upon to solve.

In striking contrast with the United States, New Zealand, and France, the argument in Belgium was not that purchasing power should be directly raised. To M. van Zeeland this would be the fruit of economic well-being, not its cause. His analysis was based on the intimate connection of Belgian economic structure with the sterling bloc, and on the fact that Belgium had never adjusted herself to the changes following the depreciation of the English pound in 1931. An elaborate calculation based on price levels in the two countries showed the exact extent to which the Belgian franc should be depreciated. This, it was hoped, would raise wholesale prices immediately, an effect that would revive industry. Retail prices would rise more slowly, so that by the time the cost of living had increased appreciably renewed prosperity would enable higher wages to be paid. And so, step by step, the economic consequences of devaluation were worked out, and plans were laid for state intervention at every point where it seemed

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necessary to guide the movements of prices and of trade in the desired direction.

In consequence the van Zeeland Governments could proceed with a swift assurance which in itself engendered confidence. The whole strength of the state and every device of propaganda were used to ensure that events should move according to the pre-determined programme. In particular, M. van Zeeland and his colleagues had learnt a lesson that seemed never to have been fully grasped by Governments of the deflationary period: that modern economic policy is as much a matter of psychology as of economics. For example, in the public mind devaluation meant inflation with sudden and drastic increase in retail prices. The statesman must reckon with such prejudices, and one of the most interesting things about the Belgian experiment was the way in which public opinion was guided by a judicious mixture of persuasion, compulsion and dogmatic assertion.

There can be little doubt of M. van Zeeland's substantial success. By energetically asserting the state's paramount authority, his Governments enabled the classical principles of private enterprise, profit and property to function once more. During the last twelve months, however, world conditions have completely changed, and Belgium's task is now to defend herself from depression originating elsewhere. Whether she succeeds or fails in this further task, M. van Zeeland's experiment has shown how economic leadership, with limited objectives and based on expert knowledge, can be applied to a conservative community, and can produce concrete results without revolutionary tension.

V. SOCIAL THEORY TO-DAY

BELGIAN experience (and, along different lines, the experience of Sweden) is particularly interesting because most Governments during the past nine years have faced their economic problems without adequate preparation

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and without the necessary machinery for collecting information and administering an active policy. In the United States, for example, the civil service has been cramped by the "spoils" system, and when the state set out to control the producers it was often driven by lack of expert knowledge to employ the producers themselves to tell it what to do. In France it is said that the programme of nationalising armament factories was halted by lack of trained personnel; socialist organisations have now adopted the definite policy of giving their members practical training in administration. In Germany the adoption of the Four Year Plan led to the creation of a whole new group of departments, overlapping the old Ministries concerned with economic affairs; an attempt was recently made with totalitarian thoroughness to amalgamate the old with the new and to establish unified leadership. And such instances could be multiplied. The fact is that the state was simply not equipped to carry out the duties of economic leadership and organisation which public opinion so eagerly thrust upon it; for its equipment was a legacy from the period when liberalism was dominant.

There is no particular reason to expect any weakening in the political pressure that has thrust active economic duties on the state. On the contrary, there is now probably a wider interest in economic problems than ever before. No important group denies the principle of state intervention—at least when it desires government help in its own difficulties. Radical opinion tends more and more to demand that such intervention should be pushed to its logical conclusion. The common sense of the ordinary man still rejects *laissez-faire* and deflation; and common sense is fortified by the arguments of many economists. The late Director of the International Labour Office, for instance, has expressed the considered opinion that the world's comparative prosperity in 1937 was due to the energetic policies of Governments rather than to the blind benevolence of natural economic laws. Finally,

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as regards the conduct of Governments, active intervention seems to be one point on which all are agreed: democratic and totalitarian, bourgeois and socialist. As for the United States, last year's reduction in government spending was criticised from both sides, and there is no reason to think that Mr. Roosevelt's ultimate policy of meeting "recession" by vast "pump-priming" expenditure was then or is now contrary to the popular will.

Such facts do not prove that the state will successfully equip itself to handle economic problems, but they do indicate that a sustained attempt at social control is almost inevitable. That being so, the search for means to make that control effective without destroying the basis of Western culture is a vital one for the next generation. The past nine years have helped to clarify in the public mind a social ideal many times formulated in theory, most clearly, perhaps, by the English Fabians. But they did no more than sketch the means whereby that ideal might be realised.

GREAT BRITAIN

I. POLITICS AND ECONOMICS

PARLIAMENT has adjourned for the summer recess after a session devoted mainly to three matters: foreign policy, especially the problems arising out of Spain and Czechoslovakia; economic legislation, including the financial business that always occupies the greater part of parliamentary time at this season; and the issue of privilege, with other and perhaps graver issues underlying it, in the affair of Mr. Duncan Sandys.

As far as foreign policy is concerned, the Prime Minister did something to heal the division of national opinion by his statement in the House of Commons on May 23, immediately after a week-end of European crisis in which it is believed that firm British policy helped to rebuff the hot-heads in Germany. Mr. Chamberlain said that the Government was unable to give an automatic guarantee of Czechoslovak integrity, since that might involve Britain in war through circumstances over which she would have no control, and in an area where her vital interests were not concerned in the same degree as they were in the security of France and Belgium. That was certainly not the position resulting from the Covenant. The Prime Minister added, however, that where peace or war was concerned legal obligations were not alone to be reckoned with. If war broke out, under the inexorable pressure of facts, other countries, besides those engaged in the original dispute, might almost immediately become involved. This was specially true of two countries like Great Britain and France, with long associations of friendship, with interests closely interwoven, devoted to the same ideals of democratic liberty, and determined to uphold them.

Public opinion in the country has been more divided over the Spanish issue; for the bombing of British ships in the harbours of eastern Spain inflamed once more the feeling of distrust towards General Franco and his allies, as well as hatred of some of their methods, which are held by the great majority of the population.

The budget, which last year ushered in the violent storm over the National Defence Contribution, raised very little contention this year. The Opposition's main grievance was that a fresh tax had been imposed on a staple article of diet for the poor, in the shape of the extra 2d a lb on tea. Greater interest in Parliament and in the country was aroused by the later stages of the Coal Bill, which has at last been carried into law. When the Bill reached the committee stage in the House of Lords, the Government were outvoted on a number of vital points. The main trouble was the alleged inadequacy of the compensation payable to royalty owners when their rights were nationalised. The Government was unable to defeat amendments that would have substantially increased the cost, complication and delays of the nationalisation of coal royalties. When the Bill came back to the Commons, the most important of the Lords' amendments were rejected at the Government's instance, while many secondary changes were accepted against Labour opposition. The House of Lords did not press the dispute further, and the substance of the Bill stands intact.

Among the other economic measures introduced by the Government was a Bill to regulate the wages and conditions of work of road haulage workers. A central board is to be set up for the industry, composed of representatives of employers and work-people in equal numbers, with some independent members. After consultation with subsidiary boards in the different districts, the central body is to submit to the Minister of Labour a scheme covering, not only wage scales, but also over-time rates, subsistence allowances, and pay during holidays. The Minister will

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then make an order giving the scheme statutory effect, enforceable by penalties. The Minister claimed with some pride that this was the first time that holidays with pay had been dealt with by statute. It might, he added, be a landmark in our industrial and social history.

This particular provision in the measure is, in fact, only an incident in a wider movement that has been gaining momentum for some time. Last April a committee under the chairmanship of Lord Amulree unanimously recommended that everyone engaged in industry should be allowed an annual holiday of at least one working week with pay. It proposed the early introduction of legislation to instruct trade boards, agricultural wages committees, and other statutory bodies regulating wages to provide for holidays with pay; and to compel employers of full-time domestic staffs to give their employees two weeks holiday with pay each year, if their services had been for a full year or more in one household. The committee also drew attention to the need for the "staggering" of holidays from mid-April to the beginning of October, instead of concentrating them in July and August. Education authorities should try to arrange school holidays to fit in with industrial holidays. An incidental proposal was to fix the Easter holiday.

The Government confessed themselves unable to take up this last suggestion, but early in July they introduced a Bill carrying out the central recommendation that trade boards and similar bodies should be empowered to direct that workers whose wages they regulate should be granted regular holidays with pay in proportion to their period of employment. The Bill also gave authority for the machinery of the Ministry of Labour to be used in the administration of a holidays-with-pay scheme, on condition that organised employers and workers in the industry or branch of industry concerned made a joint application for assistance. The Ministry would be empowered to issue to the workers the holiday payments due under the scheme,

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these payments and other expenses being recoverable from the parties. Apart from these voluntary provisions, which will undoubtedly reinforce existing schemes and stimulate fresh ones through agreements between employers and work-people, the clauses relating to trade boards and similar bodies are expected to add two million of the country's lowest paid workers to the number of those receiving holidays with pay. There are about 18½ million manual workers in the country, of whom about 7½ million already come under some scheme of holidays with pay.

Unfortunately, the problem of protracted holidays for those who would much rather not have them, in the shape of unemployment, does not grow less. Between April 4 and May 16 the numbers of the unemployed rose by 31,000, and by June 13 another 24,000 had been added, bringing the total to 1,802,912. This was half-a-million more than at the comparable date of 1937. The cotton and other textile trades have been foremost in contributing to the increased unemployment, the cotton industry alone having over 100,000 more unemployed now than a year ago.

Although the unemployment insurance and unemployment assistance schemes are financially sound and secure, every rise in unemployment intensifies some of their secondary problems. Of these perhaps the most fundamental is that of the relation of unemployment pay to wages in cases where the needs of the individual are great while the normal wages are low. This problem occupies a good deal of attention in the latest annual report of the Unemployment Assistance Board. The report records that roughly half the male applicants for assistance declare normal wages of less than 50s. a week. Some 30,000 of the applicants, forming about 6 per cent. of the total, receive an allowance from the Board which is within 4s. a week of their normal wages. Since an unemployed man is saved certain expenses which an employed man must necessarily incur, in such cases the applicant is as well off on the Board's allowance as he would be in employment. In isolated instances, where the

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applicant has a large family, his unemployment pay may exceed his normal wages.

Ordinarily, the Board is instructed to apply a "wages stop", preventing the grant of larger sums than the recipient would obtain from his work if he were employed. But it is also directed to attend primarily to family needs, and the plain fact is that in certain instances family needs are not met, on the scale that Parliament and public opinion have asserted to be the minimum proper in a country like Great Britain, by the wages received in certain low-paid employments. The logical remedy for this—without regard for the moment to any other aspect of the problems involved—is obviously family allowances for all, whether employed or unemployed. This project has received support during the last few months from private members of all parties in both Houses of Parliament. It is, however, clearly a much more difficult plan to carry out in practice than to conceive in theory.

The difficulties of the unemployed have been increased by the effects of the drought and late frosts which injured almost all crops throughout the country during the spring. At July 1 the average level of retail prices of food, as recorded in the Ministry of Labour cost-of-living index, was 46 per cent. above the level of July 1914, compared with 38 per cent. a month previously and 40 per cent. at July 1, 1937. This sudden rise was due mainly to the displacement of old potatoes by the new crops at exceptionally high prices, and to increases in the price of milk, both factors being attributable to the above-mentioned weather causes. The farmers themselves have suffered considerably, though the weather has recently been a great deal more favourable. It was estimated at one stage that the drought was costing farmers £500,000 a day.

These difficulties may have contributed to the outcry that arose among them when the Prime Minister, in a speech at Kettering on July 2, rejected the policy of trying in peace-time to grow the food that we should require if

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war broke out. He said that an attempt to do so would ruin the Empire and those foreign countries that are dependent on our markets, and therefore would ruin our own export industries. Up would go our unemployment figures, down would go the purchasing power of the people, and in the end the sufferer would be the farmer himself. The idea that we could be starved out in war seemed to him entirely fallacious. We could depend upon the navy and the mercantile marine to keep open the trade routes and to enable us to import our food and raw materials indefinitely. The two precautions necessary were, first, the accumulation of certain reserves to tide over an emergency period of sudden air attack before fresh supplies could be got in; and, secondly, to ease the strain upon shipping and the navy by increasing in war-time the amount of food grown at home. The reserves had already been laid in, and the Government had their plans all worked out for increasing the amount of food to be grown in an emergency. The object of their agricultural policy was to give the farmer some measure of security. It was no use putting forward measures that would not secure popular assent and therefore would not endure for long. This statement was condemned as inadequate and complacent by representatives of the farmers and by their spokesmen in Parliament. Sections of the Opposition eagerly seized upon the opportunity to gain rural support for their own platforms. What the Conservative members of Parliament fear, however, is not so much a swing of votes to the Labour or Liberal parties as an intervention of farmers' candidates in a large number of constituencies, where the Government vote might thus be split.

The latest by-elections show no very violent trend. At Aylesbury, Sir Stanley Reed obtained a majority of 10,944 for the Conservative party, only a small fraction below the majority in the 1935 general election. The main significance of the result, however, lay in the fact that some 3,000 voters were added to the Labour poll at the expense of

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the Liberals. This took place in spite of the opinion expressed by some Labour supporters that Labour should not have entered the field, since in 1935 its candidate came easily at the bottom of the poll, and since the party vote might secure the election of an anti-Government member. In fact, Sir Stanley Reed had an absolute majority. Even more striking was the result in West Derbyshire, caused by the succession of Lord Hartington to the Dukedom of Devonshire. Here the Conservative candidate (like Lord Hartington himself in 1929, the last contested election) was elected on a minority vote, but the important fact was again the swing of votes from Liberal to Labour. A strong Liberal candidate polled only 6,515 against 13,277 polled by his party in 1929, while the Labour vote went up from 3,660 to 11,216. Another encouraging result for Labour was that at Barnsley, where the party, in a straight fight with a Liberal National candidate, succeeded in its ambition of raising its majority from 7,635 to over 10,000. At Stafford, however, Labour had a sharp setback. On a total poll that was little changed compared with 1935, the Conservative majority rose by several hundred. The Labour daily newspaper admitted its disappointment but claimed that it had been a freak by-election, offering as proof the fact that in the six by-elections in which Labour had taken part since Ipswich, up to and including Stafford, the Government vote had fallen by 8 per cent. while the Labour vote had come up by 28 per cent. At East Willesden, where only 40 per cent. of the electorate voted, the Conservatives retained the seat with a reduced majority. The Conservative candidate received 9,604 less votes than his predecessor at the general election: on the other hand, the Labour candidate, who had himself contested the seat on the previous occasion, suffered a reduction of 3,245. In other words, more Conservative than Labour voters stayed at home.

THE SANDYS CASE

II. THE SANDYS CASE

ON June 27 Mr. Duncan Sandys, the Conservative member for Norwood, who is a son-in-law of Mr. Winston Churchill, surprised and excited the House of Commons by his disclosure of certain communications that he had had with members of the Government. He had sent to Mr. Hore-Belisha, the Minister for War, a letter enclosing information—in the form of a draft parliamentary question—about the number and condition of guns available for anti-aircraft defence, and inviting the Minister to contradict these details. He had received only formal acknowledgment of the letter. The next thing he had known was that he was invited to confer with the Attorney-General, who asserted that the information sent to Mr. Hore-Belisha could only have been obtained through a breach of the Official Secrets Act. The Attorney-General, according to Mr. Sandys, held out the possibility that the latter might find himself subject to that section of the Secrets Act which compels any persons in unauthorised possession of secret information to disclose the source of their knowledge to a proper authority, under prescribed penalties for refusal. The Attorney-General's own version of the interview was somewhat different, since he claimed that this section of the Official Secrets Act had been mentioned only incidentally in the course of conversation, and it had not been his intention in the least to threaten Mr. Sandys. He had eventually given a written undertaking that Mr. Sandys would not be coerced in this way to disclose the name of his informant. The main outline of the facts, however, seemed to be clear.

Mr. Sandys sought the Speaker's advice, and was told from the Chair that he had raised a matter of great importance to members of Parliament and that his best course was to put down a motion in order that the House could discuss the matter fully. Accordingly he moved that

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a Select Committee of the House be appointed to enquire into the substance of his statement and the action of the Ministers concerned, and generally into the question of the applicability of the Official Secrets Act to members of the House of Commons in the discharge of their parliamentary duty. This motion was accepted by the Government, and a Select Committee was duly set up.

The debate on the motion on June 30, however, gave rise to new disclosures and brought new acrimony into the affair. Mr. Hore-Belisha said that Mr. Sandys' letter had arrived at the War Office not marked private or personal or secret or confidential. It had been passed to the appropriate quarter in order that the Minister might be given material for a reply. It had been returned to him with a minute from the general staff, stating that they were greatly concerned at Mr. Sandys' possessing such information; for it suggested that he knew the up-to-date details of a secret scheme concerning the number, sources of supply, and exact disposition of guns. Mr. Sandys intervened later in the debate to insist that his question had referred only to the number and condition of guns, and that he knew nothing about their disposition or about a secret document. The general staff, continued Mr. Hore-Belisha, told him that the information in question need never have been imparted to an officer of Mr. Sandys' rank, namely, second-lieutenant in the territorial force; and that it was not in the public interest that such a question should be asked in Parliament. They had decided, before any debate took place in the House, that a military court of enquiry should be held. Mr. Hore-Belisha had sent the relevant papers to the Prime Minister seeking his advice. Mr. Chamberlain advised him, in an interview on June 23, to lay the facts before the Attorney-General. It had been difficult for him simply to ask Mr. Sandys to withdraw his question—a course that Mr. Sandys himself had suggested in his letter—because the latter had challenged the Secretary of State to contradict privately the statement contained in the draft

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question; and that statement could not have been contradicted, since the facts alleged were true.

In the course of the debate Mr. Chamberlain pointed out how a conflict of interests might arise in such circumstances. A member possessed of secret information, the disclosure of which might be an offence under the Official Secrets Act, might indeed use that information in such a way as to be of great benefit to the nation. It might, however, be used in such a way as seriously to affect the national safety. Mr. Attlee, the Leader of the Opposition, declared that the House must resist any attempt of the Executive to hamper or restrain members from doing their duty. There could be no greater blow to democracy than that. If members moved under the menace of proceedings under the Official Secrets Act, a wedge would be driven between them and the servants of the state, and they would also be cut off from non-official sources of information. Mr. Winston Churchill reverted to his favourite theme of the inadequacy of the country's defences, and in a bitter phrase declared that the Official Secrets Act was devised to protect the nation and not to be used as a shelter by Ministers who had a personal interest in concealing the truth.

Meanwhile, a new element had entered into the case. The day after Mr. Sandys made his first statement, the War Office announced that, at the instance of the Army Council, a court of enquiry was to be assembled immediately to enquire into the circumstances in which a disclosure of highly secret information relating to anti-aircraft defence had been made. On the following day Mr. Duncan Sandys again rose in the House, to declare that he had received orders as a territorial army officer to appear in uniform next day as a witness before the court of enquiry. Since the enquiry was being made into a matter, certain aspects of which were to be investigated by a Select Committee of the House, Mr. Sandys asked the Speaker whether there was not *prima facie* evidence of a gross breach of the privileges of the House of Commons. The Speaker ruled

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that a *prima facie* case had been made out, and the Prime Minister at once moved that the matter be referred to the Committee of Privileges. There was general resentment in the press as well as among members of the House of Commons at this attempt to enforce a military obligation on Mr. Sandys in a matter in which he was primarily concerned as a member of Parliament. The Committee of Privileges, after taking evidence only from the Clerk of the House, presented a report acknowledging briefly that a breach of privilege had been committed. They made no reflection on the military court and did not recommend that any further action should be taken.

Mr. Hore-Belisha had declared that he was not present at the meeting of the Army Council when it was decided to set up the court of enquiry, though he accepted full responsibility for that decision. The Army Council, he added, did not discuss at that meeting the question whether Mr. Sandys might be summoned by the court. When, on July 11, the House of Commons came to debate the report of the Committee of Privileges, the Speaker ruled that Mr. Hore-Belisha's responsibility ceased after the court of enquiry had been constituted, and that therefore he was not to be held answerable for the summons to Mr. Sandys which emanated from that court. This ruling disagreeably limited the scope of the debate for Mr. Churchill and members of the Opposition who were anxious to debate the Minister's part in the whole affair. Mr. Churchill declared that, as himself a member of the Committee of Privileges, he had not interpreted their conclusion as fixing the responsibility upon the military court. He challenged the Secretary of State for War to rise and stand between the court and the censure that was now directed at it. Mr. Hore-Belisha, however, did not intervene in the debate, feeling bound, as Mr. Sandys also felt, to remain silent for the time being, since they were witnesses before the Select Committee then engaged on its investigations.

Most people thought that when the report of the

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Committee of Privileges was adopted by the House this ended the matter so far as the summons to the military court was concerned. A few days later, however, a Conservative member of Parliament told the Speaker that he had information which would appear to be inconsistent with that upon which the Committee of Privileges had founded their report. He asked how the matter could now be put right. The new information, it transpired, was that the members of the court had known nothing of the summons to Mr. Sandys to appear before them. They had had no say whatever in the summoning of witnesses, and they had not met when Mr. Sandys raised the point in the House on June 29. The Speaker took some time to consider this tangled situation. The subject of reference to the Committee of Privileges had been "the matter of complaint", and the matter of complaint had been officially described as "an order by a military court of enquiry". It was for the House itself, said the Speaker, to decide what action, if any, would now have to be taken, but his advice was that the matter should be allowed to rest where it was. The findings of the Committee and the decision of the House agreeing to their report remained substantially unaffected. They had found that a breach of privilege had in fact been committed, without making any reflection upon anybody. The Prime Minister agreed that it would be better to leave the matter where it was, but Mr. Attlee objected, on the ground that both the Committee and the House had been misled into passing censure on innocent persons, and that the House might have been given knowledge that would have prevented that error. He accordingly put down a motion to rescind the report of the Committee of Privileges and refer the question back.

This motion, however, was not pressed to a division. Instead, the House accepted an amendment by the leader of the Opposition Liberals, referring this aspect of the affair also to the Select Committee. Eight days later (July 27) the Prime Minister reported to the House that the Committee had been unable to complete its report on the first part of its

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terms of reference before the summer adjournment. Since a Select Committee could only present its report to the House, any report agreed upon during the recess could not be presented until the House re-assembled on November 1, unless some special arrangement were made. Mr Chamberlain accordingly moved that the Committee have leave to sit notwithstanding the adjournment of the House and to send its report with the minutes of evidence to the Clerk for publication and circulation on October 18. By this means members would have a fortnight in which to consider the report before debating it and would be able to dispose of the business before the present session came to an end. The resolutions were adopted by general consent

CANADA

I. THE SESSION AT OTTAWA

THE third session of the eighteenth Federal Parliament of Canada, which ended on July 1, had run its normal course of about five months, but it had suffered from an atmosphere of listless torpor, and showed a singularly meagre record of legislative accomplishment. For this, two factors were responsible. First, the Ministry felt that it would be both unwise and unprofitable to attempt any treatment for certain of the country's more pressing problems, such as the establishment of a national system of employment insurance and the readjustment of public debts, until the Rowell Commission on dominion-provincial relations and correlated questions had reported. Secondly, the Conservative party, being destined to change its leader and to evolve a new programme at the end of the session, was not disposed to press controversial issues unnecessarily or to reveal its numerical weakness in divisions. The Government with its commanding majority was thus never seriously harassed, although it had to endure the mutilation of some of its Bills by the Conservative majority in the Senate, and to accept reluctantly the complete extinction of one measure, a Bill for the establishment of a prison commission on the lines recommended by the Royal Commission that had investigated the penitentiary system of Canada.

No new reputations were made on the Ministerial benches. As only one of the younger members of the cabinet, Mr. Ilsley, is living up to his early promise, the main burden in debates was still carried by the three senior members, Mr. Mackenzie King, Mr. Lapointe and

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Mr. Dunning. On the Conservative side, Mr. Bennett once more carried out with effective vigilance and moderation the duties of an Opposition almost single-handed. He remained the dominant personality in the House of Commons, and his parliamentary prestige was never higher than on the eve of his retirement from the leadership of his party; but some of the younger Conservatives showed a greater inclination to assert themselves than in the preceding two sessions. The Social Credit members continued to harp *ad nauseam* upon their pet panacea for the Dominion's ills, but they have not made any serious contribution to the discussion of other than monetary problems, and a much more effective expression of the Left view came from the little C.C.F. (Co-operative Commonwealth Federation) group, which contains a quartette of the most competent debaters in the House of Commons.

In recent years the federal budget has been submitted in March, but this year the Ministry delayed it for more than two months beyond the normal date in the hope that it would include the tariff changes necessary to implement a new trade agreement with the United States. This hope, however, was gradually found to be illusory as the negotiations dragged on at Washington through the early summer. Eventually, after the business community had begun to complain of the unsettling effects of uncertainty about the budget, Mr. Dunning, the Minister of Finance, presented it on June 16. With revenue for 1937-38 reaching a total of \$516 $\frac{3}{4}$ million, against total expenditure of \$530 $\frac{1}{2}$ million, he was able to show a deficit of only \$13 $\frac{3}{4}$ million, compared with an actual deficit of \$77 $\frac{3}{4}$ million in 1936-37 and his own forecast of a deficit of \$35 million.* Mr. Dunning, however, had also to admit

* There was indeed a surplus of nearly a hundred million dollars, reckoning ordinary revenue (\$510 $\frac{1}{4}$ million) against ordinary expenditure (\$411 million); the net deficit arose from two extraordinary items of outgo—\$68 $\frac{1}{2}$ million for special expenditure on unemployment relief, and \$42 $\frac{1}{4}$ million for the 1937 deficit of the Canadian National Railways.

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that the setback in business had shattered the Government's avowed hope of achieving a balanced budget in 1938-39. For the current fiscal year he forecast a deficit of \$23 million, based on estimates of \$501 $\frac{3}{4}$ million for revenue and \$524 $\frac{3}{4}$ million for expenditure. While leaving the basic rates of taxation unaltered, he exempted all building materials from the 8 per cent. sales tax for the purpose of stimulating the Government's housing programme, and tried to close some loopholes used by wealthy evaders of taxation.

For the first time since 1912 not a single change was made in the tariff. The Government pleaded, as an excuse for this fiscal passivity, that a policy of unilateral tariff reduction was no longer advisable for Canada, because her two chief customers, Great Britain and the United States, were now willing to reduce their tariffs only through trade agreements. This brought to a head the growing dissatisfaction of the Government's western supporters with its apathy about tariff reform. The *Winnipeg Free Press* voiced their sentiments when it declared that there was no mandate for such a serious departure from the traditional Liberal tariff policy of reducing duties, in the interests of the consumers and natural producers of Canada, to the lowest possible level consistent with the revenue needs of the Treasury.

At a Liberal caucus in Ottawa a group of western malcontents made bitter protest. They arraigned Mr. Dunning, who was once their political hero, for leading the Liberal party into reactionary paths, and threatened to vote against the budget. Their revolt, however, was quelled by personal assurances from the Prime Minister that, whether a new trade treaty with the United States were achieved or not, substantial reductions in the tariff would be included in the next budget. Only one member of the group voted with the Opposition, and the budget was passed by the comfortable majority of 135 to 52, after Conservative and C.C.F. amendments had been easily

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defeated. The speech from the throne at the prorogation held out hopes of a comprehensive enlargement of the existing trade treaty with the United States, but the suspicion now prevails at Ottawa that the Roosevelt Administration, being anxious to avoid the alienation of farming, fishing, and other interests by the tariff concessions that Canada is seeking, will spin out the negotiations until the congressional elections are surmounted in November.

Ministers regard as their outstanding legislative achievement of the session the passage of a series of measures authorising a long-range, nation-wide programme of development and conservation, designed to alleviate unemployment and enlarge the national income. It includes a scheme to promote the building of low-cost urban and rural houses, under which the federal Government may assume for three years the payment of a substantial proportion of municipal property taxes on new houses erected before the end of 1940, and loans may be made at low interest rates to municipalities for the furtherance of projects of a self-liquidating character. A wide variety of special public works has also been sanctioned, and altogether there is contemplated an expenditure of some \$200 million for "pump-priming" purposes. The Government also secured a Bill authorising it to buy out the private shareholders of the Bank of Canada at \$59.20 for each \$50 share, and thus to complete the nationalisation of the central banks. Cynics suggested that the real motive for this move, for which there was no obvious public demand, was a desire to help the Liberal Ministry of Saskatchewan to repel the invasion of Mr. Aberhart by denying his allegation that the monetary policy of Canada was controlled by selfish financial interests. Another Bill replaced the present Board of Railway Commissioners by a new Transport Board, which is armed with authority over aerial and water transportation as well as the railways; its original provisions, however, were substantially amended by the Senate. A new federal elections Act was also passed, but

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the Government jettisoned its ambitious Bill for preventing corruption and extravagant expenditure at elections. There was also the usual crop of minor amending measures, designed to improve the criminal code and other statutes; but a Bill broadening the grounds for divorce in Canada, after being passed by the Senate by a narrow majority, was killed in the Commons under the influence of the Government, which feared to offend its Catholic followers.

The Government encountered no serious repetition of the hostility shown last year by a body of its own supporters to its rearmament programme, and some of the former Liberal critics intimated that they had recanted their earlier opinions in view of the gravity of the international situation. In the closing days of the session, however, there was a sharp clash between Mr. Bennett and Mr. Mackenzie King, when the former accused the Government of refusing permission to the British Government to establish in Canada an aviation training school for the Royal Air Force. Mr. Mackenzie King replied that a fundamental principle of Dominion autonomy would be infringed if Canada did not control all military establishments within her own bounds, but Mr. Bennett argued that the denial of the British request, which he said had been made through informal conversations, was a negation of the free co-operation of partner States in the Commonwealth, which had been expressed by the Imperial Conferences of 1926 and 1930. Press comments having revealed that public opinion in English-speaking Canada was critical of the Government's attitude, Mr. Mackenzie King announced a few days after the session ended that they proposed to enlarge their own aviation schools for the purpose of training recruits for the Royal Air Force, but under the aegis of the Canadian Department of National Defence.

Such parliamentary discussions as took place on foreign policy were too brief to enlighten public opinion, but they showed that the Liberal Ministry, while rejecting complete isolationism, resolutely refused to have Canada bound

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by any commitments involving peace or war, and was determined to let Parliament decide upon each issue as it arose. The Conservatives were cautiously critical of this attitude, on the ground that it showed a deplorable lukewarmness towards the general interests of the Commonwealth, whereas spokesmen of the C.C.F. sensed a dangerous subservience to British policy and demanded a clarification of Canada's position before any real crisis emerged.

Throughout the session, Ministers were harried by the Opposition groups about the unemployment situation, which has been aggravated by the business recession. They came very badly out of a debate upon the situation in Vancouver, where a body of several hundred young unemployed had taken possession of the post office and an art gallery and had been ejected by the police with the aid of tear gas. There is widespread local sympathy in Vancouver with the plight of these young men, who cannot get work and yet, if they are single, are denied public relief; and the Government is considered to have made a serious mistake in closing down the special unemployment camps for single workless men, which its predecessor had established. Mr. Mackenzie King's Government has also been in a serious quandary over the notorious "padlock" law, passed by the provincial legislature of Quebec, under which there have been a series of violations of fundamental civil rights concerning freedom of speech and liberty of the press. Strong pressure has been exerted upon the Government from various quarters to use the federal power of disallowance, but despite warnings from Liberal papers that a refusal to take this action would betray a basic principle of Liberalism, it has decided not to interfere with the Quebec legislation.

The curtailment of the earnings of the two railway systems, as a result of the business recession, has brought the railway problem again into the forefront of public discussion, and has caused a revival of the campaign of the Canadian Pacific Railway for the unification of the two

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systems. At the instance of some politicians friendly to this project, the Senate appointed a special committee of twenty members to investigate and report upon the railway situation, and particularly upon the failure of the two companies to show any substantial results from their efforts to achieve co-operative economies through pooling of services, under the plan recommended by the Duff Commission on transportation, which investigated the railway problem seven years ago. The public sessions of the Senate committee lasted more than seven weeks and attracted large audiences. On behalf of the Canadian Pacific, its president, Sir Edward Beatty, propounded a plan for unification almost identical with the scheme which the Duff Commission had examined and rejected as impracticable. Under this plan, the two systems would be placed for operating purposes under a common management, but each would retain its own properties without any alteration in the existing capital structures, and there would be an equitable division of the joint earnings. Sir Edward estimated that in a normal traffic year savings of \$75 million could thus be made in the national transportation bill—admitting, however, that the economies would accrue partly from the abandonment of about 5,000 miles of unprofitable lines. He maintained that the Canadian Pacific could easily survive as an independent system, but that it was prepared, in the national interest, to co-operate in a scheme of unification for the purpose of relieving the heavy annual drain of the C.N.R. deficit upon the federal treasury.

The officials of the Canadian National system took sharp issue both with his arguments and with his figures; they maintained that his plan lacked the merits either of private or of public ownership, that his estimate of annual savings of \$75 million was too high, that the elimination of 5,000 miles of railways would seriously retard the economic development of Canada, and that the resulting discharge of railway employees would increase unemployment. Most

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of the benefits promised from unification, they argued, could be secured by wholehearted co-operation in pooling services, which they claimed had not been forthcoming from the C.P.R. The committee produced only a brief interim report, recommending that it be reconstituted next session to continue the enquiry, and that the railways should show more zeal in working out co-operative economies and reducing expenditure.

II. THE CONSERVATIVE CONVENTION

ALTHOUGH there are signs of an erosion of its popular support, the Liberal party is still in the ascendancy in federal and provincial politics. Its historic rival, the Conservative party, made a resolute effort to reinvigorate itself at a national party convention held in Ottawa on July 5, 6 and 7, and attended by about 1,600 delegates. The proceedings of the convention were reasonably harmonious, although there were some sharp conflicts in the committees that drafted the resolutions. Its main fruits were the selection of a new leader in Dr. Robert J. Manion, M.C., a change in the name of the party from "Liberal-Conservative" to "National-Conservative", and the evolution of a new programme.

Dr. Manion, who is in his fifty-seventh year, is a native-born Canadian of Irish lineage, a Roman Catholic in religion and a doctor of medicine by profession. After serving in the war as a medical officer and winning the Military Cross, he resigned from the Liberal Party, of which he was a nominated candidate, on the conscription issue, and was elected as a Liberal-Unionist supporter of the Borden Ministry at the general election of 1917. Subsequently he threw in his lot with the Conservative party. After being admitted to the Meighen Cabinet in 1921, he served in all later Conservative Administrations, his last post being that of Minister of Railways. If even his warmest admirers would not rank him intellectually with

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Senator Meighen or Mr. Bennett, he has attractive qualities, of which not the least valuable is a genial manner calculated to win popularity for him with the public, and he is now an experienced and competent parliamentarian who can hold his own with anybody in debate. He is highly esteemed in his profession, and has written two readable books of war-time and political reminiscences. Moreover, he has two very useful assets for a successful appeal to French-Canada—a French-Canadian wife and a reasonably fluent command of the French language.

It would be idle to deny, however, that there is in the Conservative party, particularly in Ontario, a hard core of Protestant sentiment, which takes unkindly to the idea of a Catholic leader who owes his election mainly to the solid support of some 300 French-Canadian delegates. If the Roman Catholics, whose vote in recent elections has been predominantly Liberal, are attracted in large numbers by a co-religionist into the Conservative camp, there may be a double shift of voters' allegiance on a considerable scale at the next election. Dr. Manion has not been in Parliament since he lost his seat in 1935, but there is immediately available for him a safe Conservative seat in London, Ontario.

The new Conservative programme, which Dr. Manion will have to expound to the country, does not break much new ground, but it contains some evidence that the influence of the progressive wing of the party has prevailed. In the opening days of the convention Mr. Bennett and Senator Meighen gave the delegates a very definite and spirited lead in the direction of imperial co-operation, and as a result the resolution adopted about Canada's relations with the rest of the British Commonwealth reaffirmed the convention's faith in the Crown, in democratic institutions and in the British Commonwealth of Nations as "a mighty influence for world peace", stressed the necessity of maintaining unimpaired the ties now holding the Commonwealth together, and expressed the belief that the defence of

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Canada and the preservation of her liberties could best be promoted by co-operation and consultation between all the members of the Commonwealth. This resolution was too imperialist to suit the contingent from Quebec, but their determined attempt to insert a rider to the effect that troops should not be moved out of Canadian territory without a popular mandate through a referendum was easily defeated.

Another resolution re-stated the party's faith in a policy of tariff protection, primarily for the purpose of "fostering and sustaining Canadian labour and Canadian industries", but it sought to placate the low-tariff element in the party by a proposal that the tariff schedules should be investigated by a non-political tariff commission, and that disclosed abuses of the tariff should be punished by an elimination or reduction of duties. There was also recorded a strong commendation of the Ottawa agreements as one of the sheet anchors of Canadian prosperity. While trade agreements with foreign countries were not frowned upon, it was urged that their terms should not be allowed to impair the benefits derived by Canada from the Ottawa agreements. The convention explicitly decided against the amalgamation of the two railway systems, and endorsed a policy of promoting co-operative economies between them. The delegates, however, evaded the issue of constitutional reform on the plea that it would be unwise to make any declaration about it until the Rowell Commission on dominion-provincial relations had reported. The convention went on record as favouring "the maintenance of public credit by adherence to a sane monetary policy", with the Bank of Canada functioning as an instrument for the control of currency and credit. But this resolution did not pass before Mr. Herridge, formerly Canadian Minister at Washington, who sought to convert the party to a radical plan of economic and monetary reform, had protested bitterly that the resolutions of the programme betrayed and insulted the intelligence of the Canadian people and represented the triumph of reactionary influences.

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The party is now pledged, among other things, to give special encouragement to agriculture, to promote the immigration of selected families from Great Britain, to exclude all Oriental immigrants, to support a plan of national unemployment and retirement insurance, to administer relief on non-political lines while mitigating unemployment by projects for the development of natural resources, to maintain the right of free association for both employers and employees, to give state aid for the training of young people for gainful occupations, and firmly to oppose fascism, communism, and any other formulae aiming at the regimentation of the nation's life.

With a new leader and a new programme the Conservative party can be relied upon to adopt henceforth more aggressive tactics in preparation for a general election. The Liberal party professes to derive some comfort from the recent return, although not with a popular majority, of the Liberal Ministry in Saskatchewan, but it has observed ominous clouds upon the horizon in the two largest provinces; for it has lost control of Quebec, and Mr. Mitchell Hepburn, the Liberal Premier of Ontario, has disavowed all allegiance to Mr. Mackenzie King. Although there is still an absence of any sharp dividing issues between the two major parties, the Conservative party, despite the failure of its elder statesmen to commit it to an ultra-imperialist policy, is now pledged more firmly than any other to wholehearted imperial co-operation. And a clear-cut cleavage on domestic issues may soon be provided by the report of the Rowell Commission, which, despite the retirement of Mr. Justice Rinfret and the serious illness of its chairman, Chief Justice Rowell, should be forthcoming before the end of this year.

III. POLITICS ON THE PRAIRIES

THE issue in the Saskatchewan election, broadly stated, was the record of the Liberal Government on the one hand, and on the other the promises of the more radical

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parties, by far the most alluring of which emanated from the neighbouring province of Alberta, while others came from the C.C.F., the nearest approach to a Canadian socialist party. In this struggle the Conservatives seemed to find difficulty within their traditional concepts in discovering an issue that had any appeal. If unorthodox economic doctrines flourish under depressed economic circumstances, then Saskatchewan of all provinces in Canada should have proved fertile soil for the Social Credit propaganda. An unprecedented succession of crop failures, accompanied by low prices, had reduced the province to destitution; it was estimated that over half the population were in some form receiving relief.

The seriousness of the Social Credit threat is illustrated by the policy of the press. In Saskatchewan the Government was fortunate in having the most influential newspapers solidly behind it. The *Regina Leader Post*, for example, devoted almost all its editorial energies to attacking Social Credit rather than the platforms of the other parties. It and other newspapers stressed not only the monetary fallacy inherent in Social Credit, but also, and with more effect, the danger of political control of Saskatchewan from the Alberta capital. Effective political capital was made of the fact that the Saskatchewan Social Crediters had no leader other than Mr. Aberhart, the Premier of Alberta, and that the Social Credit nominations were made by an "Advisory Council" in Edmonton. When these were announced on May 31 by Mr. E. C. Manning, the first lieutenant of Mr. Aberhart, some of the candidates selected by Social Credit conventions in Saskatchewan were found to have been omitted, and this was a cause of grave dissatisfaction. While Social Credit forces asked for support on the basis of their record in Alberta, the Liberals willingly accepted the challenge, and not only attacked that record but also made a real issue of provincial autonomy. Familiar as Canadians are with outside assistance in provincial campaigns, the abdication of political

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control as illustrated by the method of selecting Social Credit candidates was too great an innovation for the Saskatchewan electorate.

The most telling stroke of strategy on the part of Social Credit was the publication, on the very eve of the election, of a letter from Mr. Aberhart to Mr. Mackenzie King, the Prime Minister of Canada. In sharp contrast to the previous communications between the two, the letter was couched in most conciliatory terms and pleaded on the broad ground of public interest for an opportunity to let Social Credit prove itself. Such a plea for fair play, however, while it undoubtedly won support among the electors, was more than offset by the high-handed fashion in which the candidates had been selected.

The outcome was particularly difficult to predict because of the large number of candidates who entered the lists. For 50 seats (two elections in the remote northern districts were deferred) there were 157 candidates. The predominance of small salesmen among the Social Credit candidates was an interesting phenomenon in a province predominantly agricultural.

During the campaign Social Credit hopes ran high. Their meetings were better attended than those of any other party. Wherever Mr. Aberhart spoke new records for attendance at political meetings were established. In Saskatoon, for example, where fifteen years ago at the height of the enthusiasm for the wheat pool project some 3,500 people assembled to hear an imported speaker on that topic, Mr. Aberhart packed a new hall accommodating 5,000 people, while an overflow audience, estimated in the press at an additional 3,500, was reached by loud speaker. To all the other parties the success of these meetings was a matter of concern, not only in Saskatchewan but throughout the country and especially in Ottawa.

Election day, however, dashed the hopes of Social Credit to the ground. Only two of their members were returned against 36 Liberals, 10 C.C.F. and 2 others. The

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Conservatives failed to carry a single seat. While this result represented a loss of 14 seats for the Government, three of these could be accounted for by a recent redistribution and two others by deferred elections. The Government still has a very comfortable majority. The C.C.F. gained 5 seats, giving them 10 in the new House, and they continue as the official Opposition.

The popular vote probably gives a more accurate picture of the political complexion of Saskatchewan than does the number of seats won. The following table shows the votes cast at this election and at the last election in 1934.

	1938		1934	
	Votes	%	Votes	%
Liberals	188,256	45.3	206,191	49
Conservatives	51,764	12	114,973	27
C.C.F.	75,753	18.2	103,582	24
Social Credit	65,292	15.7		
Others	34,344	8.4		

The 65,000 Social Credit votes, despite the much larger number of candidates, represent but a very slight gain over the 60,000 votes polled by that party in Saskatchewan at the last federal election in 1935. Contrary to expectations, Social Credit failed to increase its strength along the Alberta boundary, and did not gain a foothold in the cities. Many of the candidates lost their deposits. The average vote per Liberal candidate was 3,738, and the average per Social Credit candidate only 1,605.

The Government's greatest losses came in the north-eastern part of the province, although that particular section has suffered less from crop failures than most others. In a block of 11 seats in this north-east corner the Liberals retained only 1 seat, which was held by a Cabinet Minister. While it withstood the onslaught of Social Credit in the most distressed areas of the province, it lost heavily to the C.C.F. in this favoured region. An explanation advanced is that this area, reduced during the previous year for the first time to a relief standard of living owing to a

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poor crop, had a feeling of grievance against the Government for two reasons: first, because it felt that it had not received as much relief as some other distressed areas, and, secondly, because it was far from enjoying the relief standards of living that it was compelled now to maintain.

The position of the various parties following the election is reasonably clear. The Conservative party, having for the second time in succession failed to obtain a single seat, has ceased to be an immediate factor in Saskatchewan politics. For Social Credit, the election marks the most serious reverse it has received, and Social Credit is clearly not going to sweep the prairies, for the moment at any rate. The results cannot be other than encouraging to the C.C.F., which has suffered an unexpected number of reverses elsewhere in the country. For the Liberals, the victory was not without a price in the form of promises, the implementing of which will be no small embarrassment to an already harassed federal Minister of Finance. Assurances of highway expenditure, continued relief, support of the price of wheat, and subsidised housing made in the stress of an election will be both difficult and expensive to carry out in the face of the present slackening of Canadian economic activity.

An amusing incident of the election has been the attempt of the Canadian bankers to meet at long last some of the unwarranted, as well as warranted, criticism of financial institutions. To those familiar with the austere and almost contemptuous silence with which Canadian bankers have been accustomed to treat all outbursts against them, it is a matter of interest to find them breaking a lance with their critics. An advertisement over the name of the chartered banks of Canada in the *Regina Leader Post* was headed "Don't Over-rate your Banker; He Cannot Perform Miracles". Westerners are reminded of the plea of the frontier saloon-keeper to his customers: "Don't shoot the pianist; he's doing his best".

The election is not, of course, without repercussions

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on the neighbouring prairie provinces. In Manitoba it might seem a favourable moment for the present Government, which continues only with the support of five Social Credit members, to call an election in the hope of obtaining a clear majority. On the other hand, it seems unlikely that these sitting Social Credit members will embarrass the Administration when the alternative for them is an election with the possibility of no better result than that obtained in Saskatchewan. With a good crop last year and the prospect of almost as good a crop this year, Manitoba does not offer a promising field for the expansion of unorthodox economic doctrine.

The economic basis of the political situation in Alberta forms a contrast to that existing in the other two provinces. Two significant economic developments in Alberta have eased the task of Mr. Aberhart's Government. Alberta is now less dependent upon agriculture than either of the other prairie provinces. It appears that after a long, and at times discouraging, period of exploration the essential geological structure of the Turner Valley oilfield is becoming known, and new wells are substantially increasing the production to a point where vigorous restriction schemes are deemed necessary. This development not only increases the income of the people but also helps the provincial treasury through higher royalty receipts. The second development is the expansion of mining in northern Alberta and in the tributary regions in the North-West Territories on Lake Athabasca and Great Slave Lake. The decision of the Hudson's Bay Company to invest from their own funds one million dollars in a new and thoroughly modern store in the city of Edmonton is a tribute to the prospects of the province. So long, however, as legislation unfavourable to creditors remains, there will be no large movement of borrowed capital into the province.

Mr. Aberhart's attempt to implement his own peculiar economic policies has been met at every turn by the limitations of the British North America Act. At the moment,

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his legislation is strewn through the courts from Edmonton to Ottawa and even to London. Some of the enactments have been withheld from royal assent by the Lieutenant Governor of the province, others have been disallowed by the federal Government, and still others have been declared unconstitutional by the courts.* The apparent satisfaction of the people of Alberta with Mr. Aberhart's Government, since he has been unable to put Social Credit into practice, can rest only upon his legislation favouring the debtor class. The result of the Saskatchewan election, combined with the relative prosperity of Alberta, may make Mr. Aberhart more amenable to the ideas of orthodox finance, especially if the economic situation of Alberta improves to the point where he can politically afford to negotiate with the creditor interests.

The grave fiscal difficulties of the three western provinces during the depression have been surmounted only by means of large federal loans to the provincial treasuries. Pending the report of the Rowell Commission on dominion-provincial relations, which it is hoped will offer a permanent solution of provincial fiscal troubles, increased interim subsidies have been granted to the provinces. In default of a permanent solution we can expect the recurrence of such disconcerting phenomena as the Social Credit movement.

Canada,

July 1938.

* On July 14 the Judicial Committee of the Privy Council upheld the judgment of the Canadian Supreme Court, disallowing the Bank Taxation Bill, one of Mr. Aberhart's key measures.—*Editor*.

AUSTRALIA

I. THE ECONOMIC OUTLOOK

IN a world of economic and political disturbances, Australian economic activity continues at a remarkably high level. The year 1936-37 was one of rapidly expanding investment and high export prices. Since March 1937, however, export prices have fallen. On the base of 100 for 1928, average export prices in 1936-37 were 91.6. They had fallen to 82 for 1937-38 and were about 72 at the opening of the next export season 1938-39. That is a very rapid and substantial decline, which has inevitably caused a heavy reduction in income to export producers, except the gold-mines. It is a matter of some speculation among business men and close observers of economic trends in Australia why, in these circumstances, the internal economic situation has not deteriorated in conformity with the trend in other countries.

That it has not deteriorated is shown by the continued decline in unemployment; * by the high level of imports, which exceeded £102 million (sterling) for the eleven months July-May last; by the buoyancy of government revenues; by the increase in sales at the great retail establishments; by the record output of iron and steel, and by the new high levels reached by company profits. All this suggests that the fall in export prices has not yet seriously affected the Australian economy. It merely tended to check expansion at a time when the continued

* In March last the official trade union percentage of unemployment was 8.0 per cent. compared with 9.9 per cent. a year earlier and 13.4 per cent. in March 1936. This is not altogether a satisfactory measure, but the trend of the more reliable measures of employment in Queensland and New South Wales confirms the evidence of the trade union returns.

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stimulus of high export prices may have brought about boom conditions.

This could not have been so twenty years ago, and the present situation may serve to illustrate certain changes that have taken place in the Australian economy in recent years. The depression imposed a severe deflation of costs; it gave Australia the economic purge dear to the hearts of those economists who believe that only a purge can correct the errors inherent in unhealthy expansion. Be that as it may, the heavy reductions in costs, combined with depreciation of the currency, presented Australian secondary industry with a great opportunity to compete with imports.

There is ample evidence that it has taken full advantage of this opportunity. An investigation into the development of Australian manufactures showed that by 1935-36 the net expansion was sufficient to offset the loss to the Australian economy of £30 million (sterling) per annum of overseas borrowing before the depression. In 1928-29 the numbers employed in Australian factories had reached a record figure of 450,000. There was then a heavy fall, but by 1934-35 the pre-depression position had been regained. Now there are approximately 530,000 employees, despite the great developments in mechanisation. In his last report on Australian economic conditions (November 1937) Sir Robert Dalton, H.M. Senior Trade Commissioner in Australia, remarked that "the most successful competitor for business in manufactures on the home market is now Australia herself". Sir Robert showed that for a selected group of goods Australian production in 1935-36 amounted to £A157 million, while imports totalled only £A7 million against £A18 million in 1928-29.

The first important change to have taken place in the Australian economy is thus a substantial expansion of secondary production. The relative importance of imports to national income has fallen. This is in some ways an expression of economic nationalism, but it is on the whole a healthy expression, because the expansion of secondary

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production is based upon reduced costs, greater efficiency of management and improved mechanisation. It is, moreover, an essential condition of economic balance in Australia. The volume of exports has remained at about the level of 1931-32. If that year be taken as 100, the volume (as distinct from the value) of export production in 1927-28 was 74·6. From this level it rose to a new "normal" position in 1931-32, and it has been fluctuating around that level since. Either we are experiencing greater difficulties in gaining entry to markets abroad, or there are some natural or other obstacles to the continued expansion of export production. In these circumstances our income from exports is largely dependent upon export prices, and our imports must be adjusted in the long run to fundamental changes in the export position. We can do this only by the development of our own secondary industry, and the lower the long-term level of export prices the greater is the need for this development.

Next there is a fundamental change in the Australian economy in respect of its almost complete reliance upon local borrowing for government and public works, and the substantial reduction made in the overseas interest burden. True, Australia recently borrowed £7 million in London, of which £2 million was for defence and £5 million was required to fund treasury bills and strengthen reserves of London funds held by the central bank. But the economy of the country is no longer exposed to the disturbing influences of alternate periods of heavy public borrowing abroad and enforced abstinence. Australia cannot be caught short now, as she was in 1928-29, with heavy commitments for loan expenditure in Australia—called "arrears of borrowing" in those halcyon days—and with the London market unfavourable for the raising of long-term loans to finance those commitments. Moreover, the interest bill in London has been reduced by more than £8 million (sterling), and now stands at approximately £22 million (sterling) for the public debt.

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There has indeed been a considerable inflow of private funds for the development of Australian industry, notably manufacturing and mining. Moreover, short-term capital movements may still have a disturbing influence on the Australian balance of payments. This is shown by the fluctuations in the London funds of the banking system in recent years. From a low point of £35·5 million in June 1931, they were built up to £68 million in June 1934. They fell again to £43·9 million a year later, and were still only £46·4 million in June 1936. A year later they had risen to a post-depression peak of £71 million. These movements cannot be all accounted for by changes in the balance of trade or in long-term investment. Short-term capital movements perhaps have a greater influence in the Australian economy now than before the depression.

Finally, Australia has maintained a very high level of internal investment—factory expansion, house construction, public works, local government development. The growth of secondary industry would not have been possible without this investment; and though some public loan expenditure is inevitably uneconomic, much of it is needed to provide accessory services for the development of industry. We have no direct measure of investment, but for building the average monthly value of permits for the six capital cities is running at about £2·2 million compared with £2·0 million in 1936-37. Thus total public investment is being maintained. In 1937-38 state public works are estimated to cost £21 million and capital expenditure of local authorities £9·1 million. For 1938-39 the forecast approved by the Loan Council at its meeting in April is £19 million for state public works and £10·4 million for local authorities, a total of £29·4 million compared with £30·1 million in 1937-38. When defence borrowing is added the total will be higher in 1938-39 than in 1937-38. With a high level of private and public investment, it is not surprising that economic activity is well maintained in spite of lower export prices and recession abroad.

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Government revenues reflect the favourable conditions. The Commonwealth anticipated a modest budget surplus of £30,000 for 1937-38. It will realise a surplus of about £3,500,000. Two of the states, Queensland and Western Australia, forecast deficits totalling £459,000 while the other four showed small surpluses in their budgets. These surpluses will be larger than was anticipated, and the deficits of Queensland and Western Australia smaller. For all the Governments together, the net surplus will be of the order of £3,500,000.

So much by way of explanation and illustration of our continued good fortune. Will it persist in spite of an unfavourable world economic situation and our own loss of income from the fall in export prices? Exports of merchandise, which amounted to £117·3 million (sterling) in 1936-37, will be approximately £112 million in 1937-38. With the fall in export prices and a less favourable season in prospect, a further fall in the value of exports is inevitable. Imports are still at a high level, totalling approximately £112 million (sterling) in 1937-38, and there will certainly be no surplus on the trade balance in 1938-39 unless export prices rise. Fortunately, exports of gold have been expanding, and the annual production is now worth more than £10 million (sterling). But this is not sufficient to meet the net payments on account of interest and services abroad, and an adverse balance of payments in 1938-39 may thus be anticipated.

Australia is quite accustomed to meeting a situation of this kind. The London funds of the banking system at July 1, 1937 are estimated to have totalled £71 million. That is not as high as the combined London funds and gold reserves in good years before the depression, when they amounted to £90 million or £100 million. But there is less need for a very high reserve now, because the Australian economy is not so much affected by sudden stoppages of foreign investment, because the annual payment of interest is less now, and because the proportion of export production

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to national income is lower. So we may assume that London funds at about £70 million put Australia in a fairly strong position to meet any likely drain on her external reserves.

Any drain on London funds is also a drain on the cash reserves of the banking system and on bank deposits. There is a well-established connection between the condition of the money market in Australia and the state of the balance of payments. Thanks to the high export prices and the favourable balance of payments in 1936-37, the banking position improved, and there was a decline in the rate of interest on government bonds. This movement was reversed in recent months. The ratio of cash to deposits in the banking system is falling, and the average rate of interest on government bonds in June was over £3 15s. per cent. compared with £3 11s. per cent. early in the year. This moderate tightening of monetary conditions has been accompanied by a decline in prices on the stock exchange, the prices of ordinary shares having fallen nearly 15 per cent. since the middle of 1937. The fall is moderate compared with those on the New York and even on the London stock exchanges. If it be true that the stock exchange accurately gauges the future trend of economic conditions, the moderation of the decline in security prices in Australia may be a good omen. That we are to have some recession in 1938-39 is generally agreed. The question is how great a recession it will be.

Much will depend upon the immediate future of export prices, and upon the attitude of the Australian Government and the central bank to the problems they have to handle. There will be increased demands upon the Commonwealth Government for defence expenditure, and the state Governments as a whole seem determined to maintain the present level of loan expenditure by government and local authorities. This will impose some strain on the money market in its present condition. There is in addition a domestic loan of £72 million to be converted in December.

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The borrowing programme and the conversion operations will give the central bank an opportunity to indulge in a modest programme of monetary expansion, designed not only to support the financial needs of the governments but also to ease the money market. The limiting influence operating on such a policy of expansion is the state of London funds. Provided our international currency reserves are maintained at a level that is not damaging to our credit abroad, the central bank can keep the money market reasonably liquid, and make a useful contribution to the maintenance of investment, both public and private. The amount of London funds thus becomes the central factor in the problem.

It is for this reason that so much depends upon the future of export prices and seasonal conditions. Fortunately good rains at the end of May and in June, though not relieving all areas threatened with drought, have greatly improved seasonal prospects at a critical time, and the volume of exports is not now expected to fall greatly below the volume for 1937-38. As for export prices, a moderate rise of 10 per cent. on the average would be required to reduce the deficit on the balance of payments to an amount ranging from £5 million to £10 million (sterling). This amount would still leave London funds in the region of £60 million at the end of the financial year 1938-39.

The immediate economic policy necessary for Australia is a co-ordinated effort to check the forces of recession, and to limit the loss of income to the amount caused directly by the fall in export prices. But it is not easy to secure general agreement upon the measures to be taken, or to gain for a policy of deliberate control the respect and support of private industry. The United States has shown very clearly that a policy of economic expansion cannot be successful without the co-operation of business, while Australia's own economic recovery bears eloquent testimony to the value of such co-operation. There is one important element in the Australian situation that

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should promote co-operation at present, namely, the increase in defence expenditure. It is in the early stages of an enlarged defence programme that the main stimulus to investment occurs. In this respect the Australian defence programme has been well-timed, though it may be argued that the international situation demanded earlier action.

Defence expenditure, however, cannot provide the whole stimulus required to keep private investment at its present satisfactory level. There are indications that costs have risen considerably in the past three years, and the combination of high costs and a tightening of the money market has in the past usually caused a decline in investment. An investigation into housing costs in Sydney shows that building costs fell by 20 per cent. between 1928 and 1934, but that by the end of 1937 they had risen to within 5 per cent. of the 1928 level. The increase in the Commonwealth basic wage in June last year raised real wages above the pre-depression level; the award was based on the view that export prices were likely to be maintained close to their satisfactory position in the early part of 1937, when they approached pre-depression levels in Australian currency. State basic wages have risen in accordance with the Commonwealth wage, and the whole structure of wages has thus advanced.

The tendency to increase prices by reason of increased costs was demonstrated by the decision of the dairy industry in June to raise the domestic price of butter under the so-called equalisation plan from 149s. 4d per cwt to 158s. 8d per cwt. The f.o.b. price at the time was approximately 136s. per cwt and the decision means that Australian consumers will pay an additional £800,000 per annum for butter. The higher price of butter will naturally add to the cost of living, and under our system of regulating wages it will raise the basic wage, and so increase industrial costs. It is well to bear these facts in mind when considering the efficacy of any policy of economic control, the success of which depends upon the attitude of private

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enterprise as well as the operations of the Government or the central bank.

II. NATIONAL INSURANCE

IF the new defence programme will assist in stemming the tide of recession in business, it is doubtful whether other aspects of Government policy are so well-timed. In particular, the Commonwealth Government is faced with heavy commitments for national insurance and is pledged to introduce new legislation implementing the recommendations of the Royal Commission on banking. The national insurance scheme has been embodied in legislation now passed by the Commonwealth Parliament. The Government encountered serious opposition from members of its own parties in the House, and on more than one occasion it was feared that the critics would join the Opposition and defeat vital provisions of the Bill. Though the country had been prepared for national insurance by the report of Sir Walter Kinnear last year, there was much division of opinion concerning the scope of the first instalment of the scheme and the payments and benefits that should be embodied.

The Government decided to omit unemployment insurance at this stage, and to deal only with health and pensions. The decision was the subject of much criticism, especially by the Labour party, and it seriously damaged the Government's claim that the scheme was one of national insurance. There were difficulties in reconciling state and federal interests in unemployment insurance, and the Government doubtless felt that its financial commitments for defence and the health and pensions scheme were a sufficient burden for the moment.

In the words of the Treasurer, the National Health and Pensions Insurance Bill embodied "one of the most far reaching schemes of social reform that has been presented to the federal Parliament. It brings directly within its

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scope over 1,850,000 persons, and affects, including wives and children, a total of no less than 3,600,000 persons, or about 52 per cent. of the people in Australia". The scheme applies to all persons over 14 years of age employed "under contract of service in Australia", except persons employed in non-manual occupations and receiving a salary exceeding £365 per annum. The weekly contribution at the beginning of the scheme is to be 3s. for a man and 2s. for a woman, and half the contribution is to be paid by the employers and half by the employed. For persons between 14 and 16 years of age the contribution is only 4d a week for each party, but the benefits are limited to free medical attention and medicines. The weekly contribution for men will be raised by 6d after the scheme has been in operation for 5 years, and by a further 6d after 10 years. The women's contributions will be raised by 6d a week after 5 years. In each case one half of the extra contribution is to be paid by the employer.

On the health side, the scheme provides medical, sickness, and disablement benefit, while on the pensions side it provides old-age and widows' and orphans' pensions and dependent children's allowances. The pensions will be £1 per week to men at the age of 65, and 15s. to women at the age of 60. Already the Commonwealth has an old-age and invalid pensions scheme in operation. The cost of this has risen from £10.8 million in 1929-30 to £15.8 million in 1937-38. The cost would have gone on rising because of the changing age-composition of the population. The expectation of life is increasing, and with the decline in the birth-rate the proportion of older people in the population has also risen. The provision for pensions on the present scale would impose a steadily increasing burden upon the taxpayer, and no doubt the Government has commenced with the health and pensions instalment of national insurance partly with the object of dealing with this problem.

It would, however, be a mistake to assume that there

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will be any relief to the Commonwealth budget in the immediate future. The benefits commence at periods varying from 26 to 102 weeks after the initiation of the scheme, and the majority of initial participants will ultimately receive more in benefit than they contribute. The average age of insured persons at the start of the scheme will be 32, and the actuarial value of a man's prospective benefits at the age of 32 is over 7s. per week. The total contribution that the Government will receive in the early years of the scheme will be 3s. per week. Thus it will be required to pay out more than can be brought into the fund through the contributions. The Treasurer estimates that an annual grant of £900,000 per annum for 30 years will be required to finance the deficit in the scheme on account of health insurance benefits. As regards pensions, the Government will pay to the pensions fund £1,000,000 a year for the first 5 years, and the grant will thereafter increase at the rate of £500,000 a year until it reaches £10 million in 1961. The scheme thus imposes on the budget an additional expenditure of £1,900,000 in the first year. This, together with the increasing costs for defence, will create a more difficult budget problem than the Commonwealth has faced since the depression.

In the early years of the scheme the payments by employers and employed will amount to about £5,700,000 and will rise to £8,000,000 by 1944. This will not be a net addition to contributions made towards provision for insurance. Allowance must be made for sums already contributed to superannuation schemes and to friendly societies. Nevertheless, the additional payments will necessarily be heavy. The funds may be invested in existing securities of the Commonwealth or the United Kingdom, but not in new securities. It was thought that this would ensure the independence of the insurance fund from the financial policy of Governments. This arrangement will involve the regular use, for a time, of some of the national savings to purchase old securities, but it will enable the Government

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to attract to new loans some savings that are now devoted to the purchase of existing securities on the market. Provided the result is to devote to investment a sum equivalent to the net amount of new savings, there will be no reduction in spending power.

The Leader of the Opposition criticised the scheme on several grounds. First, the Labour party preferred a non-contributory scheme.

Sickness (he said), other than occupational diseases, appears to me to be a social rather than an industrial contingency; and the same principle is valid in respect to superannuation or pensions for the aged. Social obligations should be community obligations; they should not be met by systems of sectional taxation.

Mr. Curtin would impose contributions upon industry, and not upon employees, but would finance the scheme in considerable measure from taxation. Next, there was the objection that the scheme discriminated unfairly against women in that all health benefits and pensions are on a lower scale for women than for men. Further, the omission of wives and children from medical benefits was regarded as a grave defect in the scheme. Finally, there was the objection that the scheme entered into the field of social services provided by friendly societies, and would "discourage young men and women from joining these associations of self-help".

The Opposition was not alone in pressing some of these objections. Members of the Government parties were disturbed by the omission of wives and children and by the position of the friendly societies. Later in the discussion the rejection by the doctors of the proposed annual remuneration of 11s. per insured person created further political confusion. The Government gave way on the benefits to wives and children to the extent of arranging for voluntary insurance against these risks, and it further gave women contributors the option of contributing at a higher rate and thus receiving benefits on the same scale

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as men. As regards the doctors the Government found it necessary to appoint a Royal Commission to report upon the rate of remuneration, and this commission will also consider the financial aspects of the other concessions that were made.

There were further difficulties concerning the position of the friendly societies, which feared that the inclusion of insurance companies as approved societies under the Act would adversely affect them. In committee the Government was defeated on a motion by one of its own supporters to exclude insurance companies as approved societies. This decision was upheld by a vote in the Senate. Section 185 of the Act prescribes that any wage-fixing authority, whether federal or state, shall "take into account the benefits provided by this Act in consideration of the contribution payable", and shall not vary wage rates by reason only of the payments. This opens up an interesting field for political exploitation in the future.

It was only by making concessions that the Government was able to force the Bill through the House of Representatives in time for it to be passed by the Senate before the end of June, when the newly-elected senators took their seats and the Government majority in the Senate was much reduced. The scheme is to be controlled by a commission of three members, who will be fully occupied until the end of the year in establishing the elaborate administrative organisation required. Contributions will commence on January 1, 1939.

III. EXPORTS OF IRON

THE Commonwealth Government found itself, in May, in the predicament of being committed to preventing the wharf labourers from stopping the export of scrap iron to Japan, while at the same time it had reasons for prohibiting the further export of iron ore to any country.

For several months waterside workers refused to load

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scrap iron, waste tin-plate, or tallow for Japan, on the ground that these might be used for equipping the Japanese forces in China. The Government had resolved that to take sides in this way was inexpedient, and no doubt it was fortified by protests from the Japanese Government against interference with supplies from Australia to Japan. It endeavoured to persuade the waterside workers to resume the loading of vessels, and, failing in this, it threatened to use powers under the Transport Workers Act. This Act was passed in 1928 to bring about a resumption of coastal trade after a long dispute between shipowners and wharf labourers, and it enables the Government, by a system of licences, to prevent recalcitrant workers from obtaining employment and to assure employment to men who will carry out the policy of the Government. The Government's threat to use this Act brought promises of widespread support for the waterside workers from other unions, and a general hold-up of trade and business seemed likely. At the last moment the executive of the Australian Council of Trade Unions advised the waterside workers to resume the loading of cargoes for Japan, which they did.

For some years past there has been a small export of iron ore from Australia, principally to Japan, and principally of ore of high manganese content from the Iron Knob and other quarries of the Broken Hill Proprietary Company near Whyalla in South Australia. The greatest annual amount was in 1935-36, when 437,000 tons were exported. This overseas market was convenient for the Australian ironmasters, since it enabled them to sell a grade of ore for which they themselves had an insufficient demand. The deposits from which the ores were won appeared to be of great extent, and no anxiety about supplies for the future could arise from the small quantity that was exported.

The other principal known source of iron ore in Australia is at Yampi Sound, near King Sound on the north-west coast of Western Australia, in latitude 16° S. and longitude 123½° E., in a part of Australia where there is no local

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industry and only a sparse pastoral population. No Australian or British interests having undertaken to work these deposits, the Nippon Mining Company arranged last year, through a British firm, to provide the capital for working them and exporting the ore to Japan. Before these arrangements were made, the Commonwealth Government consulted the British Government as to whether Yampi Sound should be kept as a reserve for Empire use. In the result, no objection was taken by the Commonwealth Government to the proposed arrangements. The quantity to be exported was expected to be from one to two million tons a year.

In April last, however, the Government received a report from its Geological Adviser on reserves of iron ores in Australia. He stated that there was now some ground for anxiety about the future supplies of iron ore. As mining went deeper at Iron Knob, the reserves were found to be less than had been expected, and the proportion of ore with a high content of manganese increased. The extent of the Yampi deposits, also, was less than had previously been estimated; there were no other large deposits in Australia of high-grade ore in situations allowing of cheap working; and the quantity used in Australia was increasing very rapidly.

The Government announced on May 19, that, having considered this report, it had resolved to prohibit all exports of iron ore after June 30. But it would consider claims for reimbursement of expenditure actually incurred in development of ore supplies for export.

A successful iron and steel industry has been built up: the yearly consumption of ore is about 1,300,000 tons, and it is claimed that steel is now made and sold in Australia at a price lower than in any country of the world. It had never been supposed that even a large increase in the consumption of ore could not be supplied for an indefinite future. The Government's decision, it is true, was announced as not final, and fuller investigations are to be made.

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Whether, in view of the specific content of the Whyalla ores, total prohibition of their export was justified has not been made clear. But the Government obviously was not prepared to differentiate between the ores of South Australia and those of Western Australia, in which state the prohibition has created a grievance that would have been even greater if the "East" had been favoured when the West was debarred.

The announcement of the prohibition brought an immediate protest from the Japanese Government. The Japanese consul-general said it could only be inferred that "this drastic measure was aimed principally at Japan".

The Japanese Government was firmly convinced that it was justified in requesting the Commonwealth Government to reconsider its decision in the interests of the maintenance of friendly relations between the two countries, and also in the light of the significance of freedom of trade especially of free access to resources the necessity for which has not only been recognised by most of the countries in the world, but which had also been earnestly urged by certain Powers as a practical means of achieving appeasement in the world.

The Commonwealth Government has not deviated from its intention to enforce the prohibition after June 30.

The Government's announcements do not offer any reason for the prohibition beyond the ostensible one that we may need the ores ourselves. The public, however, speculate whether the establishment of a large Japanese interest in this remote part of Australia would not be a ground for anxiety.

Australia,
July 1938.

SOUTH AFRICA

I. THE GENERAL ELECTION

ON May 18 the electors of South Africa—European and (in the Cape and Natal) Coloured—chose a new House of Assembly, or rather 150 (European) new members of that House. The remaining three are representatives of the Cape native voters, elected last year for a fixed term of five years. It was the first normal general election since 1929—the election of 1933, following as it did immediately on the coalition between the parties of Generals Hertzog and Smuts, was in large measure a “coupon” election—and the politically-minded people of South Africa, taking advantage of that fact, entered into the campaign with characteristic vigour and gusto.

In 1933 there were returned 138 pledged supporters, South African party, Nationalist and Labour, of the newly formed Coalition Government, and twelve others of varying shades of independence who owed it no allegiance. Then in 1934 the Nationalist and South African parties ceased to exist, and the United South African National party, led by Generals Hertzog and Smuts, came into being. From it there split off on the one side a Nationalist party, led by Dr. Malan, claiming to be heir to the estate of the Nationalist party that General Hertzog had built up, and on the other a Dominion party, led by Colonel Stallard, which contested South Africa's sovereign independence, declared that it stood for Dominion status (a term of somewhat doubtful significance), and raised the slogan “South Africa, an integral, indivisible part of the British Empire”. These two parties, together with a small Labour party,

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shared the task of opposing the United party Government in Parliament and the country. They were composed of dissatisfied Coalitionists of the 1933 election as well as of some of those who had then been elected as opponents of official Coalitionist candidates. As a result the House of Assembly consisted, when it was dissolved early in April, of 117 United party supporters, 21 Nationalists (including one Independent who was to all intents and purposes a Nationalist), 5 Dominionites, 5 Labourites (including one dissident Labourite who had labelled himself a Socialist), and 2 Independents. These figures take no account of the three “Native” members, who have, very wisely, kept themselves clear of party affiliations.

The Government appealed to the country for an extended mandate, almost exclusively on two grounds—the ideal of national unity, the realisation of which the United party has always described as its chief task, and its record of achievement during the preceding five years. Those five years had been years of prosperity and of rapidly increasing revenue, to which the taxation of gold-mining profits made a very substantial contribution, and the Government's record was correspondingly spectacular. It therefore abstained, wisely perhaps, from the pastime, otherwise so congenial at an election, of regaling the electorate with promises for the future. It asked to be allowed to continue the good work done; it asked also for an endorsement of its ideal of a united South African nation.

The other parties sought to assail the Government's position from different points of view. Labour alone put economic issues in the foreground, but its appeal on these issues was trite and, in the result, ineffective. At one time the Dominion party had seemed disposed to make effective use of increases in the cost of living and of the Government's policy of assisting the agricultural producers at the expense of the taxpayers (mainly urban) and the consumers. It apparently decided, however, that sentimental issues would be electorally more productive.

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It therefore concentrated on such matters as the Government's alleged intention to tamper with British nationality in the Union, the questions of the national anthem (to be dealt with below), bilingualism and the position of the unilingual English-speaking public servant, the purchase of railway material and civil aircraft in Germany, and the like. Quite clearly it envisaged as its rôle the establishment of a rallying-point for English-speaking South Africans. Exactly opposite was the line of attack of Dr. Malan's Nationalist party. Its aim was to rally the sentiment of Afrikaans-speaking South Africans. To that end it raised such issues as republicanism (but not quite in our time), the Government's supposed subservience to British imperialism, and South Africa's neutrality in time of war. It should, however, be noted that the two extremist parties did not attack each other. Both confined themselves to the task of attacking the moderate Government party, and sometimes they co-operated in that agreeable occupation.

The Nationalist party, however, sought to strengthen its position by raising other sentimental issues, besides those arising out of the British connection. Colour prejudice has always been a valuable electoral counter in South Africa: the 1929 general election was won by General Hertzog mainly on a "Black Manifesto" in which the "native menace" was exploited, and General Smuts was accused of seeking to swamp the Union in the black ocean of the British colonies to the northward. Moreover, anti-semitic feeling has in recent years been growing into a factor of real significance in the life of South Africa. The Nationalists displayed a keen realisation of the electoral possibilities of these attitudes of mind. Anti-semitism was duly exploited, though in the later stages of the campaign with not quite so much fervour as had at one time appeared likely, and various issues calculated to stimulate colour prejudice were sedulously raised. The Government's native policy, which outside South Africa is

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usually described as reactionary and repressive, was assailed as representing a surrender of European interests to the natives. Expenditure on native development was bitterly attacked, the "liberal" tendencies of some members and supporters of the Government were used as bogeys to terrify the more conservative elements in the electorate, and a major election issue was made of the Government's unwillingness to introduce legislation constituting it a criminal offence for a European to marry a non-European, whether native, Asiatic or of mixed blood.

The main attack which the Government had to meet was therefore twofold—the attack on the practical application of the ideal of national unity, based on an equal recognition of the traditions and sentiments of the two main elements in the South African nation, and the attack by way of the stimulation of colour and racial prejudices. In meeting that twofold onslaught it was remarkably successful. The elections returned 111 United party supporters, 27 Nationalists, 8 Dominionites, and 4 Labourites (including the "Socialist" referred to above). After five years in office the Government lost only six seats, and secured a majority over all parties of very nearly three to one.

Other features of the results also provided the Government with cause for satisfaction. On economic issues its position was triumphantly upheld. Labour, weaker than it should have been in the previous Parliament, came back weaker still. It would seem that the bulk of the solid trade union elements supported the United party. The Dominion party increased its strength slightly, but it lost its leader, Colonel Stallard, and its deputy leader, Mr. Coulter. It enters the new Parliament as little more than a Natal group; seven of its eight members come from that province, while the eighth member held one of the East London seats in the Cape Province by a small majority. The predominantly English-speaking towns, Johannesburg, Cape Town, Port Elizabeth, Pietermaritzburg, Kimberley (all save Durban and East London),

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returned none but United party members. The Dominion party's aspiration of rallying the "British" element in South Africa has been decisively checked. The Nationalists also made some progress, most significantly perhaps in General Hertzog's own province of the Free State, where they won six seats out of fifteen and failed to gain some others, including those of General Hertzog and his Minister of Finance, Mr. Havenga, by relatively small majorities, but their success fell far short of their anticipations. Not only are they entirely unrepresented in Natal, but they were all but completely routed in the Transvaal, securing only one seat out of sixty in the Union's dominant northern province. Their failure in the conservative rural areas of the Transvaal is perhaps the most significant feature of the election. It shows that the appeal to colour prejudice is far less potent than it was as recently as 1929.

Yet, although the Government has been given a mandate for a further five years with an overwhelming majority, it would be wrong to regard its position as entirely secure. For one thing, the Nationalists have made more headway than their increase in parliamentary representation would suggest. In the Cape Province, outside the big towns and the rural areas developed by the 1820 Settlers, they are supreme. In the Free State they have won a good deal of ground, and but for General Hertzog's personal ascendancy would have done even better. The Transvaal is politically the most volatile part of South Africa and at least its rural areas are capable of swinging over to the Nationalists. Moreover, there are definite signs of an economic recession in South Africa, as there are in other countries. When the belt-tightening process commences, the Government will inevitably lose many supporters. There is the other side. The United party is composed of disparate elements, and though it worked pretty well together as a team during the recent elections, there were signs of strain suggesting that cracks might easily develop. One result of the

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election has been to increase the old South African party and the English-speaking urban elements in the United party. If the Government concedes too much to these elements, it is in danger of seeing some of its rural supporters go over to the Nationalist camp. If, on the other hand, it follows a policy designed to prevent such defections, it can very easily—as has indeed been shown since the election—antagonise its English-speaking supporters, who on May 18 rejected the sentimental appeals of the Dominion party in order to endorse the ideal of national unity. The plant of a united nation has grown considerably during the last five years, but it has not yet taken firm root, and its future development may easily be stunted.

There is also the personal factor. Personal loyalties to General Hertzog and General Smuts have been prime factors in keeping the United party together. But it is almost inevitable that one or both of them will retire from politics at no distant date. None of their present colleagues, despite the ability and forcefulness of some of them, will attract the same loyalties. Moreover, incompatibilities of temperament as between some of these other Ministers, hitherto kept in check by their leaders, will almost certainly assert themselves. The next five years will be important years in South African politics. They will not be lacking in interest. They will almost certainly produce significant changes in the present balance of political forces. And the changes may well commence very much sooner than most people anticipate.

II. THE NATIONAL ANTHEM

IF evidence were needed that the building up of a united nation in South Africa is necessarily a lengthy process, and that sentiments can still be easily aroused on issues affecting the distinctive feelings of the two main sections of its European population, such evidence would have

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been provided by the events of recent months in regard to the national anthem.

The South African Union was created out of two British colonies and two one-time republics which became British colonies after the Anglo-Boer war. Each of the republics had its national anthem, in each case an anthem fully worthy of its function. In the Cape Colony and Natal "God Save the King" was accepted unquestioningly as the national anthem, and by usage it enjoyed that status in the Transvaal and Orange River Colonies, and subsequently in the Union. It would, however, have been unnatural to expect ex-republicans of non-British stock to come to regard it as reflecting their own patriotic aspirations. Though very many of them to-day accept the present constitutional position and therefore show the fullest honour and respect to "God Save the King" as an expression of loyalty to their monarch, they have come to feel increasingly the need of an anthem that would embody their sentiments towards South Africa.

From time to time representations have been made for the legislative recognition of a South African national anthem. The Government's reply has always been that a national anthem can only be born of the hearts of the people. In recent years an Afrikaans anthem entitled "Die Stem van Suid-Afrika" ("The Voice of South Africa") has steadily grown in popularity and has established itself in the affections of the great mass of the Afrikaans-speaking section of the people and of an increasing number of English-speaking South Africans. The question of its official recognition has been raised from time to time.

Until January 1938 the Government had shown no sign of willingness to take any steps in this direction. Indeed, during the 1937 session, General Hertzog in Parliament spoke in somewhat depreciatory terms of "Die Stem". Great surprise was therefore caused by the fact that at the opening of the 1938 session—the first session to be opened

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by a South African Governor-General—while "God Save the King" was played at each of the three stages in the ceremonial where it had been played on previous occasions, a place was also found for the playing of "Die Stem" once during the ceremony.

At an early opportunity Colonel Stallard, leader of the Dominion party, formally asked the Prime Minister in the House of Assembly whether the playing of "Die Stem" at the opening of Parliament was intended to imply recognition of that song as the national anthem of South Africa. To that General Hertzog replied in the negative, adding: "It may one day come to that, but that was not the object with which approval was given for playing it on the occasion of the opening of Parliament". He then took the opportunity of making a considered statement on the legal and constitutional position in regard to the national anthem. The main points in this statement were:—The Union had no national anthem, legally or officially recognised, or generally esteemed and acknowledged in the hearts of the people of South Africa. "God Save the King" was the national anthem of Great Britain, and it was not correct to regard it as the national anthem of the Union. When played on appropriate occasions it had been received with the very utmost respect by the Afrikaans-speaking people of South Africa, no less than by those of British stock, not, however, as a national anthem, but because they assigned to it its primary and obvious character as a solemn invocation to the Almighty for protection to our King. In that character it would continue to be played on all occasions appropriate to the playing of that solemn invocation. "Die Stem van Suid-Afrika" had come to be accepted by very many people in South Africa, not only of the older stock, as their national anthem, and therefore it also had been played at the opening of Parliament.

This was the Prime Minister's statement, but as a result of supplementary questions by Colonel Stallard he amplified

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it in such a way as to create the impression that "God Save the King" was to be superseded as the national anthem by "Die Stem van Suid-Afrika". It was that impression, sedulously fostered by Colonel Stallard, and coupled with the Prime Minister's clear statement denying the official status of "God Save the King" as the national anthem of the Union, which profoundly disturbed a great number of the South Africans of British stock. There were rumblings of discontent among English-speaking members of Parliament, there was talk of Cabinet resignations, and it was only with great difficulty that the storm was allayed. To this end the Prime Minister made a further statement in the House, that on appropriate occasions "God Save the King" would be played as heretofore, but supplemented by "Die Stem van Suid-Afrika", and that all that he had intended to convey was that "to me, as to the rest of Afrikaans-speaking South Africans and others, 'Die Stem' will have the character of our national anthem and 'God Save the King' that of an invocation to the Almighty for His protection to our King". This was followed up by a statement issued, after submission to the Prime Minister, by English-speaking members of the United party who had interviewed him, accepting the assurance that there was no question of the supersession of "God Save the King", expressing appreciation of the sentiment voiced by him in regard to the feelings of Afrikaans-speaking South Africans for "Die Stem", but declaring that for English-speaking South Africans "God Save the King" had and would continue to have the character of their national anthem.

It was on this basis that the United party met the attacks of the Dominion party on the national anthem question during the election campaign. It was urged again and again, and indeed the Prime Minister himself emphasised it during the campaign, that there was no question of any supersession of "God Save the King" by "Die Stem", and that the latter would merely be supplementary. As the results of the election showed, the great mass of the

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English-speaking people of South Africa accepted the assurances that no change was contemplated in the recognition accorded to "God Save the King" and that it would continue to be held in honour as an expression of the nation's loyalty to its King. On this understanding they acknowledged it as right that a place of honour should also be accorded to "Die Stem", as expressing patriotic devotion to South Africa.

There was, however, room for misunderstanding in the Prime Minister's statements. He had emphasised that "God Save the King" would continue to be played on all occasions appropriate to its playing as a solemn invocation. He had said that "Die Stem van Suid-Afrika" would be played as supplementary to it. That did not exclude the possibility of there being certain occasions where the playing of "God Save the King", considered as a solemn invocation, was not appropriate, where indeed it had not been played in the past, but where "Die Stem" might be played in future.

And that is what happened with startling suddenness. On May 31—the anniversary of the coming into being of the South African Union, which is celebrated as South Africa's national day—at several of the military parades, including those at Cape Town, Pretoria, and Johannesburg, "God Save the King" was not played and "Die Stem" was. As a result there was stirred up a wave of feeling amongst English-speaking South Africans, which by its spontaneity and magnitude must have surprised the Government. The latter's spokesmen pointed out that "God Save the King" had not been played at these parades in the past, that indeed it would have been in conflict with the King's Regulations to play it on such occasions in the absence of His Majesty or of his representative, the Governor-General, and further, that "Die Stem" was not played as a national anthem but as a general salute. All this was of little avail. The shock to British sentiment in South Africa was profound. It is clear that the Prime Minister was not

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responsible for the orders given in connection with the parades. The same cannot be said categorically in relation to the Minister of Defence (Mr. Pirow). In any case, the Government as a whole was held to be responsible. The result was the precipitation of a Cabinet crisis, the resignation of one of the English-speaking members of the Cabinet, Mr. Stuttaford, and the prospect of the resignation of others.

As far as the Cabinet was concerned, the crisis was ended by the issue of a statement from the Prime Minister's office. It is sufficiently important to justify its quotation in full:

As far as the legal and constitutional aspects of the matter are concerned, the Cabinet has affirmed the position as stated by the Prime Minister during the last session of Parliament. It follows therefore that there is at present no official national anthem for the Union. Until such time as the people of South Africa have agreed as to the recognition of an appropriate anthem, the Government has decided that as a matter of procedure, on all formal occasions under Government auspices, when either "God Save the King" or "Die Stem van Suid-Afrika" is played, the other will also be played. In practice, such occasions will be limited to those appropriate to the playing of both, having regard to their character as defined by the Prime Minister in his statement above referred to.

The effect of this statement was to make it clear that there is in South Africa no official national anthem, but that until agreement has been reached by the people upon such an anthem, both "God Save the King" and "Die Stem" will receive equal recognition from the Government. It did not deal with the position of "God Save the King" in the contingency (still, apparently, remote) of there being agreement upon a national anthem. The Prime Minister has, however, given an assurance to a prominent party supporter that in that event "God Save the King" would still retain its rôle as an invocation, though it would not necessarily be played on all occasions when the national anthem was played.

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The agreement reached by the Cabinet served to dispel its own internal dissensions, and was followed by the withdrawal of Mr. Stuttaford's resignation, but it only partially calmed the storm outside. Feelings had been so profoundly stirred that many continued to press for a further statement on the facts of the Union Day incidents, indicating where the responsibility lay and expressing regret for what took place. In reply it has been stated on behalf of the Government that nothing is to be gained by presenting someone's head on a charger, and that it is enough that a sound rule of procedure has been laid down for the future, which will prevent the recurrence of incidents such as those to which exception was taken.

Here for the moment the matter stands. It seems almost inevitable that it will be raised again when Parliament meets. But in the meantime it has been made clear that the Government has alienated, it may be permanently, many of those who supported it on May 18, and the potentially disruptive force of sentimental issues in South African politics has again been demonstrated.

III. SOUTH-WEST AFRICA

IN spite of the measures taken last year,* there would still appear to be considerable uneasiness among the United party of South-West Africa and in the Union press concerning Nazi activities in the mandated territory. It is generally contended that the measures taken have proved inadequate for the purpose of removing racial propaganda and other activities subversive of the peace, order, and good government of the territory. It is specifically stated that Nazi agents have been entering the territory in considerable numbers and that their activities in various districts have been most marked. In consequence, the greater part of the German population, naturalised and

* See THE ROUND TABLE, No. 108, September 1937, pp. 863-867.

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unnaturalised, has been regimented into an elaborate system of cells and groups, with their *Fuehrers* in ascending ranks, under the ultimate leadership of the appropriate division of the German Foreign Office. For those who in their hearts object, moral pressure, economic boycotts and sometimes threats of reprisals upon relatives resident in Germany have made it uncomfortable, if not dangerous, to oppose this Nazi tide. Finally, the claim has been put forward by a considerable element amongst those Germans who were automatically naturalised to the possession of a dual nationality—an equal allegiance to the Union and the German Reich. This claim has been fomented by the recent difference in interpretation by the Union and German Governments of the London Agreement of 1923, which preceded the measure for automatic naturalisation. The German Government's contention that the word "*gegenwaertig*" in the recognition by the signatories "that the future of South-West Africa is now (*gegenwaertig*) bound up with the Union of South Africa" meant "for the present" was not admitted by the Union Government.

The United party of South-West Africa proposes a twofold remedy to meet the difficulties of the present situation. In the first place, it urges that the Union Government should without delay take the bold course of abolishing the present constitution, and incorporate the country for administrative purposes in the Union. In the second place, it proposes that a new naturalisation law be passed, depriving those automatically naturalised of the rights of British citizenship unless they abandon the claim to dual nationality.

Neither of these remedies seems likely to be adopted. The Union Government has recently re-affirmed its refusal to govern the territory as a fifth province of the Union. On the other hand, there seems to be no juristic substance in the claim to a dual allegiance and therefore no warrant for further legislation. It would appear that the only remaining course, patience and conciliation having failed,

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is the institution of an orderly purge which will banish all Nazi organisation and send back to Germany the agents deliberately imported to control German life in the territory. In this way all sections of the population might be guaranteed a free, undisturbed and democratic life.

Union of South Africa,
July 1938.

NEW ZEALAND

I. SOCIAL SECURITY

SOCIAL security in the form of a national superannuation and health service has become the dominant feature of governmental policy in New Zealand. The Prime Minister believes that the paramount duty of a Government is to help those unfortunate persons who are unable, through circumstances over which they have no control, to support themselves in reasonable comfort. The sincerity of the Prime Minister is undoubted, as would be the wisdom of his proposals if the beneficiaries of state bounty were only those who are physically, mentally, and financially unable to provide for themselves.

In some quarters the Government's scheme is criticised on the ground that New Zealand, like most other countries, has its proportion of people who want something for nothing. They will, it is said, be provided for under the scheme. What is more important is its probable effect on the morale of the younger generation. The Dominion is still a young, sparsely populated country, and its development has not long since passed the rudimentary stage. The same virility, enterprise and individual effort are required for its further advancement as were displayed by its founders. It will be a tragedy indeed if these characteristics of our people should diminish as the direct or indirect result of state beneficence.

Mr. Savage stated on many occasions that the scheme for social security was a cardinal point of his Government's policy and would be placed on the statute book at a special session of Parliament in February of this year. The difficulties of implementing this policy were well

recognised by many, and in some quarters were regarded as insuperable. Mr. Savage, nevertheless, persisted with his plans. Then suddenly he announced that the scheme was not ready for consideration during the special session, and would be deferred until the final session of the present Parliament. No further reason was given. Next he announced the setting-up of a select committee of the House of Representatives, comprising one Independent, six Government, and four Opposition members, to investigate the "national superannuation and national health schemes". In making this announcement Mr. Savage said:

We have a definite policy and we want all interests to have an opportunity of enlightening themselves and submitting their comment. We are not asking the committee to go rambling round looking for the skeleton of a superannuation scheme, but if they make suggestions, adding to it or taking away, it will be our duty to take notice.

Sections of the press at once called on Mr. Savage to make the plan known at the earliest possible moment in order that it could be studied at leisure by those qualified to give evidence before the committee. He quickly satisfied this demand by outlining the Government's proposals in a statement broadcast through the stations of the national broadcasting service.

The Government's proposals for immediate adoption were as follows: a free universal general-practitioner service, free hospital or sanatorium treatment for all, free mental hospital care and treatment, free medicines, and free maternity treatment, including the cost of maintenance in a maternity home. For the purposes of estimating the annual cost of these proposals, Mr. G. H. Maddex, a British government actuary on loan to the New Zealand Government, was instructed to proceed on certain assumptions. Thus, general-practitioner service would cost 15s. per head of population per annum, or £1,210,000. Hospital and sanatorium treatment (including mental hospital treatment) would cost 6s. a day for the present annual average number

of occupied beds, or £940,000. Free medicine would cost 7s. per head of population per annum, or £560,000. Maternity service would cost £15 for each confinement, or £290,000 per annum.

The estimated total cost of the proposed health service was therefore £3,000,000 per annum, to which must be added the annual expenditure of the hospital boards. The sum of £940,000 mentioned above is only a grant to the hospital boards, in whom the control of the public surgical and clinical hospitals is vested. Hospital boards at the present time obtain most of their funds from a levy on all local authorities in their respective districts and from government subsidy.* The actuary pointed out, however, that, while £940,000 may be adequate at the outset, the cost may grow considerably in the course of a few years. If hospital accommodation is given free of charge, and if casual benefits are granted during sickness, there may be a great increase of pressure on hospital accommodation, more especially under the new conditions of practice (free general-practitioner service). The extent of the increased cost must be governed for a time by the upper limit of available beds in existing hospitals, but this in itself would mean a substantial advance over the amount allowed, and there is likely to be a demand for hospital building programmes. These would presumably lay an indirect burden on the Treasury, the direct cost being borne by the hospital boards.

The Prime Minister disclosed seven further classes of benefits (mostly relating to specialist treatment), but as they are not to be conferred "until the organisation and finances are available" it is unnecessary to discuss them here.

The medical profession, while not condemning a national health service, has expressed disapproval of the Government's proposals. They are not such, it declares, as would benefit the people appreciably by raising the standard of health or by increasing the accessibility and efficiency of

* Fees are charged to patients, but payment is not enforced unless a patient is in a position to pay.

treatment. Secondly, the proposals to provide a partial service for the whole community, irrespective of need, are directly contrary to the advice of the profession that the scheme should be limited to relieving actual needs and assuring complete service where necessary.

The proposals will effect two important changes in medical practice, namely, the abolition of payment for medical services by those able to pay, and the absorption of all members of the medical profession (other than a small proportion who are specialists or fashionable general-practitioners) by the state medical department. The objections to these changes were placed before the select committee by the local branch of the British Medical Association.

As for the national superannuation scheme, however etymologically correct its designation may be, it is a complete misnomer so far as the general public is concerned. Superannuation has always been regarded in New Zealand as a pension bought by direct contributions and payable as of right to the contributor. In short, each contributor makes a payment out of his wages or salary (or allows a deduction to be made) so that on the happening of a certain event he will become entitled to a fixed weekly, monthly or annual payment for the rest of his life.* The scheme propounded by Mr. Savage, however, is merely an extension of the existing pension and unemployment relief systems, intended to give adequate support to all who are otherwise unable to keep themselves in a reasonable state of comfort.

The old-age pension scheme in New Zealand dates back to 1898. On March 31, 1937, there were 54,134 old-age pensions in force. This represented an annual payment of £3,068,293, or an average pension of approximately £56. The original pension scheme was extended to provide for

* All members of the state services compulsorily contribute to the existing state superannuation systems and are entitled to an allowance of one-fortieth of the salary at retirement for every year of service, with a maximum of £300 a year. Many commercial, industrial and other private institutions have superannuation systems.

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widows and persons physically and mentally unable to work. On March 31, 1937, there were 4,753 widows' and 7,491 invalidity pensions in force, representing yearly payments of £464,879 and £478,165 respectively. Other forms of pension (including war pensions) have been authorised from time to time, and on March 31, 1937, the total annual value of all pensions was £5,930,421.

The Pensions Amendment Act 1936 made substantial increases in the rates of pensions and also enabled many people to qualify by permitting pensioners to own assets within increased limits. A person owning the following property may now, if otherwise qualified, receive a full pension :

(1) Land to any value. If, however, the land produces a net income, this will be taken into account, as shown below. Land used for a pensioner's residence is deemed to be non-productive of income.

(2) Mortgages to any value, if secured on land. The income, however, must be taken into account.

(3) Furniture and personal effects, whatever their value.

(4) Any other property up to a total of £500.

All pensions are reducible by £1 for every complete £1 of income over £52 per annum; and by £1 for every complete £10 of the net capital value of accumulated property. The classes of property mentioned above are deemed not to be accumulated property. The effect of these exemptions and of the increases in the rates of pensions was to bring the pensions bill of the Dominion for the year ending March 31, 1938, to £7,495,000.

The prospective social security bill for the year 1939-40 will be as follows :

Pensions as at March 31, 1938	£
Sustenance payments to unemployed workers	7,495,000
Increased pensions and health service	1,500,000
Sundry minor increases in pension rates	8,800,000
	55,000
Grand total	£17,850,000 *

* The total revenue of the Dominion for the year ending March 31, 1938, was £36,059,000, and expenditure was £35,249,000.

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The scale of pensions now proposed is :

	Extra cost in first year. £
1. Old-age: 30s. a week to every person attaining the age of sixty years (limit of other income without reduction of pension, £1 a week) *	2,300,000
2. Widows and deserted wives: 25s. a week for each widow or deserted wife, and 10s. a week for each child under the age of sixteen years	580,000
3. Orphans: 15s. a week for orphans under the age of sixteen years.	50,000
4. Family allowance: 4s. a week for third and subsequent children under the age of sixteen years. (Total income not to exceed £5 a week plus the pension).	600,000
5. Invalidity: 30s. a week for persons permanently unfit for employment	300,000
6. Sickness and disability: (a new provision for people during periods of temporary disability)	1,500,000
Total additional cost for the first year	£5,350,000

This additional cost, *plus* the cost of the health service, £3,000,000, and an extra cost of £450,000 for administrative expenses, makes a total additional expenditure of £8,800,000 in the first year of the scheme. A small increase in the rate of sustenance for unemployed workers has also been

* In a supplementary statement on June 25 Mr. Savage said that under the original scheme the lower-paid contributors to existing superannuation schemes would have been required to pay the social security contribution, but owing to income limitations would not have received full superannuation benefits. Accordingly they had decided to increase the allowable income on a sliding scale so that in such cases an annual income, including state superannuation, of £312 would be allowed. Mr. Savage also intimated that in certain other cases there would be a graduation of benefits above the original £208 per annum limit. The extra annual cost of the proposed extension has not been stated officially, but the *New Zealand Herald* has estimated it at £4,580,000, making the total pensions bill £22,430,000 per annum.

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provided for, but it is estimated that the present annual cost (£1,500,000) will not be exceeded.

Mr. Savage announced that the whole cost would be met from three sources: the levy of £1 a year on all males over the age of twenty years, one shilling in the £ on all wages and income,* and a contribution from the Consolidated Fund. According to the figures prepared by Mr. Maddex, the Consolidated Fund will have to make a contribution of £9,850,000 during the first year, instead of £7,495,000 as at present. In his evidence before the select committee Mr. Maddex made the following statement in reference to the future cost of old-age pensions alone:

With the continued growth in numbers of the aged population, as well as the allowance for an increasing percentage in receipt of pension for some years, the cost of superannuation allowances is estimated to increase from £6,200,000 in 1939-40 to £9,900,000 in 1949-50 and to £14,100,000 in 1979-80.

The Prime Minister pressed Mr. Maddex to say that it was reasonable to assume that New Zealand in ten years' time would be just as well off from the point of goods and services as it is to-day; in other words, that the production of goods and services is likely to increase just as rapidly as the cost of the Government's proposals. Mr. Maddex replied, however, that that depended not only on the amount of production, but also on the prices of our products and our ability to market them.

Mr. Nash, the Minister of Finance, took a different line by suggesting that New Zealand could look forward to

* The levy of £1 per annum and a tax of 8d in the £ on wages and income are payable at present, and form the Employment Promotion Fund. The income of the fund for the year ending March 31, 1938, was £5,398,346, of which £1,397,452 was spent in paying sustenance to unemployed. The balance, less administrative expenses and a balance of £433,890 carried forward, was used for works undertaken to promote employment. Any money required for works to promote employment in the future will have to be provided out of general revenue or from loan moneys.

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the same rate of progress during the next forty years as during the last forty years. Mr. Maddex replied:

I feel that forty years ago New Zealand was in such a rudimentary state of development that the needs were entirely different. It would be exceedingly difficult to draw an analogy from those years which would be really reliable as a guide.

The Prime Minister took up a similar strain to that of Mr. Nash in a public address delivered in Wellington on April 21.

The newspapers (he said) have seized upon actuarial calculations of the probable cost in ten and forty years, but they are very silent about the inevitable increases in production that will take place during the same period. The experience of the past is not without its value in this respect. In 1900 the value of production was £34,000,000; in 1937 the value of production was £136,000,000—an increase in value of 300 per cent.

Thus it seems that the Government intends to commit the country to a heavy annual expenditure, increasing year by year, believing that with the development of our secondary industries the value of production and the national income will increase as they have during the last forty years. During those years, however, there were periods of serious recession.

The determination of the Government to proceed with the scheme was made clear by Mr. Savage in the same address.

Labour's policy (he said) of increasing social services at a cost well within the capacity of a rich country to pay without undue strain at all has raised the ire of the Nationalists. But you may accept my assurance that, notwithstanding the bleatings of the daily press and the selfish cry of big interests, the social security plan of the Government will be made the law of the land during the next session of Parliament.

Although the Government intends to pass the necessary legislation during the present Parliament, it will not come into operation until April 1, 1939. Thus will social security, as interpreted by the Labour Government, be one of the main issues at the general election to be held towards the end of the present year.

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II. THE GUARANTEED PRICE

THE object of the guaranteed price for dairy produce was to stabilise prices, and this was to be achieved by fixing an f.o.b. price for butter and cheese at the commencement of each season. The ownership of the produce passes to the Government as soon as it is placed on board ship for export, and the producers are then paid.

The first year's operations resulted in a deficit of £272,000, which stood as a debit balance in the Dairy Industry Account at the Reserve Bank. The question arose, how this loss was to be met. Mr. Nash spoke of balancing possible surpluses against possible deficits. The Minister of Agriculture subsequently stated that the guaranteed price scheme differed hardly at all from a price equalisation scheme. Later Mr. Nash stated to a meeting of farmers at Stratford that "future surpluses will be used as a reserve for lean years". In a speech on May 16 he said that the deficit had been transferred to a special account and would not remain a charge against the Dairy Industry Account, but he did not explain how it would be liquidated.

The Prime Minister, in opening the inter-provincial conference of the Farmers' Union at Wellington on May 24, made reference to a surplus of £500,000 in the Dairy Industry Account and the probability of a much greater surplus before the present season ends.* He then said: "A plan for making that surplus available to the dairy farmer is now being worked out. . . . It means that you have a minimum price of 112s. (per cwt) and you are also going to get everything above the minimum you can get in the open market."

The *New Zealand Herald* (Opposition) made the following comment:

At the very outset Mr. Nash had a golden opportunity to reserve a large surplus to be offset against possible deficits in the

* The present is the second season during which the guaranteed price has operated.

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future—to cushion a slump. Mr. Savage has demolished the provident scheme. Nothing will be kept in hand. Politics have triumphed over economics and expediency over principle. The result was anticipated and now it is an established fact.

Mr. Nash announced on June 22 that the net surplus for the current year's operations would be approximately £928,000, which is to be applied in making a further payment of $\frac{1}{2}$ d per lb of butter-fat to producers. This will absorb £815,000, leaving a credit of £113,000 in the Dairy Industry Account.

The dairy farmer organisations have pressed the Government to delegate the fixing of the guaranteed price to an independent tribunal presided over by a judge of the Supreme Court. It seemed unlikely that the Government would accept such a plan, as it would be tantamount to giving the tribunal power "to draw blank cheques on the Government should its anticipations be upset by markets". Mr. Savage, however, stated at the Farmers' Union conference that the Government was willing, if the farmer so desired, to set up a tribunal comprising a Supreme Court judge as president, a representative of the Government and a representative of the dairy industry, charged with the duty of fixing the guaranteed price. This offer was accepted by the conference, but the national dairy conference passed a resolution on June 23 that the tribunal should merely make recommendations to the Government, leaving the latter the responsibility of actually fixing the price. On the following day Mr. Savage announced that in view of this decision the Government did not intend to proceed further with the proposal.

III. NATIONAL DEFENCE

ON May 16 the Minister of Finance, in a policy statement, referred to the amount the Government was spending on defence,* and said: "If the Old Country is

* The sum of £1,750,000 was included in the estimates for 1937-38

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attacked, we are too. We hate all this war propagand but if an attack is made on Great Britain then we will ass her to the fullest extent possible". On the following d the Minister of Defence gave a full review of the Gover ment's policy towards the defence forces of the Dominio It may be appropriate first to refer briefly to the Dominior former scheme of defence.

The Defence Act of 1909 introduced compulsory milita training. Within two months of the declaration of w in 1914 we had despatched a force to capture Wester Samoa and an expeditionary force comprising comple brigades of artillery, mounted rifles and infantry. Th expeditionary force eventually comprised a complete in fantry division *plus* a brigade of mounted rifles, and w maintained at this strength from 1916 onwards. There no consensus of opinion in high military circles, howeve that compulsory training produces the best results, and th Government has declared unequivocally against it. In deed, its abolition was a plank of the Labour party's platfor for many years. It was actually abandoned in 1931, whe the United party, as a minority Government, remained i office with the support of the Labour party.

Before the war, an annual contribution towards the up keep of the navy was made to the British Government, bu after the war the Dominion undertook the complete cos of maintaining two "D" class cruisers in New Zealand

The Minister of Defence, in his statement of May 17 pointed out that the Government had set up a naval board an air board and an army board for the control and ad ministration of the three services. He then proceeded to review the progress made and to outline the policy of the Government in respect of the future development of the forces.

The naval forces have been strengthened by the replace ment of the "D" class cruisers by cruisers of the Leander class. All essential services for the maintenance of the sea-going squadron have been inaugurated, and most of

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them will shortly be completed, namely, the naval dock yard, naval armament depot, oil fuel storage, and adequate accommodation for naval stores. The object of the policy is the maintenance of the sea-going squadron as a mobile and efficient unit based on New Zealand.

The Government has established an air force as a separate service of the Crown, organised so that it can take its appropriate place alongside the other two services in the defence of New Zealand. It has approved of the formation of two new operational stations and the establishment of a repair base and stores depot. It has established a flying training school for pilots of the Royal New Zealand Air Force. It has ordered five twin-engined Airspeed Oxford aeroplanes for training of personnel and thirty Vickers Wellington aircraft for the operational squadrons at a cost of £750,000, together with ammunition and spares. It has further established four squadrons of territorial air force. The organisation has been facilitated by the provision of twenty-nine Baffin aircraft from the British Air Ministry's reserves. Their purpose is to overtake and attack enemy ships. Finally, the Government has established a scheme for a civil reserve of pilots, under which 100 pilots for the reserve are trained annually and given two refresher courses for the two succeeding years.

As far as the land forces are concerned, the Government has spent £15,000 this year on army-type vehicles, which form a transport pool in each district. The district pool is augmented by hiring commercial and other vehicles for annual and week-end camps. Motor-cycle platoons with Lewis guns have been formed on the scale of one to each battalion, and now number some 300 enthusiastic members. Considerable amounts are being spent in providing armoured machine-gun carriers, Bren light machine-guns, new pattern mortars, more wireless sets, additional anti-aircraft and coast defence equipment. The cost of un-delivered stores ordered from Great Britain and Australia by this Government and its predecessor amounts to some

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£250,000. The Government has established district schools for the whole field of territorial training. To date, 1,195 officers and 2,195 n.c.o.s have undergone six-day courses. It has also established a special reserve for coast defence and anti-aircraft services. Men are enlisted for three months' training and are then posted to the special reserve. So far, 224 men have undergone this course of training and a further 200 have recently enlisted.

The Minister stated that the establishment of the land forces has been placed "on a brigade basis as far as the field force is concerned, and certain units are earmarked as fortress troops for coastal defence at the main ports. In conclusion he said :

The present strength of our territorial force is 7,400, of which only 41 per cent. have attended camp this year. That is not satisfactory attendance, and the Government is anxious to bring about a marked improvement. Another 1,600 men are required to bring the peace establishment up to its full strength of 9,000 all ranks, and every effort will continue to be made to obtain them. . . . It is not so much a question of numbers of obtaining men of the right type. . . . I think I have shown that the Government for its part is prepared to spare neither effort nor expense to establish a live and efficient force. Attention will continue to be directed towards this object and would welcome the assistance and co-operation of all sections of the community to bring the territorial force up to its full strength and the highest state of efficiency.

The announcement of the Minister of Defence was followed by an unprecedented action on the part of the colonels on the active list of the territorial force, who issued a public manifesto declaring that the proposed scheme relating to the land forces was insufficient for the defence of New Zealand.

The press and various organisations have now taken up the question of national defence, with the result that public interest has been aroused. The General Officer Commanding was able to announce on June 10 that "there has been a marked improvement in voluntary recruiting for the territorial force".

THE COMING ELECTION

IV. THE COMING ELECTION

BEFORE another issue of THE ROUND TABLE appears, a general election will almost certainly have taken place in New Zealand in November.

The organisation of the National party has been pushed ahead with energy. The Labour party has always been well organised. The official candidates have been selected and announced for nearly all the constituencies. The present indication is that there will be a straight fight between a candidate from each party in each electorate, and the broad general issue will be for or against a further advance towards socialism.

There is in New Zealand a large floating vote, which is capable of swinging any general election. The majorities gained by the Coates Government in 1925 and the Coalition Government in 1932 were as great as the Labour majority of 1935. The "floating voters" and the small farmers condemned the deflationary policy of the Coalition Government and had no confidence in the newly formed Democrat party, so both voted solidly for Labour. Although the local body elections are not fought on party lines, the defeat of nominees of the Labour party in many parts of the Dominion in the May elections may indicate a swing away from Labour.

The forthcoming election is regarded as one of the most important in the history of the Dominion. The stage has been set for state socialism, and the electors are being asked by the Government to give it a mandate to proceed with the drama.

New Zealand,
June 1938.

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