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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH



Volume XXX

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INDEX, 1939-1940

Volume XXX

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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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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WAR AND PEACE

I. 1914 AND 1939

THE British Commonwealth is again at war, again with Germany, and again in defence of freedom. To most of us, and especially to those who are old enough to remember the last war, this mere fact of repetition must seem the most shocking feature of the whole catastrophe. Only twenty years ago we emerged victorious from a test of strength and endurance far greater than any previous war had imposed on those who fought it. We had lost the flower of our generation. We had dissipated a large part of the wealth accumulated in long years of peace by the skill and labour of our peoples. Our society had suffered injuries, moral as well as economic, which it would take a long time to repair. But for all that there was one deep source of consolation. Most of us believed that the triumph of freedom was final, that the world had indeed been made "safe for democracy", that the "war to end war" had ended war. There were few of us, it is safe to say, who did not think, when the bells rang out for the armistice, that there could never be another big-scale war. And, if that were so, our sacrifices had at any rate not been useless. We had bought at a terrible price the chance of making a better and more prosperous world. And then the chance was frittered away. In less than a generation the same ordeal has to be endured again; and, though, of course, the main fault lies with the enemies of freedom, its champions must bear their share of blame. Future historians of this age will marvel at the manner in which the victors of 1918, equipped as they then were with irresistible power on land and sea and in the air, allowed the course of international affairs so to develop as to make it possible

within so short a time for their defeated and disarmed antagonist, not merely to challenge the peace settlement they had imposed, but to force them into another desperate fight for their existence. It may be left to those historians to unravel the complex of idealism and selfishness, of good intentions and bad judgment, of illusion and inertia, which accounts for our and our allies' share of responsibility for this catastrophe. This is not the time to define and apportion the blame. All that matters now about our conduct in the last twenty years is the first and simplest lesson to be learned from its result. We start this war knowing that it will not be enough to win it. The fruits of victory must be secured. That lesson does not need teaching twice.

There is another reason for not dwelling overmuch on the recent past. To fix one's attention on Versailles and its sequel is to run the risk of forming too short-range an opinion of the cause of this second conflict and to overlook its similarity, its virtual identity, with the cause of the first.

The cause of both the tragedies originates as far back as the middle of last century. In 1850 it was at least conceivable that democracy and nationality, the twin forces born of the age of the American and French Revolutions, would succeed in building up a new system of liberty and peace in Europe. But it was essential that they should work in unison, and, when the divided German people, potentially the strongest people on the Continent, were inspired by the principle of nationality to unite themselves in a single national state, they failed to establish it on a democratic basis. If the German Liberals had been less enthusiastic and more hard-headed, less doctrinaire and more practical, they might have held their own against the forces of reaction. As it was, the Prussian spirit, still living in the dead past of its hero, Frederick the Great, still believing that the people existed for the state, not the state for the people, and that the state existed primarily to maintain and strengthen its military power at the expense of neighbouring

states—this Prussian spirit, incarnate in Bismarck, determined the nature of the new Germany. Such matters, Bismarck said, were not decided by parliamentary resolutions, but by blood and iron, and he proceeded to weld Germany together by making three wars in seven years, the wars with Denmark, Austria, and France. The outcome was a *Reich* in which Prussia and the Prussian spirit, instead of, as the Liberals had hoped, being absorbed by, had absorbed the more free-minded, less militarist Germans of the Rhineland and the South. But Bismarck knew where to stop. If he had continued to control the foreign policy of the new German Empire, it is improbable that he would have provoked another major war. He wanted time for the new imperial structure to solidify and to digest the territories it had snatched from Denmark and France. He was therefore content to keep Germany safely at peace by fostering quarrels between her rivals. But in the very triumph of his earlier policy lay the seeds of its undoing. The imagination of the German people had inevitably been coloured and inflamed by the events of 1870-71. They were "drunk with victory", it was said. They had become so easily a Great Power. Was it much more difficult to become the Greatest Power?

By the end of the nineteenth century the Prussian masters of the *Reich* had made up their minds that the twentieth century should "belong" to Germany. Her old heritage of music, poetry and philosophy, her new prestige in the world of learning, the leading place she had already won in industry and trade—all that was not enough, and soon the extravagant idea was taking root that the only alternatives for the future of Germany were, to quote the title of a notorious book, *Weltreich oder Niedergang*, World Empire or Downfall.

That meant, of course, an open challenge to the British Empire and it was openly made. The purpose of the great navy which Germany began to build in 1900 was to contest—it was practically stated in so many words—the command of

WAR AND PEACE

the sea with Britain. "Our future", said the Kaiser, "lies on the water." German officers frankly drank to "the day" when Britain would suffer the fate of France. It became steadily clearer, not indeed to the average British citizen in this country or overseas, who refused to believe in the notion of an "inevitable" war, but to close students of international affairs, that Germany was bent on pressing her claims to an issue; and it is interesting to recall that the first article in the first number of *THE ROUND TABLE*, published in September 1911, was entitled "Anglo-German Rivalry". "The central fact", it began, "in the international situation to-day is the antagonism between England and Germany"—an antagonism, it went on to explain, which was not so much a conflict of interests as a conflict between two philosophies, between two systems of ordering human affairs, between the pursuit of freedom and the pursuit of power. There were two possible ways, it was being said, by which the issue of this conflict into open war might be avoided. The movement for universal peace might achieve its end in general disarmament, or the German people, already restive under the tyranny of the bureaucracy and the military caste, would reject the dream of world-dominion and all the sacrifices its fulfilment must entail. *THE ROUND TABLE* refused to put its trust in either of those hopes. "Peace and her safety, England sees clearly enough (but did she? one wonders now) depend on her maintaining armaments of such strength that it is hopeless for Germany to put her future to the arbitrament of war." And in considering what that strength should be (the article continued), it was well to remember what the Germans thought.

If ever it comes to a struggle between them and us, they are confident of victory. They believe that they embody the vital civilisation of the day. . . . The Anglo-Saxon world, they point out, is full of the talk of disarmament, of peace as the supreme necessity of the time, of material well-being as the central aim of

1914 AND 1939

collective security. Such a creed, they say, is bound to go down before the idealism of Germany.

The sequel does not need re-telling. The war came and engulfed the world against the will of the vast majority of its inhabitants. That fact unquestionably emerges from the mass of meticulous research that has been devoted to the subject. It was Austria that actually precipitated the war, but Germany could have prevented it, and, whether or not she had wanted it to come precisely when it did, she had prepared for it and meant to have it at the first favourable opportunity. Causes, of course, do not operate *in vacuo*. They are helped or hindered by the circumstances in which they arise. And in the sense in which individual crimes are the outcome of social conditions, the war was the outcome of an imperfect organisation of international society. That was, so to speak, its negative cause, for which all the nations were more or less responsible. But the positive cause of the greatest injury that had so far been inflicted on mankind was the subjection of the German people to the Prussian creed of power.

There is no need, similarly, to re-tell the sorry story of what happened when we fondly supposed that "the military domination of Prussia" had been "wholly and finally destroyed". It is enough to point out how closely, though in grimmer form, the history of the first pre-war period has been repeated in the second. Again democracy had a chance in Germany. At one time it seemed not impossible for the "Weimar Republic" to grow into a great liberal state. But once more those forces in Germany which shared in the common ideals of Western civilisation were overborne by the old creed of blood and iron. And in far more intense and brutal shape now, and far more swiftly, the old German threat to the peace and freedom of Europe was renewed. The sequence of events was much the same. First, the concentration of the whole national life on preparation for war, and then the creation of a greater *Reich*

WAR AND PEACE

than Bismarck had achieved, not indeed by three wars, but by three acts of force which were only not acts of war because they were not resisted. Up to a point, too, the reaction of the British Commonwealth to these developments was the same as before. When the war was won and the men who had made it gone, the British instinct was to make friends with a people with whom there had always seemed to be more of a sense of kinship than with any other European people; and even after the Nazi revolution most of us again refused to believe in the inevitability of war. If the glaring vices of the Nazi system could not be ignored, there were those who praised what seemed to be its virtues—its direct and triumphant appeal to the sense of public duty, its attempt to override the barriers of class, its energy and drive. There was, moreover, one point of contrast with the earlier situation. So far from openly challenging British sea-power, Herr Hitler concluded a naval treaty, limiting the size of the German Navy to about one-third of the British, and declared it to be a proof that he would never go to war with Britain. Unfortunately, however, that stroke of policy was capable of two interpretations. It might have been meant as the first step towards a general European reconciliation, and it might have been meant as an attempt to persuade Britain, her own security assured, to leave Germany to pursue unchecked a very different course. Herr Hitler, indeed, had stated in *Mein Kampf*, with startling candour, that he wanted an alliance with Britain so that "France, the mortal enemy of Germany, would be isolated". And yet British Ministers did not lightly abandon the more charitable interpretation. Visits were paid to Berlin. Assurances were given that any German grievance would be considered and as far as possible redressed in the negotiation of a new all-round settlement. Even when Herr Hitler proceeded to nullify by unilateral action some of the basic clauses of the Treaty of Versailles, when he reoccupied and fortified the Rhineland, when he enforced the Austrian

COMMONWEALTH OR "WELTREICH"

Anschluss, when finally he tore away the Sudetenland from Czechoslovakia, we let him have his way. There still seemed a chance that Herr Hitler might be content with the inclusion in *Gross-Deutschland* of all the contiguous territories inhabited by a majority of Germans, and that he was not really bent on reviving those wider ambitions which had brought his Prussian predecessors to disaster. Those hopes were shattered on the Ides of March. The seizure of Czechoslovakia could only be explained as a strategic move, as the removal of an obstacle to further projects of aggression. Herr Hitler was now free to seek the wider *Lebensraum* he claimed, either eastwards through Poland and the Ukraine, or southwards in the Balkans, or, his eastern flank secure, he might gather his strength for the final reckoning with France he had so frankly and fiercely predicted. And what then? It was clear now what all those protestations of friendship and common interest with the British Empire really meant. It was as clear now as in 1914 that the German dream of conquest was not limited to Europe. "The rare moment has come", Dr. Goebbels had said, "for the world to be apportioned anew." *Heute gehört uns Deutschland*, runs a marching song of the Hitler Youth, *morgen die ganze Welt*. "To-day Germany belongs to us, to-morrow the whole world."

II. COMMONWEALTH OR "WELTREICH"

IT is, of course, because Britain, with the overseas members of the Commonwealth behind her, is the greatest obstacle to a German *Weltreich* that its exponents have nourished in their own hearts and done their best to spread among the German people a bitter hatred of this country—a hatred that is curiously blended with respect. There is no reason to doubt the sincerity of Herr Hitler's tributes to Britain and the British Empire, nor to doubt either his desire for its ultimate destruction. In particular he resents

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its size. Again and again in recent years he has pointed the contrast between 40,000,000 square miles under the British flag and 800,000 under the German; and in the utterances of his lieutenants or the caricatures of his press again and again the picture is drawn of John Bull, the man of great possessions, clutching his money bags, while the poor and hungry German looks enviously on.

This conception of the British Empire calls for a brief examination if only because it is not confined to German minds. There are neutral observers who still talk about British imperialism as if the Empire were still an empire in the old sense of the word, as if Britain "possessed" a quarter of the world. A century and a half ago such language would not have been altogether inappropriate. To say, indeed, that George III and his Ministers regarded the American Colonies as a sort of "possession" is one way of stating the cause of the American Revolution. But that catastrophe, as everyone knows, set in motion a new current of imperial policy which, gaining strength from the liberal ideas of the nineteenth century, grew with the growth of a second British Empire and transformed it into the Commonwealth we know to-day. Is it, one wonders, yet fully understood abroad that the Dominions are now sovereign independent States, standing on a footing of complete equality with Britain, only associated under one crown of their own free will? If not, the lesson of what happened on the outbreak of war is plain to read.* In the first place the instant decision of the Dominions was quite obviously not due to British pressure. In 1939 as in 1914 Canada, Australia, South Africa and New Zealand joined in the war because the ideals and interests for which Britain was fighting were their own national ideals and interests. Secondly, they were free to choose. It was a question for their own Governments and Parliaments to decide. If any of them had declared themselves neutral, Britain would

* See the articles from the Dominions printed below.

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have respected their neutrality as fully as that of the United States—or of Ireland. In South Africa and in Ireland the situation is different from that of the other members of the Commonwealth, and for a simple reason. The Afrikaner majority in the Union and the Catholic Irish did not, so to speak, grow up into the Commonwealth; they were conquered into it. That happened, also, to the French Canadians, but so long ago that the bitterness which all such happenings must leave behind them is now dead and gone. When the Quebec Government, a few weeks back, virtually declared for isolation, French-Canadian public opinion swept it away.* In South Africa, however, those memories are little more than a generation old, and it is not altogether surprising that General Hertzog should have wanted the Union to be neutral if only, perhaps, for a time and to demonstrate her independence, though the majority of the Union Parliament preferred to follow General Smuts and set South Africa beside her sister Dominions in defence of their common freedom.† In Ireland the memories are younger still, and Mr. De Valera's attitude‡ will not be challenged or resented by any Englishman who knows and has pondered the past. He will observe, rather, that this is the first occasion on which the great majority of Irish nationalists have not acted up to their historic maxim: "England's difficulty is Ireland's opportunity." The unity of the Commonwealth, in fact, as THE ROUND TABLE always predicted, has not been weakened, it has been strengthened by the culmination of its growth to equal freedom in the Declaration of 1926 and the Statute of Westminster. And the resulting common war-effort is impressive, even more impressive than it was in 1914. The white population of the Dominions then numbered roughly 15 million; it is now well over 20 million; and their industrial equipment has

* See p. 181, below.

† See pp. 200-9, below.

‡ See the article on *Neutral Ireland*, pp. 134-47, below.

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grown proportionately faster than their man-power. It is a formidable fact that the production of aeroplanes in Canada and Australia is now going on side by side with the huge production in Great Britain. Still more striking is the scheme for the final training of pilots in the heart of Canada, where, safe from molestation by German bombers, young airmen, not only from the other Dominions but from this country too, will be trained together.* Meantime, for the direction of the common effort, Ministers from all the Dominions have already arrived in London, not to constitute as in the last war an "Imperial War Cabinet"—that was always a misnomer and is not needed now—but for consultation with British Ministers which will be none the less close and effective because it is informal.

Most foreign students of politics have come to regard this Commonwealth of Nations as a highly successful experiment in international relationship and a useful contribution to world order. But the Nazi mind is incapable of understanding it. The Declaration of 1926 was interpreted by Nazi publicists as a sign of weakness, a "most conspicuous surrender of power", a proof that England had lost "the flair to rule", a "passive renunciation of world-dominion". And to what conclusions do these curious notions lead? "England is now only a pseudo-Power. It will be well, if possible, to make an end of the fiction by peaceful evolution. But, if there must be an appeal to arms, there is no need to fear it. The very day war broke out, it would become manifest that Great Britain had already lost her world dominion."† How tragically—and significantly—reminiscent of those confident assumptions of 1914 that the British Empire had already broken up, that the Dominions were too deeply steeped in selfish materialism to fight for any cause in Europe! Clearly the type of German mind which is domi-

* See p. 230, below.

† H. Rauschnigg, *Germany's Revolution of Destruction* (translated from the German, London, 1939), pp. 203-5, 216-17.

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nant in Germany, now as then, is quite unteachable. The Prussian-Nazi doctrinaires, indeed, are logically obliged to despise and deride the Commonwealth and prophesy its doom. For it violates all the canons of their creed. It stands for government by consent and discussion. It believes in variety, not uniformity. It holds, for example, that the national traditions of England, Wales and Scotland have happily been woven into a common British heritage without losing their own particular strength and beauty, and that Canada is the richer for being able to develop her New World culture out of the languages and literatures of two Old World peoples. In its dealings similarly with foreign nations it desires to apply the principles which regulate its own international relations—equality of status, not ascendancy; discussion and agreement, not force. But in Nazi eyes, blinded as they are by a mystical faith in the predetermined right of the so-called Nordic people to subject all others to their will, to think like that, to want to live like that, betrays our decadence. The future belongs to those "dynamic" Powers who have not lost the "will to rule".

It is the same with India. As the direct outcome of the last war, in which she played a great part, India has advanced far along the road to sovereign nationhood. The Act of 1935 provided first for full responsible self-government, subject to certain "safeguards", in the eleven Provinces which make up British India. This part of the Act is now in operation. For nearly two years in all the Provinces (and some of them are great countries in themselves containing 40 or 50 million people) all matters of provincial concern (and those are the matters which touch the citizen's life most nearly—the maintenance of law and order, education, agriculture, public health and the like) have been controlled by Indian Ministers, responsible to Indian legislatures. In eight of the Provinces those Ministers are loyal members of the Congress party, the party whose openly declared policy is to get rid of the last vestiges of the

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old British *Raj*. Yet the relations between those Ministers and their British Governors have admittedly been cordial. The "safeguards" have not been needed. Governors have accepted their Ministers' advice. Whatever may be the issue of the present controversy this experience is of good omen for the future relations of India with Britain and the Commonwealth; and it is to be regretted that the second part of the Act should not have had the chance of a similar trial. For it provided for the Federation of all India, the Provinces and the States together, under a federal government responsible to a federal legislature in dealing, subject again to "safeguards", with practically all matters except two—Defence and Foreign Affairs. That meant that, in so far as the "safeguards" again proved needless, India would have attained the status which the Dominions enjoyed before they undertook the full burden of their own defence on land (and that was not long ago) and assumed their own control of foreign policy (and that was only yesterday). And as a symbol of the full Dominion status which Britain genuinely wishes India to obtain—the obstacles in her view are for India to break down—a representative of India has joined the representatives of the Dominions at the council table of the Commonwealth in London. But to Nazis this must seem an even more contemptible surrender of imperial power than the enfranchisement of the Dominions. Their spokesmen may protest at our keeping India under what they ignorantly describe as "Crown Colony government"; but the old complaint of 1914 sounds a more authentic Prussian note—that we had failed in our imperial mission by respecting India's ancient civilisation instead of forcing it into the mould of our own *Kultur*.

The conflict of ideas is still sharper with regard to the remaining portion of the Commonwealth—the real Crown Colonies and other similar dependencies. Some pages in the history of our treatment of the weak and backward peoples of the Tropics are black enough, if no blacker on

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the whole than those which other Europeans have written; but, like other Europeans, we have been trying for some time past to write a new chapter. Bad conditions in some of our tropical dependencies are now mainly due to the carry-over of nineteenth-century *laissez-faire*, not to calculated exploitation. Moreover, the liberal impulse which the last war gave to the evolution of the other parts of the Commonwealth did not leave our ideas of colonial policy unaffected. We welcomed the principle of the Mandate—that the government of peoples *not yet* able to stand by themselves is in the nature of a trust—and recently we have given it a more positive interpretation. Speaking in the House of Commons on June 7, 1939, the Secretary of State for the Colonies (Mr. Malcolm MacDonald) said that the purpose of our colonial administration was to enable the peoples in its charge, in course of time, to "become full citizens of the modern world".

The most appropriate and the surest instruments in the long run for accomplishing the steady advancement of the African people will be educated and responsible African leaders themselves. . . . The main objective of our government in all the Colonies is to train the people of the Colonies to stand always a little more securely on their own feet. . . . That freedom which we prize so highly ourselves we seek to spread among His Britannic Majesty's subjects in whatever part of this vast Colonial Empire they live.

In other words, the dependent peoples of the Commonwealth are travelling the same path as those of the Dominions and of India towards the same goal—that status of equality which is ultimately the only tolerable relationship between men and men wherever they may happen to be born. And if proof of this were needed, it might be found in the efforts now being made to improve facilities for higher education in British Tropical Africa with the avowed purpose of enabling more Africans to share in their own government.

Ironically enough, it is just when we are evolving this twentieth-century doctrine that the Nazis demand a share

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of our "possessions" in order to apply to them the doctrine of the eighteenth century or of a still earlier and darker age. It is, of course, the essence of the Nordic theory to glorify and maintain the existing inequalities between the peoples of the world. The Germans are a *Herrenvolk*, a race of rulers. The coloured races are their natural subjects. That is a perpetual dispensation. Black men must never be encouraged to acquire the ideas of white men. They may be schooled up to a point in their own culture, but higher education must be barred to them. Above all, humanitarianism, the proof of decadence, must at all costs be avoided. How these principles, these old and outworn principles of the "natural master" and "natural slave", might be applied in practice has been terribly demonstrated by Nazi treatment of members of a "non-Aryan" race already in their power. The judgment of the civilised world must be that men who think like that and act like that are disqualified *a priori* from sharing in the tutelage of backward and defenceless peoples.

We need not try to form a concrete picture of what would actually happen if the non-self-governing parts of the British Commonwealth were converted into a Nazi *Weltreich*, if all the progress we have made towards a juster relationship between the races were suddenly reversed, if millions of helpless people were at the mercy of men who have no sense of common decency in their treatment of fellow men. The outline of the picture is enough. The details must never be filled in.

III. THE AFTER-WAR

WE must hold on, then, till the war is won. A compromise can only be a truce, and that would mean the indefinite continuance of a tension that would be morally and materially unbearable. At whatever cost—and from subsequent articles in this issue it will be seen that the cost

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may well be greater than is yet generally recognised—we must win. But victory is not enough. That is the primary lesson, as was said at the beginning of this article, to be learnt from the record of the last twenty years. Civilisation must not only be saved. We must try to secure it.

Consider to what an extraordinary pass mankind has come. In a speech delivered on October 5, 1937, a speech which struck home throughout the civilised world, President Roosevelt stated the simple fact that only a small fraction of humanity—he put it at 10 per cent.—wanted war, and all the rest did not. Ever since 1914 it has been undisputed that the damage inflicted by modern war cannot be confined to the belligerents. Every country suffers to a greater or less degree from the dislocation of moral intercourse, from the waste of wealth, from the less obvious and less measurable injuries inflicted on all our common civilisation when part of it is overwhelmed by war. And yet, in flat defiance of the interests and wishes of at least nine men and women in every ten, the war has come.

There are some, no doubt, who might be called "defeatists", not about the war but about what Mr. Eden in a recent broadcast called the "after-war". Sceptical by temperament or driven into pessimism by the dissipation of the dreams they cherished twenty years ago, they say that to talk of a "new order" is to foster perilous illusions. "The peoples who have so foolishly abused their first chance are incapable of making better use of a second. War will come, whatever we do, from generation to generation. If that means the doom of civilisation, then civilisation is doomed." Such opinions are not to be argued with. To hold them is to despair of human reason and human will. Conceivably mankind may fail to save its soul alive, but at least it is bound to try.

Others maintain that to talk of war aims now distracts us from our immediate task of winning the war. Is it not enough, they ask, to know that we are fighting to defend

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ourselves and all we care for? No; not quite enough to inspire the *maximum* effort that is needed. The men who fight and the women who wait must feel not only that their own safety and freedom are in question, but that another effort will be made, more whole-hearted than the last and more patiently thought out, to dispel from the children's lives the shadow that has darkened their parents'. The discussion of the peace settlement, it is true, must be provisional. We cannot forecast the situation in which it will be made, and we must not forget, as we are sometimes tempted to do, that it is not only we who will make it. It will be the work of our allies also in the first place; in its final form it ought to be the work of the whole civilised world. Let us keep those provisos in mind in considering the main conditions of the settlement we mean to make as far as it lies with us to make it.

The first is clear. The Nazi régime must be overthrown. *Il faut en finir*. The second is equally clear. This war, as was pointed out earlier in this article, is one of a series of German wars; it is the second German war with Britain, the third with France. There must not be another if we can help it. Germany must be made incapable of challenging the rule of law and liberty again, for as far ahead as we can see. This, it need hardly be said, is far the more difficult of those two conditions to establish or at least to maintain for any length of time. Herr Hitler and his colleagues can be removed by force if it is strong enough, just as Wilhelm II was removed by force. But force could not root out Prussianism from the German mind, and it cannot root out Nazism which, as has been observed, is only Prussianism in more brutal shape. That can only be done by the Germans themselves, and, however we may try to help them do it, they will not find it easy. The tenacity of the Prussian tradition from the days of Frederick the Great is sometimes overlooked. It is not only the making of five wars in eighty years: it is the ready ear accorded for more time than that to a long series of militar-

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istic writers and teachers from the patriots of the early nineteenth century on through Treitschke to the author of *Mein Kampf*. Is there something in the German make-up that cannot be brought into harmony with the spirit of the Western world? Or is it only the accidents of German history that are to blame? Are the Germans so difficult to live with only because, to use the current phrase, they are politically immature? If so, the outlook is more encouraging. There is a liberal tradition, too, in Germany, though it has always been weaker than its foe. Twice liberal governments have been established, for the separate states some ninety years ago, for the whole of the *Reich* the other day; and, though they did not live long, it is something that they lived at all. Those liberal forces, moreover, have been driven into a far more open breach with Nazism than they were with Prussianism. There were no patriotic German *émigrés* in 1914. With such conflicting facts before him no thoughtful man will dare to prophesy what sort of ideas will dominate the German mind when the war is over or ten or twenty years later. But on this question as on others uncertainty is no excuse for doing nothing. Plainly we must do what we can to make it possible for Germans, especially young Germans, to conceive their national destiny in terms of international co-operation rather than of conflict. "It is no part of our policy", said Mr. Chamberlain on October 12, "to exclude from her rightful place in Europe a Germany which will live in amity and confidence with other nations."

That leads us to the third condition of a settlement, namely, that the peace must be a just peace. It must do justice not only to the Germans' victims, to the Czechs and the Poles, but to the Germans themselves. That means a peace which, if circumstances permit, can be negotiated with a liberal German Government; a peace which a fair-minded German admits in his heart to be fair, so fair that it cannot be successfully caricatured as a "second Versailles". Secondly—and this is even more important—it must be a

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peace which at least the great majority of the neutral peoples can approve. For it will need more for its maintenance than the strength and resolution of those peoples who are now fighting for freedom. It will be essentially related to the wider settlement which alone can make freedom safe; and no such settlement is conceivable without the co-operation of all the freedom-loving peoples of the world. "We believe"—to continue the passage quoted above from Mr. Chamberlain's speech—"that *no effective remedy can be found for the world's ills that does not take account of the just claims and needs of all countries*, and, whenever the time may come to draw the lines of a new peace settlement, his Majesty's Government would feel that the future would hold little hope unless such a settlement could be reached through the method of negotiation and agreement."

It is at this point—when the discussion of the "after-war" goes beyond the narrower questions at issue between the combatants to the question of a wider settlement in which all the countries of the world are concerned—that we pass from common ground to controversy, the same controversy which, started by the same dilemma twenty years ago, has raged ever since, with its storm centre at Geneva, and has now been whipped up again by the renewal of war. Already, indeed, British students of the question have divided roughly into three schools of thought. There are some who believe that the League broke down because it was too ambitious. National sovereignty is still, they think, so deeply rooted in men's hearts that no more effective machinery for international co-operation is practicable than the holding of conferences between sovereign states on the model of the Imperial Conference between members of the British Commonwealth of Nations. Others would retain at the end of this war as much international machinery as was set up at the end of the last, but no more. Restore the League of Nations, they say, with such amendments of the Covenant as experience has shown to be desirable or create

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a new League if that be needed to secure the widest possible membership; but do not sacrifice the practicable to the pursuit of the ideal. Co-operation must still depend on the loyalty of sovereign states to a covenant. It cannot in the present state of world-opinion be enforced by their submission to a federal constitution. The third group agrees with the first in condemning the League, but for the opposite reason. It was not too ambitious, they say; it was too modest. A federal union is the only solution. National sovereignty has shown itself to be so dangerous an anachronism that it must be destroyed as soon as possible. For the control of international relations it must abdicate in favour of an international government responsible to a representative international assembly.

It is not the purpose of this article to examine these rival policies in detail. The problems of the League have been pretty well thrashed out in the course of the last decade, the organisation of the British Commonwealth is sufficiently familiar to readers of *THE ROUND TABLE*, and the preliminary discussion of the federal idea attempted in its two last numbers* showed that much time and thought are needed for the working out of any concrete plan. But one comment should be made here and now. For most of the disputants the ultimate objective is the same. Most of them believe that the common concerns of a shrinking world will some day be controlled by a common authority, and accept the fact which *THE ROUND TABLE* has consistently asserted in the past, that the only *final* alternative to war is law. As the British Ambassador at Washington reminded an American audience the other day, "The establishment of a true reign of law between the nations is the only remedy for war."† Thus the controversy is largely a matter of *tempo*, as to whether international public

* "Union Now," No. 115, June 1939; "Union: Oceanic or Continental," No. 116, September 1939.

† The text of Lord Lothian's speech is given on pp. 231-43 below.

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opinion is ready, or can be made ready without indefinite delay, to accept the bolder or the boldest plan. Would any champion of Conference or League reject a federal union if it were offered him? Has not the League always been envisaged as gradually solidifying through steady usage and spreading authority into a world-government? Do the Federalists on their side believe that a world-wide Union will be practicable at the end of the war? And if not, must not some co-operative system be retained or devised to bridge the gap? It is to be hoped, indeed, that the rival schools may merge their differences and unite in working out the concrete details both of a federal plan and of the co-operative system which is to prepare the way for it, and, if all goes well, to be transformed into it. But it must be clearly understood that it will be a transformation. That is the point where clarity and frankness are most necessary. The failure of the League was largely due to the number of its supporters who did not fully realise what it required of its members. Idealists supposed that it would give them perpetual peace without their being ready and willing to fight for it. Materialists regarded it as a convenient contrivance for enabling us to follow our own old path to our own old ends under the shelter of collective security. There must be more realism, more honesty about federal union. It must not be cried up as a new and easy method of escape from the facts that weigh us down. It must be made crystal clear that it demands much more of nations than the League, that there is indeed a transformation in passing from the one system to the other. Under the League a nation restricted its national sovereignty to the extent that it bound itself to act with other nations in certain ways in certain circumstances. In a federal union a nation's sovereignty will not be restricted in the field of federal affairs: it will disappear: it will be merged in a new international sovereignty.

Thus, in the last resort, the question of the character of the ultimate general settlement is a moral question. Con-

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stitutional machinery is of immense importance. It facilitates the operation of the common will. It confirms it in its purpose by the force of custom. But the will comes first. Without it no machinery can work. Where there's a will, on the other hand, there's a way: and the choice of the way must be determined by the strength of the will.

It is difficult to believe that the requisite moral strength will be lacking, when the time comes, in this country. Since the last war, our interest in international affairs has vastly increased. Nowhere has the League found wider or warmer support among the general public. Nowhere has the rising generation been readier to accept the doctrine that "patriotism is not enough". And there is a new incentive nowadays in the thought that other free peoples may be looking for a British lead. We are the oldest practitioners of national self-government: must we not be forward in the work of building international self-government? But it is not enough for the will to be genuine and strong. If it is not to lead once more to frustration and disillusionment, it must be informed, realistic, open-eyed. It must see the difficulties it has to surmount. Some of them will not be evident till the details of the settlement are thought out, but some are clear enough already. We must rid ourselves, to start with, of our insular aloofness. We must break, if we can, the habit which geography and history have made almost a part of our nature. An interest in foreign affairs is not quite the same as an interest in foreigners. We must make a real attempt to know and understand the peoples of the Continent and to look at Europe through their eyes as well as through our own. We must frankly recognise that a new international order may accord with British ideas of liberty and justice—there is nothing insular in those ideas—but may not accord with some British interests as they have hitherto been understood. It will not be, indeed, till we face up to it all that we shall see how hard it is to do what is required of us. And it will be harder still for the

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Dominions, so far removed from Europe. But the fact remains that, as far as the peoples of the British Commonwealth are concerned, the degree to which a better and safer world can be built up will be exactly measured by the degree to which they can break away from their old traditions of isolation and share in a common loyalty to a greater international society.

It is with the determination, then, as far as in us lies, to win the "after-war" to-morrow that we brace ourselves to win the war to-day. We do not know how long it will last or how much suffering it will inflict, but that we shall endure to the end there can be no question. Never before has a war been fought on so great an issue. It is for much more than our peace, our safety, our prosperity, that we are fighting: it is difficult indeed to realise how much more. Mankind is at a crisis of its destiny. It has long been recognised that the material power given to men by modern science was in danger of outstripping their moral power to use it right. That danger has materialised in Germany with terrible results. In the last resort we are fighting to save the human civilization, which we have been so long and slowly trying to build up, from suffering the same inhuman fate.

THE STRATEGY OF THE WAR

AFTER an interval of twenty years the German War has now been resumed. In one sense, indeed, it was resumed in 1936 with the forcible military reoccupation of the Rhineland, and the overrunning of Poland marks the conclusion of a first phase of which armed intervention in Spain, the rape of Austria and the successive seizures of the Sudetenland, Bohemia and Slovakia, marked the intervening stages. The second phase, the real major war, is only now beginning.

I. THE PRELIMINARY PHASE: RHINELAND TO WARSAW

THE earlier stages of the first or preliminary phase may be briefly summarised. Each of these stages was marked by the employment of the same political-military strategy—that of the sudden seizure of a limited objective, leaving to possible opponents the alternative of acquiescence or else of facing the responsibility of initiating a general war. The first stage, the move into the Rhineland, was, from the military point of view, pure bluff, and it is now pretty certain, that if the bluff had been called and the French Army had marched in, the German General Staff would have recalled its troops and Hitler and all his plans might have collapsed. The seizure of Austria, again, was largely bluff, in so far at least as the defence of Germany's Western Front was still far from being effectively organised.

By the time of the Munich Agreement that defence had been greatly strengthened, though it is understood that General Gamelin, in response to more than one direct question from the French Government, expressed the confident conviction that he could break through it. At the

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same time the occupation of Austria made possible an almost completely enveloping attack upon Czechoslovakia. The fear that this attack would have succeeded before any decision could be reached on the Western Front and the Allied weakness both in aircraft and in anti-aircraft defence resulted in a surrender which the Allies were still able to cover up to some extent by a belated conversion to the German view of the merits of the Sudetenland issue and by calling it an agreed settlement.

Within six months the Agreement was torn up and German troops marched into Czechoslovakia, anticipating by some hours the so-called request for German protection extorted from a browbeaten and terrorised President. This time there was no shadow of justification even on racial grounds, nothing that could extenuate the ill-faith and brutal violence of the transaction. It was the last straw. It is true the Allies did not at once declare war, as they would have been fully justified in doing. But they realised that, unless they were prepared to fight, Hitler was now determined on one act of aggression after another. Either Poland or Rumania was clearly indicated as the next victim. Within less than three weeks of the occupation of Prague the Allies had given their unconditional guarantee to both of these States, as well as to Greece, in view of the Italian seizure of Albania, and had opened the negotiations with Turkey which resulted in a provisional agreement for mutual support in the Mediterranean area, since converted (October 19) into a definite fifteen-years treaty.

The Allied reaction no doubt came as an unpleasant surprise to Hitler and his *âme damnée*, von Ribbentrop. They had at once followed up Prague by forcing Lithuania to hand over Memel and by peremptorily informing Poland of the terms they would be pleased to impose on her in respect of Danzig and the Corridor, thinking, to quote Sir Neville Henderson, "that it would not add much to the general execration . . . if everything were done at once".

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Still, surprised and annoyed as they were, they could not at first bring themselves to believe that we really meant business, or that the Poles would act upon that assumption. All that was required was to repeat the policy of 1938, and to continue mobilising in the belief that at the last moment Munich would, in some form or other, be repeated. As the summer advanced the declarations of the Allied Governments and, even more, the effort to secure Russian support for the "Peace Front" must have raised doubts as to this reading of the situation. If so, they seemed resolved by von Ribbentrop's "master-stroke" of the Russian Treaty, announced on August 21 and signed four days later. To Hitler's consternation the Allies were unimpressed. For a week he hesitated, putting off the invasion of Poland which had been fixed for the night of August 25-26. Then he plunged, persuading himself that, if the Allied Governments declared war, it would only be to "save face", and that the swift wiping of Poland off the map would lead to acceptance of the accomplished fact.

In the early hours of September 1 the Germans invaded Poland. More than 2,000 aeroplanes swooped down on the Polish aerodromes and aircraft factories, on the vital railway junctions and on Warsaw and other centres of administration. All communications broke down. The Polish airmen put up a gallant fight, where they could, but, hopelessly outnumbered and cut off from all instructions, they could do nothing to affect the general situation. Before the Polish armies could begin either to resist or to retreat, the whole political and military organisation of the country was in hopeless confusion. Meanwhile the German armies, numbering some seventy to eighty divisions, began their concentric advance over the whole 800 miles of front from East Prussia to Slovakia.

The extreme flanking groups, pushing down from East Prussia towards Brest Litovsk and from Slovakia down the San through Lwow, were intended to meet and so close the

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net upon the whole of the Polish armies before they could fall back upon the difficult region of the Pripet Marshes. On the inside left one army group struck down from East Prussia towards the lower Bug east of Warsaw, another moved south-west up the Vistula to unite with an army group advancing south-east from Pomerania on Bydgoszcz (Bromberg) and so to close the Corridor before pushing on towards Plock and Modlin. In the centre a powerful army group advanced through Czestochowa towards the line Lodz-Radom, while on the inside right the troops from Southern Silesia moved eastwards through Cracow towards Przemyśl. The real attack seems to have been carried out almost entirely by the five heavily armoured *Panzer* divisions, the four light mechanised divisions and four motorised divisions. These pushed right ahead at full speed down the roads for their objectives, without waiting for the slower units either to keep contact or to cover their flanks. They were helped by perfect weather and by a summer so dry that even rivers like the Narew and Bug could be crossed by tanks and lorries. Low-flying bombers helped the tactical disintegration of their opponents.

The Polish General Staff had always realised that the salient formed by Western Poland could not be held, and had decided to fall back in a series of purely delaying actions upon the line, running roughly north to south, formed by the rivers Narew, Bug, Vistula and San. But they were caught completely unprepared both strategically and technically. Their general mobilisation had only begun on August 31 and was largely paralysed by the German air attack. The Polish armies had none of the equipment of fighters or of anti-aircraft or anti-tank guns required to meet a modern attack, and do not seem even to have made any serious effort to construct anti-tank obstacles. The armoured divisions just ran over them. Deprived of all central direction owing to the collapse of communications, without the power of local air reconnaissance, while themselves under

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constant observation, they were impotent to take advantage of the risks to which the German advanced columns exposed themselves. Broken up into unco-ordinated groups they made a gallant defence, and wherever they could fight under anything like equal conditions seem to have shown their superiority to the ordinary German troops of the line.

By September 17 the German net had not yet closed. The Polish Poznan and Pomorze armies, totalling thirteen divisions, had fought their way through the encircling German forces and were holding their own stubbornly in the Kutno-Lowicz-Skierniewice area, still hoping to rejoin the strong forces holding the Vistula from Warsaw to Modlin. The German attack on Lwow was checked. Smaller Polish groups were making their way back somehow. There was, at any rate, still a possibility of continuing a resistance east of the line Lwow-Brest Litovsk. But on that same day the Russians marched in along the whole length of Poland's undefended eastern front.

So ended the first or preliminary phase of the renewed German War. The chief interest for our immediate purpose of the Polish operations is in the tactical lessons to be drawn from them as bearing upon the main war which is now beginning, or, rather, is now in preparation. The principal lesson, clearly, is that of the use of overwhelming superiority in the air, both to paralyse an opponent's whole national life and military organisation and to help the actual tactical advance. That the Germans have drawn this conclusion is certain, and we may therefore assume with some confidence that they will not wish to fritter away their present air superiority on any operations that are not directly connected with their main military effort, at any rate unless and until they are convinced that no military effort has any chance of success. More particularly is this likely to be the case now that our own defensive arrangements against air attack are so far advanced.

Nothing like so clear a conclusion can be drawn from the

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triumphant success of the highly mechanised divisions. It is at least possible that, given bad weather and unfavourable ground, they might have been held up, or that, in the absence of air superiority, they might have been outflanked and cut off by the Polish cavalry. The fate of the Italians at Guadalajara is at any rate a warning against over-estimating the value of highly mechanised forces except under topographical and other conditions favourable to their use. In any case the Germans were not operating against an army equipped to deal with mechanised warfare.

II. THE MAJOR WAR BEGINS

ON September 3 Britain and France declared war on Germany. The state of war has thus been in existence for over two months. But only at sea can it be said to have been actively conducted. There the Allied Navies at once took charge, and within a few days German shipping disappeared from the surface of the seas. On the other hand, the German submarines, already posted on their stations to intercept British shipping, also set to work immediately, and were able to record considerable initial advantages owing to the fact that our convoy system was not yet in operation. The attack was conducted with the same disregard for international law and humanity as was displayed in the last war. The first victim, indeed, the *Athenia*, was so maladroitly chosen that Herr Goebbels, in default of any better excuse, has tried to fasten its sinking on to Mr. Churchill. Hardly less significant of German methods has been the sinking, without excuse and with practically no warning, of neutral ships like the Danish *Vendia*.

Once the convoy system was in working order our mercantile losses by submarine action rapidly fell off, while our improved methods of detection and pursuit have made the game increasingly difficult and dangerous for the U-boat commanders. Something like 20 of the original German

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sea-going fleet of 60 submarines were sunk or captured in the first eight weeks of war, as against a total loss of some 370,000 tons of Allied and neutral shipping. In our own case the loss of some 240,000 tons represents a minute fraction of over 10,000,000 tons that safely reached port. Against these figures are set the 550,000 tons or so of enemy, or enemy destination, cargoes intercepted by the Allies, much of it of the first importance as material for munitions. There should be no reason to doubt the Admiralty view that the submarine menace to our shipping can be, if not eliminated, yet kept under effective control and is not likely to constitute a serious counter-blockade.

The success of the submarines in sinking two older warships, the aircraft carrier *Courageous* and the battleship *Royal Oak*—the latter a remarkable feat of audacious seamanship—should not invalidate this general conclusion. It yet remains to be seen what will be the effect on the situation of the activities of the commerce-raiding "pocket battleships", *Admiral Scheer* and *Deutschland*, in the South and North Atlantic. So far they have not inflicted damage comparable to that done by the *Emden* in the last war, and it is unlikely that their refuelling arrangements will enable them to stay out much longer, even if they succeed in eluding our pursuit.

In this connection it is worth noting how much the Allies have to be thankful for in the fact that Germany was not allowed to retain her colonies after the last war. At that time those colonies played no immediate part in a naval strategy which was still concentrated upon a battle-fleet victory in the North Sea. Air strategy had not yet been thought of. Their actual military forces were inconsiderable. How formidable a part they might have played in these last few weeks organised for war, as they would have been under the Nazi régime, can well be imagined. They would have provided powerfully equipped and strongly defended bases

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for a naval policy devoted to submarine warfare and commerce raiding. Their armies and air forces would have threatened French West Africa from the Cameroons, and South Africa and Rhodesia from both South-West Africa and Tanganyika, as well as Kenya and Uganda from the latter territory. Even in the last war the German colonies involved a considerable diversion of effort. On this occasion they would have constituted a menace which might easily have affected the whole course of the war.

On land the French Army completed its mobilisation undisturbed, and presently, in a series of successful minor operations, advanced a few miles into the "no man's land" between the Maginot and Siegfried lines, occupying a narrow strip of German territory between the Moselle and the Saar and at one time almost investing Saarbrücken. By the beginning of October, as the main German forces began to come west from Poland, the advanced troops were withdrawn, leaving only a very thin screen. The Germans seem to have been unaware of this withdrawal for nearly a fortnight, but pushed forward in force on October 16. The French outposts thereupon fell back to the prepared main position more or less along the frontier, though not without inflicting fairly severe casualties on the attackers. Much of the ground regained by the Germans is now waterlogged, and the advance still leaves the Saar mines within range of the French guns.

While these successful, but intrinsically unimportant operations were in progress, the first instalment of the future British Expeditionary Army, over 150,000 strong, under General Lord Gort, was transported across the Channel and moved up to its allotted position on the French front unobserved and unmolested. More troops have since followed. The British Army on the Western Front is under the direct command of the French Higher Command. The unity of command which it took nearly four years to achieve in the last war has been accepted from the outset and has,

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no doubt, helped to contribute to the excellent relations between the two armies from top to bottom.

In the air both sides have confined themselves to minor reconnaissances. We led off with a couple of daring raids on German warships at Brunsbüttel at the entrance to the Kiel Canal and at Wilhelmshaven on the Weser estuary, losing a few planes, but inflicting serious damage on the battleship *Gneisenau*. We have also conducted a series of leaflet dropping raids all over Germany, as far even as Berlin, as well as low-flying reconnaissances for photographic purposes more immediately behind the German line. The Germans retorted with raids on our ships in the Firth of Forth and at Scapa Flow. The former raid was significant for the fact that the fighter squadron which brought down four of the attackers was manned by amateurs. In one of the latter the old *Iron Duke*, now a training ship, was damaged. Another attack by twelve German heavy bombers on a convoy resulted in seven out of twelve attackers failing to return, while no damage was inflicted. Altogether the German air force probably lost some 25 per cent. of the machines engaged in these operations. Judged by this standard it would seem as if the defence, in the shape of fighters and anti-aircraft guns, had definitely established its ascendancy over unescorted bombers, and that the warship, at any rate when in motion, has little to fear from air attack. But the conclusion, so far as it goes, is only valid against attack by small numbers, and we have yet to see what destruction might be achieved by the concentration of larger numbers, whether together or in rapid succession, upon either convoys or fixed objectives. The need for fighter escort would at any rate suggest that serious air attack against this country may—except as a last desperate measure—be postponed to the occupation of a more advanced position in Holland or Belgium.

No attempt was made by the Allies to use their air forces either to help the Poles in the first fortnight by attacking military objectives in western Germany or subsequently to

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interfere with the transport of the German armies to the Western Front. There can, of course, have been no moral justification for our refraining from operations merely because they might incidentally have killed civilians or destroyed private property, in view of the promiscuous nature of the German air attacks on our Polish Allies. Indeed our inaction in this respect undoubtedly created a bad impression in the United States and in other neutral countries, and was attributed not to humanitarian motives, but to fear of reprisals. It may be that the French Higher Command believed that more was to be gained by the undisturbed completion of their own mobilisation than by any possible interference with German troop movements. Our own Cabinet, too, may have been influenced by considerations affecting the transport of our divisions to France and the completion of our anti-aircraft preparations at home.

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WITH Poland disposed of Hitler is now at last up against the major war which it has always been his intention to avoid, or at any rate to postpone until both his army and his economic system were fully prepared for the task. What is his plan for dealing with this new and undesired development? Is it a plan worked out beforehand, like the plan of 1914, or is it still being improvised? In 1914 the German General Staff had everything in their favour: the surprise of numbers, due to the incorporation of their reserve formations in the fighting line; the surprise of direction, secured by the invasion of Belgium; the absence of any fortified positions to check them once Liège, Namur and Maubeuge had been overrun; the fatal error of the French attack in the centre.

This time there can be no such element of strategical surprise. The French Army, more than equal to the German in the number of its trained reserves and superior in the quality

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of its corps of officers, is waiting for the attack on the Maginot Line. That defensive system—an irregular line of underground battleships, each covering its neighbour with its flanking fire, drawn up in the midst of a zone of minor works, trenches, *chevaux de frise* and barbed wire—is the most impregnable yet devised by human ingenuity disposing of almost unlimited expenditure. Belgium has mobilised half a million men behind a system of frontier defence, weaker than the Maginot Line, but far stronger than anything at her disposal in 1914. Behind that the Franco-Belgian frontier has been steadily fortified for the last three years. Holland, though weaker, is also partially mobilised and prepared to set the flood waters in motion at a moment's notice. The Swiss are ready to dispute every inch of the narrow passage across their territory. Furthermore, the season for active operations, especially with armoured divisions, is already very late, particularly so in the low-lying regions of Holland and Belgium, and the weather, so favourable in September against Poland, has now turned wetter and more wintry.

On the other hand delay confronts Germany with serious disadvantages. Whatever her accumulation of reserves and hopes of trade with Russia and other neutrals, an added six months before the real issue is joined must be a strain on those resources and on the morale of a people already stale with years of over-organisation and depressed by short commons. Every month reduces the German margin of superiority in the air over the Allies, not to speak of what the latter may now buy from America in the way of machines, or of the reserves of trained pilots to come from every part of the British Empire. The temptation to strike now must be great, above all to a man in Hitler's position and of his temperament.

All the same it seems unlikely that his generals will consent to an immediate attack on the main Western Front, whether directly on the Maginot Line or through Luxembourg or

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Belgium, except in one contingency. That is the possession of some yet undisclosed weapon of devastating power, such as Hitler hinted at in his last Reichstag speech. A mere tactical device such as the bullet-proof duralumin armour with which some of the German infantry are reported to be equipped may or may not be useful, but can hardly be decisive. One possibility might be some method of creating artificial fog on a large scale, in the hopes of repeating the success of March 1918. Another might be the accumulation of poison gas in hitherto undreamt of quantities. There is reason to believe that Germany has for years been buying up arsenic, the basis of Lewisite and other poison gases. The possession of some such new element of surprise would greatly increase the probability that the attack might be made now.

To discuss in detail the precise point of attack in that contingency is hardly worth while. But on the whole it is most likely that it would be through northern Belgium by way of the so-called Limburg appendix of Holland. This would turn the Liège defences and be faced with no other serious obstacle except the Albert Canal from the Meuse to the Scheldt. The determination of the Belgian Government to remain neutral at all costs until actual invasion has taken place means that no French help could reach the frontier in time to meet a sudden attack. If the Belgian front then cracked, the German armoured divisions might sweep in a few days over the whole of northern Belgium to Antwerp and Ostend. Even if the Franco-Belgian frontier held, Germany would once again be in a position to conduct air attacks upon this country from bases 200 miles nearer and at a range which would allow of effective fighter escort to her bombers. The Belgian coal-fields and industries would once more be at her disposal, and she might always hope that this time she might retain her hold up to the end and treat Belgium as a useful hostage in settling the terms of peace.

Many of these considerations would apply to the more

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limited enterprise of seizing Holland alone, trusting to Belgian neutrality to cover the flank of the invasion. The Dutch estuaries, indeed, would offer much better facilities for submarine operations than Ostend and Zeebrugge. In the absence of any new weapon, such as was suggested above, this may, possibly, be considered a more feasible exploit—from a military, if not from a moral point of view—providing always, what now seems doubtful, that Belgian neutrality can be secured. Eastern Holland could easily be overrun. The flooding of the lower-lying parts of the country by a broad belt of water from the Zuyder Zee to the Waal, covering the industrial and maritime centres, would prove a serious but not necessarily an insuperable obstacle.

On the whole, however, it is still possible that Hitler may be persuaded to put off the offensive, probably until the spring. The kind of attack that appeals to the German mind, the overwhelming blow aiming at a swift conclusion, needs long and careful preparation. That preparation was made for the crushing of Poland. It can hardly have been available for an immediate second campaign under far less favourable circumstances. To improvise a *Blitzkrieg* may well be to invite disaster. Moreover, the dangers of delay may well be balanced by the superior organising power of the totalitarian state. If the Allies are now beginning to gain ground in aircraft construction, a new spurt in German production may prevent the present margin of numerical superiority being too seriously reduced. New submarine construction, no doubt pushed ahead vigorously as soon as the naval agreement with us was denounced last summer, may presently more than replace existing wastage. Mr. Churchill, at any rate, is making his preparations to meet a launching of two new U-boats a week. The provision of trained crews may, however, prove a serious limiting factor.

Above all, the immense existing plant for equipping the German Army can provide an expansion on that side far exceeding anything that British expansion can attain to in

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the same time. If Germany has, perhaps, 140 divisions equipped at this moment (Hitler spoke of 160 to Sir Nevile Henderson), she may quite possibly bring that figure up to 180 or more by the spring, and so hope to enjoy the kind of preponderance required for her purposes either in the West or elsewhere. Psychologically, while the Polish triumph has no doubt revived Hitler's prestige, the German people are probably anything but ready to face another and far costlier offensive, and may respond much more readily to the effort of intensified production and to strict rationing if persuaded that they are only working and enduring to defend the Fatherland against ruthless enemies who seek its destruction.

On the economic front, too, the German leaders may hope to counteract, or more than counteract, the Allied blockade, at any rate for some time. While our early efforts at war organisation have had the effect of reducing rather than expanding our own trade, the Germans have started well ahead of us with a big export push to all their neighbours, and have fixed up comprehensive barter agreements with Yugoslavia and other Balkan countries. The aim, indeed, is to create a new "continental system", including the Low Countries, Scandinavia, Italy, the Balkans and, last but not least, Russia in a single economic block. The weakness of the scheme lies in the fact that even so vast an area is short of many articles essential to the conduct of war as well as to its ordinary industries, *e.g.* cotton, rubber, petrol, tin and copper. But it would be dangerous to underrate its possibilities. Over a wide range of necessities the area is self-sufficing. In some cases, *e.g.* Russian and Rumanian oil production, German organising and technical ability may substantially increase existing output. There would always be the hope of indirectly securing some of the most needed articles through the neutral members of the block. Alternatively, too strict Allied rationing of these neutrals might throw them on the German side or afford a pretext for

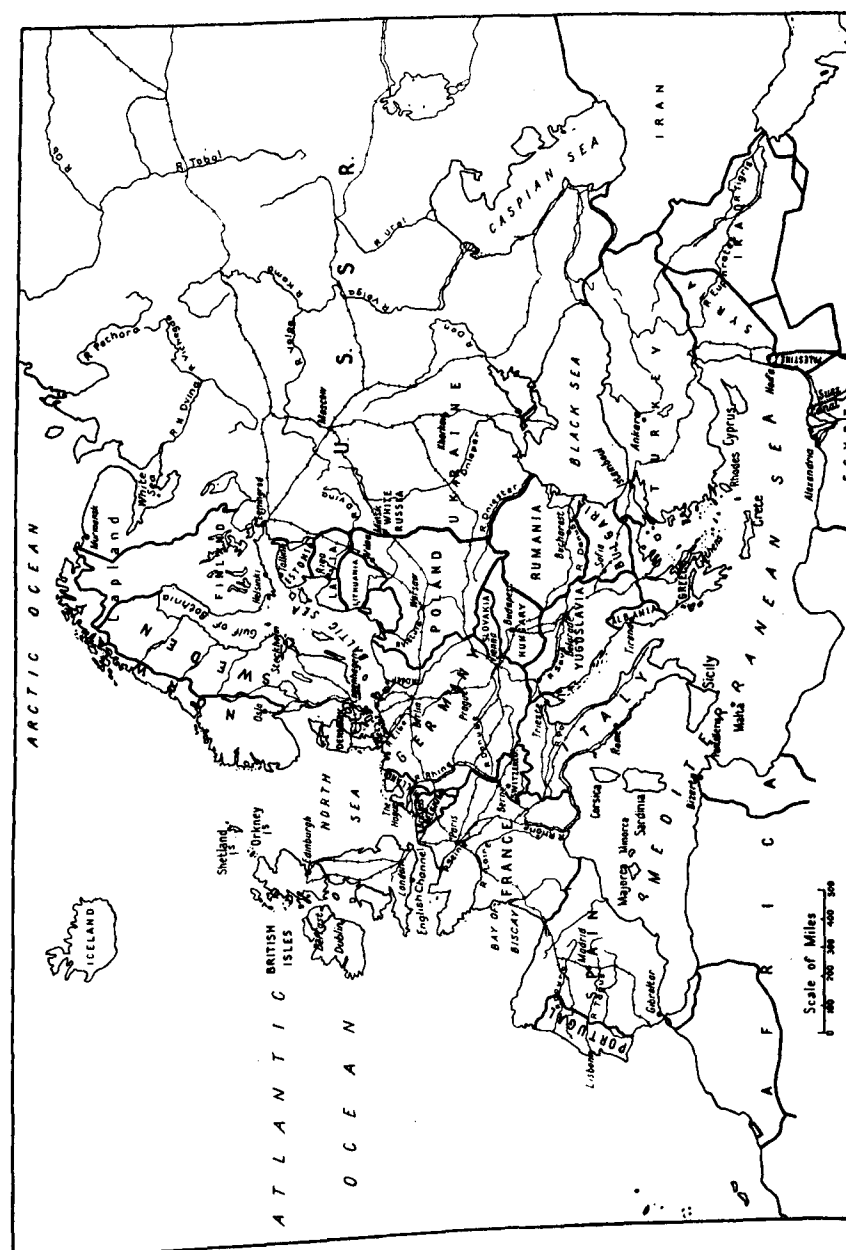
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German intervention to secure the direct control of their resources.

There are other problems of reorganisation, too, to which Hitler may wish to devote the next few months. There is the creation of a new ethnic frontier for Germany proper by bringing back and colonising, on lands from which Poles or Czechs have been evicted, the outlying elements of the German race. The Baltic Germans are now being brought back—a sorrowful end to 800 years of colonising and civilising effort and to dreams of German expansion along the Baltic in which the Führer was still indulging not so long ago. The South Tirolese are equally to be transferred, in so far as they have not discovered, faced by the unpleasant alternative, that love of home is even stronger than love of race. There are Germans to be brought back from both German-controlled and Russian-controlled Poland, from Hungary, Rumania and from Russia itself. There is the organisation of the proposed future Polish State or Protectorate, not to speak of the creation of a Jewish “national home” round Lublin. All these are tasks calculated to make a heavy drain on Germany’s organising power and transport facilities. But they may all be worth doing now with an eye to the ultimate peace settlement.

Last but not least, there is always the hope of further international developments which may present the Allies with new problems. Italy and Spain have probably by now been written off as possible active allies, a price inevitably, though perhaps undesignedly, paid for the agreement with Russia. On the other hand, no one can say how far that agreement may yet develop into political as well as economic co-operation. Direct military aid may well be excluded. But Russia’s ancient thirst for expansion, once awakened, may easily grow, and it is in Hitler’s interest that it should grow in directions which may bring her into conflict with ourselves or into more active partnership with his own designs. We may hope that Russia’s demands on Finland

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may be limited to purely local concessions affecting the security of Leningrad. But the possibility of a joint Russo-German plan for the coercion or even armed occupation of Scandinavia cannot be excluded. We may hope that Russian policy in the Balkans will be conservative and aimed at preserving Balkan unity and independence against German ambitions. But it is equally possible that the two dictators may be planning the partition of Rumania with Magyar and Bulgarian help, or even the acquisition of Constantinople and the Dardanelles for the one and of Sushak and Salonika for the other. Nor can Herr von Ribbentrop have failed to point out to his new Russian friends how favourably things are developing for the extension of Russian power over Iran or Afghanistan. Stalin may well be too shrewd to pursue so far-reaching and dangerous a policy, and rest content with what he has hitherto gained so cheaply. But he may not. Whatever the eventualities in that part of the world our alliance with Turkey and the building up of a strong Allied strategical reserve in Egypt, Palestine and Syria should enable us to meet them with confidence. But it may well be that the final and decisive stages of the war may be fought in the Balkans or in the Middle East and not on the Western Front.

It is still not improbable then—though this conclusion may be contradicted by events before these pages are in print—that Germany may mean to sit down to a winter of military, economic and political preparation with a view to striking out next spring in whatever direction may seem to offer the best prospects. We may then be faced with the possibility of a great offensive in the West. But if Hitler pursues his own habitual methods rather than the instinctive dictates of his military advisers, he may well prefer to continue—so long as food and raw materials and the spirit of his people hold out—the offensive-defensive policy of swallowing his weaker neighbours one by one, whether to exploit their resources more thoroughly or to use them as

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hostages. In the last resort, if there is nothing more to be done in this direction, and if there is no longer any hope of successful military action on a large scale, he may use his air force for a massed attack on this country. If and when that comes, the end will be near.

IV. THE ALLIED TASK

WHATEVER the arguments on the German side for giving the winter to preparation, on our side they are conclusive. We are not ready for an offensive. Our business, then, is to hold Germany while we constrict her economic life, build up our armies to defeat her's whenever and wherever she may try to break through, and above all develop the air strength which should make sure of the final victory and which should meanwhile be used to break the German morale. In 1914 neither we nor, in a sense, the French were given time to organise, and for us, at any rate, the first three years of war were years of continuous improvisation. This time, thanks to the Maginot Line, we have a much greater freedom to prepare methodically, a much greater eventual choice of initiative both in time and place. The danger, with us at least, is that we may not use the time given us as well as our opponents. The very absence of dramatic and terrifying events at the front, or over our heads, may confirm us in our leisurely ways, in our essentially civilian outlook, in our acceptance, in the sphere of government, of methods and personalities more suited to domestic politics than to the conduct of war. The watchword of a three years' war may have been useful as a reminder to ourselves of the scale of the task before us and as a warning to the enemy of our resolution. It will be our undoing if it allows us to forget that it is now, in these next few months, that the war may well be won or lost.

The creation of a British Army equal to our task is proceeding apace, in spite of the terrible handicap resulting

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from the refusal of the Government, up to the very last moment, to face the problem. In the absence of any system of universal service there has never been a plan for equipping an army on a national scale. Modern equipment, in the shape of tanks, field and heavy artillery, anti-aircraft and anti-tank guns, machine guns, motor transport, etc., has been ordered piecemeal over the last few months, as the possibilities of the situation could no longer be mistaken or ignored. When consequently universal service was introduced in April, it could, in fact, only be applied in the most limited fashion, and at the outbreak of war only a fraction of the first class called out was actually undergoing training. There is, indeed, a danger that the very fact that men can be called up when wanted may induce in the War Office a tendency to acquiesce in delays in the supply of equipment. The Kitchener method of 1914, for all the confusion which attended it, set a high standard of numbers from the outset, and forced supply, somehow or other, to hasten to overtake it.

Another possible danger may lie in an over-emphasis of the importance of the machine to the neglect of the need for men. We were the pioneers, after the last war, in the development of mechanised warfare, and there can be no dispute that the highly mechanised armoured division is, like the battleship, the most formidable instrument of war of its kind. But its full efficiency depends on supplies of ammunition and on road facilities which are only to be found in certain theatres of war. There are many parts of the world in which British troops may be needed before next year is far advanced where considerations both of sea transport and of local communications demand more lightly equipped formations. Even in the main European theatres it may be better, at any rate in some parts of the line, to have such troops as we can equip in time than to have no troops while waiting for the best. It is doubtful whether the need for men, for troops variously equipped for various

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tasks in many fields, as well as for wastage, is even yet sufficiently realised by the authorities in their concentration upon securing the most complete equipment. There is one form, indeed, of modern equipment which no troops anywhere can nowadays afford to be without. That is a sufficiency of aircraft and of anti-aircraft guns.

That brings us to the supremely important issue of building up the Allied air strength on which our hopes of victory must very largely depend. The question is how that growing strength can best be applied. Should it be conserved for the final decisive struggle or should it be used continuously to dislocate the organisation and shake the morale of our opponents? The view has been taken in these pages that the Germans, regarding their air force essentially as the advance guard and spear-head of their armies, dislocating the communications and rearward services of their opponents, will wish to conserve it for the decisive advance. From that same point of view they will wish to secure the greatest possible margin of superiority at the decisive moment by creating the maximum number of fighting squadrons at the expense of their reserves of machines and men. These arguments against frittering away their air force in minor engagements or—except as a last resort—in air attacks not connected with military operations are conclusively reinforced by the danger of exhausting a limited supply of petrol and of high-speed alloys.

To conform to the enemy's policy in this respect would surely be a mistake. Our policy should be to force on the German air arm a *guerre d'usure*, to compel the enemy by continual raiding to use up petrol and machines in defence and to provoke him to retaliatory measures which will use up even more. We have not the same reason for conserving our bombers in the immediate future, as we are not contemplating forcing a decision by an all-out land offensive, at any rate not next year.

These are considerations bearing on the material aspect

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of the situation. More important still are those bearing on the moral situation. Allied morale, the determination of free peoples to resist and to vanquish an aggressor, will—given reasonable organisation of our active and passive defence—be intensified rather than weakened by such damage as air raids can inflict. Very different will be the effect on an overdriven and underfed people like the Germans whose one moral support is the belief in the power of their Führer to protect them. To shake that belief by the continuous proof of Allied ability to destroy the instruments of Nazi military strength in the shape of munition factories, aerodromes, or stations, and to disorganise their national life, will be worth many victories in the field. Blockade alone will never bring about Germany's collapse, even less in this war than in the last. Her morale must be destroyed by the sense of impotence against attack at home or else by direct defeat in the field. And the first should be an essential prelude to the second. In certain circumstances it might even make the second superfluous.

Important as was the part played by economic measures in the last war, it will be even greater in this. But it will differ in character. In the last war it was mainly negative: direct blockade on the one hand and on the other a gradual rationing, based largely on our control of the coal situation, of the five neutral States—Switzerland, Holland, and the Scandinavian States—with which Germany was still in contact. This time the neutral zone round Germany is composed of many more, and relatively more important States. Rationing will be more difficult: to ration Russia or even Italy is quite another matter to the rationing of Holland or Denmark. What is needed is not merely a negative policy of restricting the supplies that might otherwise reach Germany, but a positive policy by which the trade of the neutral countries will be diverted from Germany, as well as a positive policy of maintaining and increasing our exports generally for a struggle which will have to be sustained,

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in the main, on a "cash and carry" basis. The effective co-ordination of these elements of a single task—as vital to our success as any part of our fighting front—is a complex affair which should occupy the whole-time attention of some member of the War Cabinet free from all other routine duties and which requires an organisation definitely adjusted to the problems involved.

But to pursue the question of governmental structure and personnel would carry us far outside the scope of this article. Enough to say that the effective organising, energising and inspiring of the nation so as to secure the very maximum, in every direction, of effort and production bearing directly upon the waging of the war is indispensable if we are to achieve success in a struggle whose dimensions, course and duration no man can foresee.

WAR ECONOMICS

I. THE ECONOMIC STRENGTH OF THE BELLIGERENTS

THE task of economic policy in war is to mobilise fully all available productive capacity and the accumulated wealth of the country for the two basic purposes of (1) maintaining the supply of goods for consumption by the fighting forces and the civilian population at least at that minimum level that is necessary to sustain the war effort without impairing their health; (2) providing the maximum output of arms, ammunition and such other supplies as are necessary for the conduct of war. Into this latter category will also fall those capital goods which are needed for the production of military and essential civilian supplies and their transport to the locality where they are needed. The production of arms without the provision of an adequate supply of ships, machinery, &c., would not be sufficient for sustained war effort.

Looked at in this light, the problem transcends the sphere of public finance as usually conceived. The strength of a country does not express itself truly in monetary terms which are a mere reflection, often a misleading reflection, of the underlying "real" position. The fundamental question is not how to divert into the coffers of the State by taxation or loans a portion of the national income. It is rather how to give productive resources of the community and its accumulated stock of capital assets can be mobilised for the task of prosecuting the war with the maximum effect.

In the present article, therefore, an attempt will be made to reconsider in the broadest terms the factors determining the real economic strength of a community. The conclusions of this analysis will then have to be applied to the

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position of the Allies on the one hand and of Nazi Germany on the other in order to form a judgment on the task confronting Britain and France. These conclusions will also suggest the policies and methods needed for mastering that task.

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THE productive capacity of a country is determined in the first instance by the volume of available manpower (including hours of work) and its productivity. The productivity of labour in its turn will depend on the organising capacity of the employers and on the skill of the workers on the one hand and on the extent of natural resources and the volume of accumulated capital equipment on the other.

The character of economic mobilisation will depend on the probable extent of the demand for war supplies and on the reserves of productive capacity which are at the disposal of the country. If the necessary effort cannot be achieved merely by relying on these reserves, then the current consumption of the community will have to be lowered in order to free labour for the purpose of producing military supplies. It must not be forgotten, moreover, that not all of these reserves are of a *permanent* character in the sense that they represent a potential addition to the capacity of the country to produce or acquire supplies necessary for the conduct of war. Some of these reserves will be exhausted by using them. Whether or not this use is nevertheless justified at any given moment will depend on a comparison between the future loss of real income consequent upon their use and the current sacrifice necessary to avoid it.

It cannot be emphasised too strongly that measures which merely have the result of stopping consumption or private investment (such as building or repairing houses) *do not by themselves solve the problem of war economics*. They are

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important *merely* because they set free man-power and capital for the production of essential supplies and for exports or because they decrease non-essential imports and therefore—other things being equal—permit the increase of essential imports. The negative measures which increase the potential powers available for the war effort must be supplemented by positive action. Labour which is dismissed from non-essential trades must be re-employed in essential industries or otherwise used to obtain necessary supplies. If such positive mobilisation does not take place, the whole sacrifice consequent upon the fall in consumption and private investment would be in vain.

The reserves of a country for the additional effort necessitated by the war consist in the first instance in its unemployed productive resources, primarily labour. It must be borne in mind, however, that it will be almost impossible to achieve a *net* increase in industrial employment if the military effort is to be in any way similar to that demanded by the last war. Stringent measures will have to be taken to increase productivity, such as greater rationalisation in industry and more overtime work.

Communities rich in capital have a further reserve though of more questionable permanence. The accumulated capital equipment of the country does not merely increase productivity. In richer countries a larger proportion of the labour and capital can be and is devoted not simply to the maintenance of current consumption and the upkeep of the capital equipment necessary for that purpose, but also to extend the capital stock of the community in order to secure economic progress. A rich country can therefore withdraw a greater proportion of its productive capacity from civilian, and devote it to “non-productive” military, purposes than its poorer competitor, before it has to lower its standard of life. It would, of course, not be prudent even in war time to neglect altogether the demands of technical progress even at some cost in the form of reducing current

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consumption. Otherwise the country would fall behind those of its competitors which are not engaged in hostilities, and the weakening of its competitive power might in the long, but not very long, run entail much greater hardship for the community than the additional current sacrifice which would be necessary to maintain the efficiency and productivity of its industrial system.

But supplies essential for the prosecution of the war can be obtained not merely by home production, but also indirectly by import from abroad, against the sale of exported products which are not needed for war purposes. This is the only way in which we can obtain some products, especially certain raw materials and foodstuffs, because their production in this country is either impossible or would be too costly. In these categories of goods the difference between the cost of production in this country and in countries more favoured by climate or geological accident is very great. Hence, if intercourse with those countries is not prevented by hostile interference, these commodities can be obtained at a much smaller expenditure of labour for ourselves by selling to them products in which the advantage is relatively more in our favour. In times of full employment of labour, when all our resources are being used to the utmost, the advantage implicit in foreign trade might be of decisive importance. The necessity of producing substitute materials, as in Germany, of using low-grade raw materials for the production of certain commodities, and of attempting to produce foodstuffs in an unsuitable climate or in poor soil, a necessity which faces countries which do not possess free communication with the rest of the world, is a decisive drawback in war economics. It means that the country in question is forced to use far more man-power to obtain identical results as compared with the country which is free to trade everywhere. Self-sufficiency may commend itself from an economic point of view to countries with reserves of unemployed

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labour as long as they still possess them. It can have no place in war economics when the difference between the productivity of labour may decide between victory and defeat. In most manufactured articles, however, this difference, at least in the case of great industrial countries, is smaller than in raw materials. The increasing international extension of technical knowledge and skill has tended to level, though as yet by no means to wipe out, the great discrepancies which existed formerly in this respect. There is, therefore, a wide margin of choice with respect to most manufactured goods between obtaining them directly at home or indirectly by export.

The possibility of obtaining essential supplies from abroad by exporting non-essential goods and using the proceeds to buy them is of the utmost importance for war economics. It represents the simplest method of mobilising for war purposes existing home industries which do not produce essential war supplies, by using their exported products to obtain armaments from abroad. There is yet a further important reason for using fully our export industries for obtaining war supplies, instead of depriving them of their man-power in order to increase our home output of war supplies. If we ceased to produce for our export markets during the war, our place would soon be filled not only by the increased exports of neutral countries but, what is far more ominous, by the growth of secondary industries in our former overseas markets. Once a secondary industry becomes established in a country, political pressure will keep it alive, however inefficient it may be. The temporary withdrawal from a foreign market due to shortsighted policies in war time is likely to result in its permanent loss. The maintenance of our export trade is, therefore, imperative both for the efficient prosecution of the war and for the safeguarding of the vital economic interests of the nation after the war.

Strategic and economic considerations will determine the

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choice between the increase of the home production of war supplies, including the supply of essential articles for home consumption, and the indirect method of mobilising man-power for our export industries and obtaining supplies through exports. The main strategic factor influencing the decision in the present war is whether the threat to the continuity of home production by the air is more menacing than the dangers facing transport of goods from and to oversea countries. If the air-threat is considered very acute, essential supplies particularly exposed to that threat will have to be produced in substantial quantities abroad, because, as we shall presently see, there are alternative, emergency methods of obtaining imports without current home production and export.

Economically the choice will depend on which of the essential factors of production is most scarce, what the most acute "bottleneck" is. If we must primarily economise in shipping space, our policy will have to be different from that which we ought to pursue if our main aim is the most efficient use of man-power. If again we were to find that our power to buy abroad was becoming limited, we should have to make still greater efforts to increase home production. In either case the character and the current state of our export markets will influence the decision, since favourable terms of exchange between our own products and those which we need abroad will affect both the need for shipping space (we can import dearer, but less bulky articles) and the productivity of our labour. This will, of course, vary with the price we get for our goods abroad. Nor can one lay down simple rules of precedence in these matters. In general our choice will be determined by four factors. (a) The volume and quality of labour available at home. We still possess considerable reserves in the shape of unemployed and leisured people. Their employment represents a net gain for our productive power. It is uncertain, of course, to what extent this reserve can be used to increase export, though it may be

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possible to use it (even though it would not be very productive) for home production of goods which would otherwise have to be imported, *e.g.* in agriculture. (b) The nature of the transport problem: *i.e.* does the import of semi-manufactured articles, *e.g.* copper instead of copper ore, and so forth, or products of a higher stage of production, *e.g.* meat instead of feeding-stuffs, save so much shipping space or labour as to offset the additional cost involved? (c) The productivity of labour in the production of goods which have hitherto been imported as contrasted both with its productivity in export industries and with the productivity of labour in the same industry abroad. It would be foolish to transfer cotton operatives to agriculture if their productivity on the land is very much lower than in the factories.

This will, of course, very much depend on (d), the state and absorptive capacity of our export markets. If our export industries were to have to lower their prices sharply in order to sell more, there may be no advantage in forcing the sale of exports, as the productivity of labour (*i.e.* the volume of the goods which we can obtain for the goods exported) may fall below its productivity in the alternative (and originally less advantageous) home production. It must not be forgotten, however, that our purchases from abroad are bound to increase the national income of the countries from which we buy, *i.e.* increase also their demand for our own products, though this may take some time to become effective. This factor must not be left out of account in deciding on our economic war plans.

These considerations make it plain that the planning of our economic war effort necessitates careful and co-ordinated research into the factors determining the productivity of our effort, among which the state of our foreign markets is, perhaps, the most decisive.

A further method of increasing the output of essential products is possible, at any rate for rich communities. They have to rely in the main on their current economic effort—

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home production and imports paid for by the export of goods currently produced. But they can also draw on their accumulated stock of capital assets. These capital assets again must be viewed not in monetary terms (*e.g.* the title to property, the ownership of shares, the possession of government securities or bank deposits) but as the accumulated real capital of a country in the shape of productive equipment (*e.g.* roads, railways, factories, houses, &c., together with stocks of goods).

Only by reducing the volume of accumulated stocks of commodities or by not renewing our physical capital equipment as it wears out in current production are we able to draw on the effort of the past so as to transfer the real burden of a present achievement "on to the future". By these means, if we are willing to adopt them, we are enabled to consume or use for war purposes goods without equivalent present productive effort in replacing them, and similarly to utilise for the same purpose the productive factors hitherto employed in maintaining our capital plants. This can be accomplished at little risk in some directions such as roads, buildings and the plant of industries which produce such non-essential goods as cannot easily be exported. In essential industries (including railways) the feverish rate of output will demand increased effort on the maintenance of plant if a sudden complete breakdown necessitating very considerable new capital investment is to be avoided. The fact that the Nazis for two years past have run the risk of such sudden calamities by concentrating all their productive effort on obtaining the maximum military striking power in a minimum of time was the clearest sign of their determination to pursue their policy of aggression. It should have been an irrefutable warning to those who professed to believe in the assurances of the Nazi leaders. No country that is not bent on catastrophic policies can incur the risks which are implied in the gradual but quickening ruin of its industry which results

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from failing to provide for the renewal and maintenance of its plant.

Lastly, apart from using its accumulated internal capital equipment a country can also temporarily supplement its own productive power by liquidating its claims on foreign countries or selling its foreign assets and, finally, by contracting loans abroad and using the proceeds to acquire essential supplies. By selling foreign assets or incurring debts abroad a country does determine by its method of finance whether the sacrifice necessitated by the war effort is borne currently or "shifted on to the future". The temporary alleviation of the war strain by the use of reserves accumulated abroad definitely shifts the burden on to the future. The future loss of real income, however, will in all probability not be restricted to the cessation of the income from these assets. If this country after the war wanted to maintain its imports on the level it could afford when it still had the income from the investments sold during the war, it would have to increase its exports to the extent that its foreign income had diminished. But, if the sale of its foreign assets had been necessitated by the reduction during war time of its exports rather than an increase of imports, it would almost certainly encounter difficulties in recapturing its lost export trade. And the *additional* increase in exports necessary to maintain imports at the old level could hardly be accomplished without a reduction in their price. There will arise, therefore, in all probability, an additional loss, the magnitude of which depends on the unwillingness of our former customers to resume the purchase of our products. If, as a result of the war-time loss of export markets, strong vested interests have grown up abroad which have the power of forcing their governments to protect them, this additional loss might be serious.

The unfavourable repercussions of the liquidation of our foreign assets would not end there. The control of foreign companies and the intimate connections to which they give

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rise not only tend to give decisive advantage in the export business but also lead to the establishment of an entrepôt trade in which the creditor country becomes the central agent of the producers. It gives rise to shipping, insurance and banking business, all highly profitable to the country which controls important foreign companies. The rise of London as a financial centre in the widest sense of the term was to a large extent due to its position as the main international creditor on short and long term. The annual foreign income derived from these functions before the world crisis beginning in 1929 was £80 millions, which together with a net shipping income of £130 millions was only slightly less than the return on foreign long-term investments at £250 millions. Together they amounted to not less, indeed probably more, than 10 per cent. of the national income. The loss of the greater part of this foreign income—which, as shown below, has already in peace time fallen by, say, £160 millions per annum—would have disastrous effects on the standard of life in Great Britain, and the Government's policy should be to avoid it by any means possible.

II. ECONOMIC WAR-POWER COMPARED

THIS analysis has shown the main factors determining the real economic strength of a country. The next task is to compare on this basis the position of the Allies on the one hand and that of Nazi Germany on the other.

The population of Nazi Germany and of the countries it has overrun is over 110 millions. The population of Britain alone is just over 45 millions, France some 42 millions. Thus the man-power available in Europe to the Allies is inferior to that of Nazi Germany. But this calculation disregards the British Dominions, India and the colonial territories of the two Powers. The share of the Empire and of the French colonies in the last war, both in the military and

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in the economic effort, was very substantial indeed. All signs point to the conclusion that in this second ordeal their contribution will not be smaller. Considering the high technical skill and the vast natural resources of these countries and territories, their participation (though exact calculation is not possible) shifts the balance of man-power definitely in favour of the Allies.

But the Allies possess other and even more important advantages. At least 30 millions of Czechs, Slovaks and Poles now under Nazi domination are bitterly hostile to the régime which subjugated them. They cannot be trusted by the Nazis. If they are compelled to labour for their temporary masters, they certainly will have to be strictly supervised, thus absorbing and wasting Nazi productive power. Their conquest is not an unmitigated gain. The Polish population, moreover, lost a large part of the small productive equipment which it possessed prior to the war, and its working efficiency is much less than that of workers in Britain and France.

Command of the sea gives another most important advantage to the Western Powers. Since its very inception the Nazi régime, in planning its preparations for war, has done its best to render Germany economically independent of overseas supplies. The reason for this drive for self-sufficiency which culminated in the so-called second four-year plan has often been misjudged in other countries. It did not arise inevitably out of the character of the new Nazi economic system. The rigid control of foreign trade and internal economic activity need not be accompanied by an uneconomic use of available productive factors. The reason for this policy, which, as we have seen above, necessarily reduces the productivity of the country, was wholly non-economic. Like the dangerously intense expansion of the armaments industries, it was due to, and another clear sign of, the preparations for that aggressive policy which the Nazis intended from the outset to pursue.

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They were aware of the vulnerability of their geographic-economic position and tried to render ineffective the blockade with which they had to reckon as soon as the peaceful countries decided to resist. When they came into power, they found huge reserves of unemployed labour and capital at their disposal. The mobilisation of these reserves enabled them to increase productivity per head of the *total* population. Hence the fall in productivity per head of those already employed—disregarding those not employed—due to this policy of self-sufficiency was not immediately apparent. In comparison, however, with foreign countries, such as Britain, this factor must be of considerable importance.

The more spectacular efforts in this respect, such as the production of synthetic rubber, wool, &c., are not really the strongest factors making for a fall in productivity per head, though the shortage of coal and electric power experienced in the last two years may be partly due to the uneconomically large demands for energy which are made by the processes involved in the production of these substitutes. Much more uneconomic and wasteful in man-power is the drive for self-sufficiency in utilising home-produced ores of poor quality and above all the drive for increasing the agricultural output. So much has been written in the last few years on the relative command over natural resources of the Great Powers that detailed statistics in this connection are superfluous. The tremendous superiority of the Allies in this respect is common knowledge. The help of Russia or the extension of Nazi dominion over areas rich in natural resources might in time mitigate this basic economic weakness of Germany. But an intensive international division of labour between the Nazis and Bolsheviks, which could ultimately increase the productivity of both countries substantially, is not possible in the short run. And the countries which Germany could subjugate, except possibly Yugoslavia and Rumania (though German domination over the latter would in all probability not be tolerated

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by the Soviet) are poor in capital equipment. Capital investment could there again increase output; but it would put a new, if temporary, burden on the Nazi economic system, which is already strained to the breaking-point. If the material wastage of the war continued to be small, if the political resistance to Nazi domination in the Balkans decreased, if Russian industrial affairs could be improved by the sending of technical missions alone, Germany's economic power in the longer run, say after two years of a quiescent stalemate in the West, might well improve. In the meantime, however, *provided they made a determined effort and used determined and efficient methods*, the Allies would have developed an overwhelming superiority in armaments. It would be the extreme of folly, however, to suppose that time alone without our own exertions is working on our side.

Nor is this all. The possession of great long-term capital assets secures Britain a foreign income which even after the painful losses experienced since the great depression amounts to some £200 millions. To this has to be added some £100 millions of shipping income and £35-40 millions other foreign income amounting in total, say, to £340 millions. Part of this unfortunately will be lost in any case as the result of the war. Nevertheless, considering the very high productivity of overseas countries and the low prices which have been ruling for the goods we import—they might change against us but are hardly likely to change so much as to alter the *orders* of magnitude concerned—the import surplus which we are able to carry, without an encroachment on our stock of capital assets abroad, by means of the above “invisible exports” may be considered equivalent to the net output of at least two million Nazi farm workers and very probably substantially more. It must not be forgotten, moreover, that the foreign income of a nation represents a net addition to the volume of goods available at home. The workers and the owners of the capital which is used in its production need no maintenance. Hence this income—from the

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point of view of national real income per head of manpower—is equivalent to the existence in Britain of workers and others who would otherwise be needed for its production *plus* the workers who would have to be employed to maintain them in housing, food, clothing, amusement and so forth. The real equivalent of our foreign investment income would therefore be the existence of some 3-4 million additional farm and industrial workers and of fertile land with a sunny climate stretching from the Wash beyond Holland and Denmark.

It must be remembered, however, that all these resources are used now by the population of this country in order to maintain its standard of living. Here lies the profound difference between present-day Britain and present-day Germany. German imports are paid for by German exports. British exports fall short in value of British imports by, say, £400 millions or over £1 million a day.

The foreign assets of Great Britain are usually estimated at roughly £4,000 millions *nominal* value. Some of these investments have seriously depreciated as a result of the economic crisis and of the effects of economic nationalism and, to some extent, because older industries and undertakings (such as railways or cable companies) slowly begin to suffer from a natural process of obsolescence and loss of earning power. Part of these investments are situated in countries which could not take them over themselves in greater quantity at short notice for lack of capital resources and they are not of such a character as to be capable of being sold to other creditor countries. Refunding operations (repayment of our loans by our debtors borrowing in neutral countries, &c.) and other transactions might enable us to mobilise part of our long-term loans to foreign countries. The *Economist* has estimated the value of assets which could be gradually liquidated in America and elsewhere at some £600 millions. To this has to be added the reserve of gold and foreign exchange in the Central Banks and

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Exchange Equalisation Accounts of the Allied countries. This should by now contain the privately owned foreign cash balances sold to them under the emergency legislation as well as the value of all French assets abroad. It may not be too optimistic to conclude, therefore, that the command of the Allies through their gold reserves and foreign assets over foreign man-power in case of need is somewhere of the order of magnitude of 5-7,000,000 man/years. This *net* addition is equivalent to the possession of more than 10, presumably somewhere between 12-15, million workers within the territory of the country for a year.

The foreign assets of Germany have never been considerable since the war. In 1931, the last year for which we possess reliable estimates, their capital value amounted to some £250-350 millions, *i.e.* less than Britain's total foreign income in one year. The liquid part of these assets had in all probability been used already in pre-Nazi days to repay debt. But some of the assets frozen during the crisis could be liquidated now. The Nazis have lately succeeded in evolving a new source of foreign exchange by forcing German minorities abroad to return to Germany. Their possessions are then taken over by the Nazi Government and sold to the country from which the Germans are recalled. The minorities in the Baltic States were the first to experience the consequences of this new practice. There are perhaps 2,000,000 Germans still scattered abroad in countries from which mass-emigration can be arranged or enforced. It would be foolish to dismiss the importance of this method completely. But it would be equally foolish to overestimate it. Considering the poverty of most of the countries in question, the difficulties in the way of, and losses consequent upon, such mass-liquidation of property in poor countries within a short period of time, £200 millions is the utmost on which the Nazis can count. It is likely to be very much less. In comparison with the reserves of the Allies and the demands of the war this is a trifling amount. The Nazis

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may also still possess some small reserves from the loot captured in Czechoslovakia and Austria. The Czech gold handed over to the Nazis less than six months before the outbreak of the war will have come in very opportunely. It is probable that Germany has now not less than £50 millions of really liquid assets, primarily gold, which could be used abroad in payment for goods.

It will be remembered that both the British and American Governments made huge loans to other belligerents during the last war. But apart from the fact that no means was found of repaying such debts, the neutrality of the United States puts any repetition of them out of court. Furthermore, under present American legislation no public, non-government loans may be made to any belligerent. Thus this method of supplementing current effort is not likely to play any part, at least until circumstances entirely change. Yet even so the Allies are in a better position than the Nazis in possessing an unshaken credit with private investors throughout the world. They can, moreover, utilise their command of the sea and their consequent position as the chief purchasers in world markets to obtain credit for at least part of their purchases directly from their suppliers. The Nazi Government has, of course, obtained the promise of some credit from the Soviet. How important this aid may become is difficult to judge. To provide it Russia could undoubtedly impose some additional forced saving on her population, and its national output could—given a reorganisation of its productive apparatus and the supply of skilled technicians—be increased within not too long a period. The Nazis will presumably also extort some supplies without payment from those countries whose geographic position places them at their mercy. But most of Germany's neighbours are not strong enough to open long-term credits for her. Though it is rash to prophesy on this point, it seems clear that the Nazis are at a very definite and considerable disadvantage even in this respect.

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It is necessary, however, to sound a strong note of warning. A rich man with plenty of securities may live well and abundantly on the income he receives from them together with the income he earns. If he is forced by some emergency to sell his securities, he can temporarily use the proceeds of their sale. Thereafter he has lost both them and the income from them and is in a much worse way than a poorer man living always within his means. This was the position the Allies had reached in March 1917. Had not the United States come to their aid and in the next eighteen months lent them some £2,000 millions, their war effort must have been greatly reduced at a moment of grave peril. Once the liquidation of foreign assets is accomplished and the credit of a country is exhausted, the extent of the potential maximum effort of that country will drop sharply even below its initial level, since with its foreign capital it has lost the title also to its current foreign income. This consideration should play if not a decisive—in war the achievement of victory is the only decisive consideration—at least a very important rôle in determining the Government, at the risk of any sacrifice demanded from the people, to conserve as long as possible its foreign assets and to accustom the country to live as far as possible on current production.

We may conclude, therefore, that the potential maximum limit of the war economic effort of the two democratic Allies is far superior to that of Nazi Germany. There is thus no reason for despondency or defeatism. We must now turn to the analysis of the actual effort exerted by the three countries. This analysis will indicate the magnitude of the tasks still facing Great Britain and France and help to determine the methods by which they can be fulfilled.

III. WAR PREPARATIONS COMPARED

THE high scale of Nazi rearmament has been known for a considerable period, though official budget figures were suppressed as early as 1935. Two methods are avail-

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able to foreign experts for arriving at a considered estimate. The first is based on financial statistics, the second on the statistics of employment. These independent methods yield estimates which closely correspond, thus tending to justify the methods used. The picture which presents itself is clear:

The Old Reich only

	1928	1932	1933	1934	1935	1936	1937	1938	1939
National income	75.4	45.2	46.6	52.7	57.9	64.9	71	76	
Gross investment									
Rm. milliards	13.7	4.2	5.1	8.3	11.2	13.8	16	18.5	
Employment mil- lions (April each year)	18.8	13.0	..	..	..	17.4	18.9	20.0	21.6
Consumption goods	..	76.3	82.6	92.4	88.2	98.7	104.6	112.5	116.8
1929 = 100									June
Capital goods	..	34.4	43.6	72.6	99.4	113.2	123.4	136.2	147.8
Estimated lowest limit of expenditure on arma- ments out of taxation, loans and short term credits. Rm. milliards.	1933-4	1934-5	1935-6	1936-7	1937-8	1938-9			
	2.75+?	4.75+?	7.4+?	9.6+?	13.5+?	25+?			

The lower limit of the Nazis' total expenditure on rearmament since their arrival into power is Rm. 62 milliards. Hitler, announcing the attack on Poland, stated that the total expenditure of the Reich since 1933 on rearmament was Rm. 90 milliards. This is far above the amount obtained on the basis of known statistics and may well have been grossly exaggerated in order to impress and frighten the democratic countries. But it would be prudent for our purposes to assume that war expenditure in the six and a half years of Nazi despotism has amounted to some Rm. 75,000 millions or, say, some £5,000 millions. This is a staggering amount. The statistics of employment explain the mechanism, but do not detract from the magnitude, of this achievement. When the Nazis were put into power the number of unemployed had reached the catastrophic figure of over 6 millions. This unemployment was completely absorbed. The Nazis, moreover, forced into the production-process people who had

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never been employed before: women and girls, or men who had been artisans or employed in distribution and in other tasks which, while from the point of view of welfare were by no means unproductive, were not actually productive in material. The increase in employment (excluding the army) was over 8 millions, or well over 60 per cent. From 1934 onwards the increase in the output of consumption goods was only 15 per cent. The increase in the production of "capital" goods was 100 per cent. The private investment of capital, as we mentioned above, remained at a very low level. In certain directions it did not even cover maintenance of plant. The inevitable conclusion is that the bulk of the increase of employment, some 5 millions or possibly even more, was used for purposes of providing armaments. Consumption was kept down to a level only slightly above that reached in the depth of the great depression, by means of taxation, direct regulation and rationing, which cut down purchasing power in spite of increased output, enforced the saving of the remaining income, and canalised it for the purposes of the State.

British and French expenditure, at any rate in the first part of this period, was of an altogether different order of magnitude.

<i>Britain (£ millions)</i>	<i>1934-5</i>	<i>1935-6</i>	<i>1936-7</i>	<i>1937-8</i>	<i>1938-9</i>
National income	4,250	4,550	4,850	5,200	5,000
Defence expenditure	113.7	137	186	262	400

<i>France (frs. milliards)</i>	<i>1935</i>	<i>1936</i>	<i>1937</i>	<i>1938</i>
National income*	172	189	212	250
Defence expenditure	10.5	19.1	27.0	57.5

Even if we convert the franc at the rate of Frs. 140 to £1 for the last two years, which is probably justified in view of the differences in the character of the Army and the lower level of wages, the combined annual expenditure of the two Allied countries does not amount to more than, say, £750 millions in 1938 and very much less before.

* The national income of France is almost certainly much higher than these official figures.

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The Nazis spent on war preparation at the rate of some Rm. 25 milliards, or some £1,500 millions per annum. This rate of war expenditure was equalled only in the third year of the last war by Imperial Germany. There has been no actual wastage in war weapons and ammunition, though it may be assumed that technical obsolescence has not been negligible. Thus the Nazis must have accumulated vast stocks of finished war-material. No account has been taken—as statistical evidence is not available—of the additional effort squeezed out of the territories which have been overrun and the loot there captured, but the policy of aggression must have paid handsome dividends.

National income in Nazi Germany has increased from Rm. 45.2 milliards to Rm. 76 milliards, *i.e.* by 30.8 milliards. State expenditure has increased from some Rm. 10 milliards to almost 39 milliards. The whole of the increase has been due to the expansion of State expenditure: but whereas in the first few years non-State expenditure increased faster than State expenditure, in the last year there was an actual fall of some Rm. 4 milliards in the former field. Consumption has not been allowed to increase much above the very low level of 1932. The Nazis seem to have utilised their limited resources to the utmost and to have succeeded in concentrating all their energies on increasing their striking power in the shortest possible time. The results of this terrific effort must not be underrated. It is their moral front that is weak, partly owing to the strain by which they have expanded their material force. The increase of output was canalised into armaments. In the same period of years the British gross national income increased from £3,000 million to £5,500 million. State expenditure increased from £700 millions to £1,050 millions only. Almost the whole of our net savings, amounting to some £500 millions in the more prosperous years, was used for private investment. Only in 1938-39 was there a considerable budget deficit, and even then it amounted to not more than £128 millions. The figures for

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the current year will, of course, tell a different story. But up to the very occupation of Prague the British economy was a peaceful economy in the sense that by far the greater proportion of the increase of the national income was allowed to go towards raising an already high standard of life.

We may now sum up. It is clear from the above considerations that the potential superiority of the Allies is very great, and, unless Stalin extends more effective and immediate help to the Nazis than is probable, overwhelming. No complacency is justified, however. All signs point to the conclusion that the Nazis have assembled huge stocks of weapons, ammunition and other necessary supplies, sufficient to wage war for some time, and, if the present quiescent stalemate continues, even for a long time. Nor must one underestimate the staying power of the Nazis, should they succeed in reorganising the economy of Russia and other neighbouring countries during that period.

It is essential, therefore, that the potential economic power of this country should be utilised to the utmost possible limit without any delay, notwithstanding that in the next period of war the Nazis will hardly be able to increase their economic effort, since they are already running at full speed, and mobilisation must under these circumstances have affected adversely their productive capacity in spite of the gains made in Poland. It is also essential to bear in mind that no sudden breakdown of Germany must be expected on economic grounds alone, though hopes for an earlier decision based on social, political, and moral grounds may be more justified. Hence our effort must be planned so as not to weaken our reserves of foreign assets in the short run. This consideration becomes decisive when we remember that the productive capacity of this country may be interfered with by enemy action. The existence of reserves enabling us to use the productive power of overseas countries thus stands out as the most important point of superiority over Nazi Germany and the vital factor in winning the war.

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II. BRITAIN'S ECONOMIC PROBLEM

I. THE MAGNITUDE OF THE TASK

IN the first part of this article an attempt has been made to analyse the comparative economic power of the belligerent countries. The basic superiority of the Allied Democracies was found to be very great. The comparison of the actual effort exerted in preparing for the trial of strength did not yield as favourable results. In Great Britain the standard of life has risen phenomenally since 1933 owing to the recovery in business and the expansion of production, and France until recently has been suffering from the consequences of mistaken economic and monetary policies, while Nazi Germany has concentrated almost the whole of its expansion of production (which was of the same order of magnitude as that in Britain) on rearmament. This analysis indicated that in order to secure a superiority in striking force our total military expenditure would have to be increased to at least £2,000 millions per annum.

Any increase in the available reserve stocks of raw materials, foodstuffs, and finished goods both for the purposes of export and for home consumption (reserves which seem to be essential in view of the possible interruption of production and transport by enemy action) should, if at all feasible, be additional to this £2,000 millions.

It has been shown that this increased effort in war production can be achieved either by mobilising existing but idle reserves, *i.e.* increasing total production, or by lowering the standard of life. In the following pages an attempt will be made first to apply these considerations to Great Britain,

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secondly to establish how far the measures already taken by the Government can be said to exhaust the task, and finally to determine what further steps or different policies, if any, are desirable to increase the effectiveness of the war effort or minimise the sacrifice required.

II. NATIONAL INCOME, CONSUMPTION AND WAR EXPENDITURE

THE gross national income of Britain has been estimated at some £5,100 millions in 1937. It consisted of:

	£ millions
(1) Consumption of goods and services by private persons minus indirect taxes .	3,700-3,900
(2) Maintenance of the existing capital equipment.	400(?)
(3) Net investment, <i>i.e.</i> increase in the capital equipment of the country or in the volume of stocks	450-500(?)
(4) Government expenditure on goods and services	475

Not included in this estimate of the national income are services which are rendered without payment, *i.e.* all work accomplished within households. This, as we shall presently see, is an important consideration for the war economic problem.

In the financial year 1937-38 defence expenditure amounted to only £266.1 millions. The war budget provisionally contemplates an expenditure of some £1,250 millions. In the first part of this article £2,000 millions seemed the figure which would be necessary in order to win the war. The rise contemplated by the war budget is roughly £1,000 millions, and if the assumptions here made are correct it must reach £1,750 millions. The last three budgets imposed new taxation which raised the standard rate of income tax to 7s. 6d. in the £ and the maximum rate of surtax to 9s. 6d. in the £. Yet even if the fall in revenue due to the slump in 1937 and the consequences of the war on tax revenue are disregarded, these increases will only bring in some £260 millions in a full

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year, or only a quarter of the increase in expenditure contemplated by Sir John Simon.

If taxation is not increased and the budget deficit rises above the flow of savings, prices must rise as private demand and state orders compete with one another for the available supplies. The rise in prices leads to demands for a further increase in wages and a vicious inflationary spiral. Too much has been written on the dangers of this contingency to need detailed elaboration. In what direction can the solution of the dilemma be found?

The first possibility is an increase of production. This will not be easy. We can re-employ part of the male labour now unemployed. There will be some small inflow as a result of the natural growth of the population. But the needs of the army will heavily reduce the man-power available, even if we need not contemplate such an appalling drain on man-power as in the last war. There has been a considerable progress in the technique of war which will necessitate a far greater industrial employment per head of the fighting forces than was the case in 1914-18. On the other hand, the strategical position of the Allies may worsen if countries now neutral join the enemy. Finally, if Britain does not contribute a considerable army for the common defence in the West, France will have to keep a larger army in the field than would otherwise be necessary. It can hardly be doubted that a mobilisation on the scale France has had to undertake seriously weakens the productive power of a country. In deciding the quantity and quality of our effort the economies of the two countries ought, therefore, to be treated as one, if the maximum effort is to be achieved at the smallest cost: for instance, the demobilisation of French skilled workers may well increase common output more than the enlistment of an equivalent number of less essential workers by Britain would lower it.

We must, in all probability, reckon with a slow but steady diminution of the male labour force of the country by some

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2.5 millions. This diminution of man-power must be offset by the employment of women not now occupied if production is not to fall. The possible expansion of the number of women at work has been variously estimated at between 4 and 6 millions. Considering that women with small children can hardly be employed in production, and the difficulties arising out of evacuation and so on, even the smaller figure seems optimistic.

Some additional production could be obtained by lengthening working hours. And measures could be taken to increase productivity or rather to prevent dilution by female or untrained labour from depressing it unduly. If the influence of these factors is analysed the biggest probable increase in the national income may be guessed at some 15 per cent., or say £825 millions. When the fighting forces are at their full strength it does not seem likely to be more than 5 per cent., or say £300 millions. Even if the whole of the increase is devoted to the production of war supplies (or to exports paying for the purchase of supplies from abroad) the deficiency in the long run (*i.e.* when the services have expanded) remains somewhere between £700 millions on the war budget estimates of expenditure and £1,450 millions (*i.e.* £1,750 millions minus £300 millions) if the war expansion which was contemplated in the first part of this article has to be reached.

There remains, however, a second internal reserve of productive power. This consists of labour and capital in those industries normally engaged in maintaining and extending the national capital equipment. This could, as was explained above, within certain limits of safety be used for war production.

These industries were estimated to employ in 1937 £400 millions for replacement and £450-500 millions for additional new equipment and capital goods including services. Expenditure on replacement could hardly be reduced by more than £200 millions, as the intensive war-production

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would certainly increase the wear and tear of machinery. In the main only house and road repairs can be postponed safely.

But a considerable proportion of the money now spent on the improvement and extension of plant and other capital such as roads, houses, ships, &c., could be redirected into war-output. If we have regard, however, to the necessity of increasing our merchant fleet, undertaking further A.R.P. measures and permitting some new private capital issues both to meet changes necessitated by war and to prevent a sharp reduction in the competitive power of the export industries, too low a figure must not be assumed. War-damage may also arise in a later period of the war and require further expenditure on plant and other capital goods. At most we can divert £350 to £450 millions out of the present total of new savings of £450-500 millions which formerly purchased this new equipment, capital goods and services. A diversion of £300 millions may seem at once more conservative and more correct.

The contribution to the war effort from these sources, which do not necessitate a cut in current consumption, will therefore at most be £550-600 millions per annum, probably only £500 millions. This diversion of resources from peace to war purposes may not be possible without great difficulty. Unless the transition is carefully planned and the labour is so used as to necessitate the minimum of shifting between industries—that is to say, unless a carefully worked out schedule of reserved occupations is put into effect and the juvenile labour coming into production is distributed according to plan, a considerable fall in production will be unavoidable. On the other hand, measures can be taken to rationalise production and distribution and cut down waste. This would offset the unfavourable effects of the shifting and dilution of skilled labour. It may be hoped that this factor will play an appreciable part.

By mobilising all available male and female labour, by

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taking measures to increase efficiency in spite of dilution and replacement of male labour by female, by lengthening the hours of work and finally by postponing all maintenance work and replacement not absolutely required and restricting expenditure destined to improve or expand the national capital equipment to the barest minimum necessary for the conduct of the war, we may at best provide an additional £1,325-1,425 millions for military expenditure (including, of course, the building and equipment of munition factories, &c.). Of this amount, as we have seen, £825 millions are derived from the possible increase in total output and £500-600 millions from diverting the production of capital goods from maintenance and improvement to war production.

But in fact it is hardly probable that more than £800 millions would be available from these sources—*i.e.* only £300 millions from the first and £500 to £550 millions from the second source *after* the full expansion of the fighting forces has taken place. Assuming that defence expenditure of £2,000 millions will be needed, there still remains £375 millions in the first period and £950 millions to be found at the later stage. This can only be secured by reducing consumption. These two figures represent 10 and 24 per cent. respectively of the national consumption of 1937. If the Government did not succeed in increasing total output at all, the decline of consumption necessary to accommodate the rise in war expenditure would be crushing. If the cut is not accomplished by a co-ordinated and planned effort, but if, as now seems to be happening, it is left to a rise in prices to eliminate buyers, it will inflict intolerable injustice on the poorest section of the community least able to defend themselves by exacting wage increases.

The steps by which civilian spending on consumption and capital goods will have to be reduced should depend on, first, the essential or non-essential character of the need which these goods supply, and secondly on the ease with which the

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industries or their man-power can be transferred to war tasks (including the possible saving on imports or increase of exports). The less important needs which compete most with war production will have to be eliminated immediately. The cuts in consumption and in use of capital by private *entrepreneurs* will have to be extended as and when the plans devised to increase war production mature and work is available for those who are dismissed in consequence of the limitation of private spending.

The importance of this analysis is to bring out clearly the vital necessity of a co-ordinated, determined effort to increase production and the necessity of reducing consumption of all classes, including, unfortunately, that even of the lower income classes.

The whole increased purchasing power accruing to the population taken as a whole as a result of the expansion of employment will have to be diverted to the state either by loans or taxation. The productive power "set free" by a cut in consumption or private investment in plant must be immediately re-employed, or inessential imports replaced by essential ones, if the sacrifice is to be effective. Whether the man-power set free is shifted directly to the production of essential war supplies, or whether its present products now consumed at home are exported and essential supplies are obtained by exchange, will depend on considerations analysed in the preceding part.

The results of this analysis need not give rise to undue apprehension about the standard of living of the population even in the period of maximum war effort. Money estimates of the national income do not include unpaid services performed within households. Nor do they take account of the present wastage of a considerable part of the commodities and services which are purchased. Harder work at home and the elimination of waste in households can go a very long way to offset the effects on the real standard of life of a reduction in consumption. A reduction of the quality of

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consumption may be imperceptible, but may result in considerable saving, for the community as a whole, of man-power required for production. If we reflect, moreover, that the rise of the standard of living since 1932 has been greater than the cut now required, the outlook seems reassuring, provided the sacrifice is planned consciously and distributed equitably.

Additional war supplies can be obtained without an equivalent cut in consumption if we can, by the sale of our foreign capital assets, increase our imports regardless of an equivalent increase in exports. In 1937 our balance of payments as drawn up by the Board of Trade already showed an adverse balance of £56 millions. In comparison with that year our terms of trade will probably deteriorate if energetic measures are not taken. This adverse movement may well cause a loss of, say, £50-80 millions on our exports, *i.e.* the same volume of exports will buy less imports. Our shipping income will fall considerably because of the disturbance caused by the submarine warfare. The income from miscellaneous services has greatly diminished as a result of the imposition of exchange restrictions. The income from foreign investments has also fallen, though to a very much less extent. The prospective deficit in our balance of payments, even without direct armament purchases from abroad, or a deterioration of our export trade, might well be of the order of £150-250 millions per annum. An increase of this deficit cannot be contemplated except in the direst necessity. On the contrary, a determined effort must be made to reduce it. This will only be possible if there is a similar reduction in consumption of imported goods, or an increase of the export of home-produced goods now used for home consumption.

A further emphatic warning seems necessary at this point. The throttling of imports by exchange control alone, without the maintenance or, rather, restoration of equilibrium between defence expenditure and civilian spending on the

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basis of our available productive power, is useless. If civilian purchasing power is not reduced or diverted from consumption, such control of imports will merely raise internal prices and result in a fall of exports. The resulting deficit will be the same, except in so far as the throttling of imports increases total home production. A depreciation of the currency does not restore equilibrium as long as real consuming power is not cut and if a rise in prices is followed by an equal increase in incomes. It only acts through a fall of consumption, *i.e.* an increase in prices without a countervailing increase in wages. Its action, of course, is pernicious because its incidence is haphazard and because, for a country holding vast amounts of foreign loans, it reduces the foreign real income.

It is certain that, if the Government does not take immediate steps to increase production at all costs, if it does not control consumption equitably, the resistance to unplanned and hence unequal sacrifices will be great. Hence there will be an inevitable tendency to postpone the necessary cuts in consumption and to use our foreign assets to maintain this precarious and basically unsound position. Whilst our foreign exchange reserves are high, the potential drain resulting from such a policy may—and not too slowly—reach proportions which will endanger them. Considering possible future contingencies, considering the increased difficulties of later action and the magnitude of the threat which would result to this country from a really large diminution of our foreign assets, immediate action seems vital.

III. THE PRESENT POLICY

A GREATER part of our present problems would have been eased, if not eliminated, had the pleas of experts such as Mr. J. M. Keynes, Sir Arthur Salter and others been acted upon. We should possess stores of raw materials and essential finished products at home, and we could have

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captured the derelict markets of the Nazis overseas. This, unfortunately, is not the case.

Yet the first days of war revealed that an impressive preparation had taken place and that the Government was striving to avoid the mistakes committed at the beginning of the last war. Severe restrictions, prohibitions and licensing provisions followed each other.

The result is almost all-pervading. There is a control of foreign exchange transactions. All foreign balances are to be surrendered, all foreign assets declared. The overseas supplies of Germany have been cut. Stringent taxation has been instituted and a "black-out" decreed which further discourages consumption and production also. Central control over some vital supplies has been established. Prices of the most important commodities have been fixed, and fixed at a low level. Even in the case of commodities whose price is not fixed the rise of prices is being discouraged and profiteering has been proscribed altogether. New capital issues and foreign trade have been made dependent on Government permission. A complete revolution in the whole economic system has been accomplished. There are still loopholes in all these restrictive measures—especially the foreign exchange and commodity control. But in spite of this a picture of thorough Government regulation is presented.

But this Government control is mainly, if not exclusively, negative. The vital positive action stimulating production has, except for direct Government orders for military supplies, been completely absent. Restrictive regulations, however necessary and excellent they may be from a sectional, departmental point of view, are insufficient.

Their immediate effect could not be but unfavourable.

1. Export trade was depressed far below the level compatible with the military and shipping position. Germany's terms of trade improved in contiguous countries for lack of British competition (take, e.g., coal and textiles in Scandinavia). We were not able to capture Germany's foreign markets.

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2. The considerable foreign income accruing to the London market in return for various services must be considerably reduced because of the operation of the foreign exchange control.
3. The "black-out" has decreased the productive capacity of the country and ruined certain industries.
4. Price regulation was attempted without any effective control of supply and demand; thus widespread friction was caused and stocks of certain goods frittered away.
5. People's earning power was destroyed without their being used in the war effort. At the same time no effective steps were taken to control current consumption and prevent hoarding of essential commodities. Unemployment increased, but retail sales expanded.
6. Government expenditure is rapidly growing. If at present private spending is depressed for other reasons, it will probably rise again, thus endangering the stability of the price level and of the economic war effort.

The contradictory policies which were followed, and the paradoxical position indicated, for instance, by an actual increase of unemployment, have stimulated a determined and not altogether disinterested attack on the system of controls in general. Some people believe that an increase in national production and of the effectiveness of the war effort could be secured by "freeing business from unnecessary restrictions" and by "strict Government economies". Closer analysis of the position suggests that these hopes are largely based on fallacies.

In the first part of this article it was indicated that pettifogging economies are useless if the man-power set free in consequence is not immediately re-employed.

In the absence of controls and with the experience of the last war and post-war period still vividly in the minds of everybody, it would have been difficult to avoid a scramble for commodities, foreign exchange and other "real assets" if the principle of the freedom of markets had been maintained. Heavy taxation and deflationary credit policy could not have prevented depositors and others from using their

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liquid resources. The "free interplay" of economic forces would have meant an intolerable worsening of the position of the poorer classes, as the *entrepreneurs* faced with the unknown new risks resulting from the war would not have ventured their capital unless they could count on high profits. *Laisser-faire* is a policy wholly incompatible with the social and political necessities of war.

Certain direct controls over economic life were therefore essential to conserve our economic strength. But in an economic system so completely regulated, restricted and controlled as the British economy has become the motive power of a free economic system cannot exert its stimulating influence. When prices are controlled and such profits as are left are taxed away, whilst uncertainty about the future, especially about future earning power, is considerably increased, the individual *entrepreneur* does not and cannot be expected to venture his own capital. The state may take away his profits but is not going to guarantee his losses. Small wonder if he prefers to discontinue production unless he obtains direct Government orders. These are forthcoming in increased volume. But if we wait until the increased employment on war production raises civilian demand, vital time will be lost and productive power wasted. When this point is reached, moreover, far stricter controls will be necessary than would suffice now. Nor would this method solve our foreign exchange problem. There would be no stimulus for expanding exports, unless sterling were to be depreciated further in order to increase the attractiveness of selling abroad. But a process of repeated depreciation is a dangerous weapon in any case, and fatal for a creditor country. All obstacles to business not prejudicial to the conduct of war should be removed. But it would be far too optimistic to assume that without positive stimulus that effort can be achieved which seems necessary to win the war.

THE METHOD OF ECONOMIC MOBILISATION

IV. THE METHOD OF ECONOMIC MOBILISATION

IT is not possible in this context to try to determine in detail policies which must be followed to achieve the greatest possible effect. Nor can the organisation be described which is necessary to elaborate policy and secure its efficient application. Most of the measures necessary follow from the analysis of the task and of the policies hitherto adopted. It is not enough to prevent export of capital, to cut off Nazi supplies from overseas, to increase taxation and discourage private spending and investment. We must increase exports in order to replenish our exchange reserves and keep our overseas markets. We must wage an active economic warfare weakening the Nazi hold on contiguous markets. We must have and put into effect a co-ordinated plan for increasing the output of exports, necessities and armaments over a period of years at the smallest cost. We must have a thorough inventory of available man-power and capital equipment, a continuous study of export markets so designed as to minimise losses and delays. Measures are required to begin the training of labour in order to be able to expand production. It is not enough to wait until the rise in prices or the loss of present employment forces women into essential industries. A clearer initiative has to be taken. At the same time measures must be devised to minimise the resulting inconvenience to families by establishing and expanding welfare services. The task of increasing production must be tackled on the basis of a logical plan or otherwise friction arises and valuable time and energy is wasted. The time factor is a vital consideration in war.

(a) Production

The present impasse in production, which has already resulted in considerable waste, is due—apart from direct restrictions—to the uncertainties facing the *entrepreneur*. This must be eliminated by co-ordinated planning and

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co-operation with industry and commerce. The conversion of industry for war production should be organised in such a way as to minimise the loss to the community, *i.e.* non-essential industries whose products cannot be exported should be converted to war production first and their man-power diverted to the fighting services and other industries.

The effective reorganisation of production for war supply on a basis determined by the considerations discussed above will take time. But already during this period the full productive power of the country should be used for the prosecution of the war. Non-essential home consumption should be restricted in all commodities which are exportable or needed for war purposes or which involve unnecessary imports. For commodities which can be exported measures must be taken to prevent their production being discontinued owing to the restriction of home consumption. It may well be that sales abroad cannot be organised immediately. The opening of new overseas markets takes time. In that case exportable products might possibly be stocked, preferably abroad, outside the area vulnerable to air or submarine attack. This is our only method, however difficult it may be, of accumulating potential foreign exchange reserves. The same consideration applies to the production of essential supplies for the home market. Stocks of goods for essential home consumption should be assembled in relatively non-vulnerable places, if we are able to produce or import more than we need at the moment. The fact that production or available imports are for the time being higher than rationed consumption is no reason to increase consumption before considerable stocks have been assembled. The view that rationing is to be imposed only after shortages have made themselves felt is paradoxical and extremely dangerous. Rationing must be imposed to safeguard the even flow of supplies in future and to equalise sacrifice at present.

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(b) *Exports*

In peace time two methods are usually applied to increase exports. They are deflation and depreciation. The first consists in reducing home demand for the product of industry by taxation or credit restriction. This method is impracticable now. Or exports could be stimulated by depreciating sterling, that is to say by increasing the price in terms of sterling of goods sold abroad. This method also has serious drawbacks for war economics. Its psychological repercussions are unfavourable. And it may arouse American hostility. Nor would it—unless we depreciated the pound sharply—make exports attractive enough to employ *all* available man-power. It tends to cheapen the whole of our exports abroad whether this is necessary for increasing our sales or not. It also tends to increase the price of all imports. The rate at which we could exchange our products for foreign commodities would therefore worsen if we depreciated the pound. And we have seen that it is, to a large extent, on this rate that our power to wage war depends.

There are industries which could profitably export even in present circumstances. All obstacles in their path should be cleared away. But there are others which cannot at the present level of prices and costs face the increased risks of export. These industries should be given direct Government help. Their products should be bought at fair prices by Government-controlled export companies which could organise their sale abroad. We have already mentioned the importance of taking steps to use the productive power now wasted by means of the accumulation of stocks. These export companies could be charged with the task. The Government has bought the Australian wool clip. Why should that method not be used to maintain and increase our vital exports?

Steps must be taken to induce the countries from which we obtain our supplies to purchase from us at not too

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unfavourable prices. There are several methods by which we can generally persuade foreigners, now that sterling is strictly controlled, to buy from us if they want to sell to us, and there are few large buyers left on the world market. They should be used firmly.

(c) *Consumption and Financial Policy*

Internal financial measures when a full system of direct controls is in force are, from the point of view of war economics, almost irrelevant. The question whether there can be "inflation" in such a system (a problem which has been discussed *ad nauseam* with respect to Germany) is beside the point. If the powers of control over consumption and private expenditure on capital are made effective there can be no inflation: the individual is not permitted to use his purchasing power beyond his rations: if he earns more he is forced to invest the rest in Government securities or to hold increasing cash balances, *i.e.* to hoard. The method of finance has its importance, not economically but socially. A system of all-pervading rationing and controls is not only irksome and wasteful, it is also less elastic, less able to withstand shocks than a freer system. Hence rationing ought to be restricted to essentials. This will not be possible without inflation, *i.e.* without a rise in prices, if private incomes available for expenditure are not reduced to the level at which they can only just manage to purchase the reduced volume of goods and services available for consumption at the existing prices. Identical results can be achieved if the population can be induced to refrain voluntarily from using in the purchase of goods its income above that level; that is to say, if the population can be induced to save and put its purchasing power at the disposal of the Government by subscribing to war loans.

The main problem is, therefore, whether expenditure on consumption should be held in check (a) by taxation or (b) by the Government borrowing from all classes, either volun-

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tarily or compulsorily. In certain respects it is undoubtedly better to hold down consumption by taxation rather than by piling up a huge debt. But for this taxation to be effective it must be spread over every class of the population, and this will be recognised if it is remembered that three-fifths of the consumption of the country comes from those with an income of under £250 a year. Direct taxation must have almost reached its limit, unless it is to be assumed that all the income-tax-paying class must in future lower their standards considerably as the richer sections undoubtedly must do now or else live partly on their capital. Further direct taxation may be possible if security of employment and fair profits are safeguarded by the war system in force. The wide effect needed can indeed only be achieved by taxes hitting consumption directly, *e.g.* by a discriminating sales tax on consumption goods and services, which in the case of non-essential consumption should and could be high. In default of an almost universal willingness to subscribe to war loans, increased savings will have to be enforced, as Mr. Keynes suggests, by deducting a proportion of incomes at the source and blocking them for the duration of the war.

It should be realised and made clear to the public that some reduction in their consumption is necessary even if employment is increased. Otherwise the process of wages chasing prices is inevitable if the war is to last for any length of time, if our war effort is to render us safe from Nazi attacks and, last but not least, if we do not wish to exhaust our irreplaceable foreign reserves prematurely. It is deplorable that this necessity has not already been made clear to the public. We cannot use our commanding position astride the main commercial routes of the world unless we export, and we cannot export as much as we should if we do not limit our consumption.

The potential economic power of Britain is vast. The task already accomplished, in spite of the slowness in using it fully,

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justifies optimism. An even more important reserve is available in our moral strength and unbounded willingness for sacrifice. Once the position is grasped firmly and explained calmly and openly, the British public will face it courageously. It can face it with confidence.

THE HOME FRONT

I. CONTRASTS WITH 1914.

ASAYING on the lips of nearly every one who can evoke adult memories of 1914 is "How much this war differs from the last!" And indeed the immediate reactions of Great Britain to war have been singularly unlike in the two cases.

In 1914 war came to the man in the street as an almost complete surprise. Down to the ninth of the thirteen fateful days which shaped the catastrophe, he thought that the crisis was only a newspaper story. It would settle itself as the crises of 1911 and 1912-13 had done; Britain would not be drawn in. And when at the eleventh hour the question of British participation became crucial, sharp disagreements shook the Cabinet and were partly revealed in the press. It was only the episode of Germany's attack on neutral Belgium that brought unity back and enabled all the main parties at Westminster to rally their adherents for a national struggle.

In 1939 there was neither surprise nor disagreement. Both had spent their force a year earlier, during the days before and after the Munich negotiation. Since then, and more particularly since the destruction of Czechoslovakia in the intervening March, the evidences had multiplied that Herr Hitler's was not a limited ambition. The nation had begun to realise that Europe could not go about its business indefinitely with the Damocles-sword of German aggression suspended over it. The Government's decision to treat the Polish issue as a test-case was clearly understood and fully supported by all parties; and such opposition as there was to it never grew to be more than a camarilla.

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On each occasion the plunge into the unknown was accompanied by a particular fear. In 1914 it was fear of financial collapse. The writings of Sir Norman Angell and others had fostered a confused notion that war would entail universal and almost immediate bankruptcy, and so end itself, like a sort of Samson, by pulling down the pillars of the temple on its own head. In the event, of course, nothing of the kind happened; the financial pillars upon which European capitalism was upheld proved much tougher than had been expected. But the fear was not hastily exorcised. Its persistence accounted in part for the extreme gentleness of the 1914 War Budget, as judged by 1939 standards.

The corresponding fear in 1939 was that of devastation and massacre from the air. It seemed warranted by the examples of Spain and China. In a sense it was borne out by the experience of Poland. But week followed week without any attempt being made by German aviators to attack the centres of British civil life; and gradually it came to be seen that there were reasons why they might not. The aeroplane's great successes as an engine of destruction had all been achieved under conditions of extreme inequality, against enemies largely, or even wholly, unprovided with either anti-aircraft guns or defending aircraft. Moreover, the bases and goals of the raiders had usually been not much over 100 miles apart, so that the mileage flown per bomb dropped was economical. Neither of these conditions obtained as between Germany and Great Britain; nor could the second ever do so, unless the German armies, as in 1914-18, occupied Belgium or Holland. Moreover, all the small-scale experimental bombings attempted by German fliers against British targets, or by British fliers against German, have shown the effectiveness of air defences, and especially of the newest anti-aircraft guns, to be greater than had been supposed. It may be that the special fear in 1939 will prove no better grounded than the special fear of 1914.

But in to-day's case the effects of the fear remain. In the

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opening months, during which no civilians were bombed, the possibility that they might be gave rise, not only to special expenditures totalling many millions, but to special displacements and interferences with daily life which have taken heavy toll of the country's normal working efficiency. It would be too much, of course, to say that the remedies have proved worse than the disease; but it has to be admitted that without dropping a bomb on a British city the enemy has obtained by the mere threat to do so some at least of the results that might have been hoped for from the performance.

Yet another great difference lies in the measures taken to expand the Army. In 1914 we relied wholly on voluntary recruiting, and it was not till after the opening series of French and Belgian disasters—checked but not retrieved by the Battle of the Marne—that the need arose for us to employ forces on the continental scale. A consequence (since the troops had to be raised by persuasion, not compulsion) was the famous national "recruiting campaign" of 1914. Its unique value lay less in the memorable central meetings addressed by the leaders of both Front Benches than in the numberless local meetings, which were multiplied in every constituency, and in which every variety of local leader or public man took part. And its effect went far beyond its original purpose. It became, in fact, a great engine of popular education, through which the British peoples, till then largely unfamiliar with European politics, were given their bearings and shown their course. It instructed not only the millions who heard the speeches, but also most of the thousands who had to make them.

But in 1939 voluntarism was replaced by conscription from the outset. Already during the spring Parliament had accepted in the Militia Act the compulsory principle. After the outbreak of war another Act was quickly passed empowering the military authorities to call up further age groups, as and when they might need them. From the

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standpoint of organisation this is a better and smoother-working plan. In the months before war started an enlarged machinery for training new troops had been developed to deal with some 200,000 militiamen; and it has been a simple matter, as soon as a given set of trainees have completed a given stage, to call up another to take their places. Under such conditions it ought to be possible to avoid most of the delays and confusions which hampered the early training of the Kitchener armies. Yet the basic difficulty of 1914 is still there. It is how to retain as trainers a sufficiency of really good Regular officers, when all the cream of the Army is being skimmed in order to send abroad an immediate Expeditionary Force.

Meanwhile, since no recruiting campaign has been needed for military purposes, nothing corresponding to the 1914 propaganda has been available for civil purposes either. Here is perhaps a real failure to benefit by 1914-18 experience. We have just seen how the nation came to its second ordeal with more unity at the start, and on the whole with more knowledge. But Ministers will be unwise if they presume too long on that. Amid the surprises, the disappointments, the heart-breaks and the infinite tedium of a great war, it is a most difficult task to sustain the morale of a huge diversified modern nation. In 1914-18 successive British Governments were more aware of it than the German, and their awareness had much to do with eventual victory. To-day the boot is rather on the other leg. The contraction of the B.B.C. at the outbreak of war, the restriction of the press by the Ministry of Information and the censorship and the almost complete stoppage of public meetings obstructed simultaneously all the chief channels through which the British public had been accustomed to derive guidance and stimulus. Nothing similar has happened to the accustomed channels in Germany. And this question of national morale is all the graver in view of the quite unprecedented inconveniences and

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interferences with our normal lives and liberties which war in its modern guise involves. Speeches in Parliament and explanations by wireless can do much; but they lack the vital spark of personal contact and discussion, and it would surely be advisable, now that winter is drawing on and the discomforts of the 'black-out' increasing, for our professional politicians, both M.P.s and candidates, to resume their traditional role as the educators of their constituencies.

II. FINANCE

LET us revert to the aspect of finance. In 1914 the war began on August 4, and the first War Budget was introduced on November 17. In 1939 it began on September 3, and the first War Budget was introduced on September 27. In 1914 the pre-war income-tax rate stood at 1s. 3d. on unearned incomes and 9d. on earned. In 1939 it stood at 5s. 6d. In 1914 the first War Budget raised the higher rate to 2s. 6d.; the second (May 1915) left it at that; only the third (September 1915) brought it to 3s. 6d. But in 1939 the first War Budget raised it to 7s. 6d. And it is obvious that the extra 2s. thus added to the rate after twenty-four days of war was much more onerous than the 2s. 3d. added after 13½ months on the previous occasion; since, the higher the scale ascends, the harder is the screw represented by each extra penny.

Other taxes tell the same story—at least, other direct taxes; the indirect taxpayers (i.e. the mass of voters) get more leniency. Taking income-tax and surtax together, a millionaire deriving £150,000 from investments will now pay £123,387 of it to the Exchequer—equivalent to 16s. 5½d. in the £. And of course heavy death duties lie in wait for anything saved from the residue.

The difference between the *peace-levels* of taxation in the compared periods is accounted for by the fact that the

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second bore the burden of the 1914-18 war debt (Parliament having in the seventeen years between war and re-armament preferred to leave the debt unreduced, save by conversion of interest, and to spend lavishly on new social services instead). But the difference between the *war-increases* reflects a definite change of policy by the Exchequer. In 1914 much anxiety, as has been said, was felt about the health of the financial system. Stress was often laid upon two maxims. The first was that borrowing disturbed that health less than taxation, because you borrowed from those who could afford to lend, whereas taxes fall indiscriminately on all, and crushed out business that could not afford them. The second was that, since the yield of even the most heroic taxation must be small in relation to war costs, and you would have to rely mainly on borrowing anyhow, it was bad policy to cripple in advance your lenders. To-day the problem is more extreme and the difficulties of coping with it greater. Direct taxation must now have nearly reached its limit, but the extra revenue will go a very small way to meet the vast and daily increasing expenditure. Taxation, either direct or indirect, will have to be extended over all sections of the community, and even then huge sums will have to be raised by loans also from all classes.

On August 24 the Bank Rate was raised from 2 per cent. to 4. In the old gold-standard days this would not have been out of the way—the Bank Rate on August 1, 1914, went up to 10 per cent., and, though reduced to 5 a week later, stayed at that for a considerable period. But under the conditions of a managed currency 4 per cent. is a high rate, and in our view it was a mistake to put it so high. The effect of raising the price of money, if it had been maintained, would have tended to damp down trade enterprise and industry. It did help to lower the prices of gilt-edged securities, and it certainly raised the cost of the Government's short-term borrowing. Under the present stringent controls a high Bank Rate has in fact little meaning,

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and this was soon recognised. On September 28 the rate was reduced to 3 per cent., and on October 26 to 2 per cent. These measures induced a rise in gilt-edged securities.

Other contradictions of purpose were inevitable. The payer of direct taxes found himself requested by Sir John Simon to do the following incompatible things: (1) to pay taxes on the highest scale ever levied in the United Kingdom; (2) to make more savings than ever before, in order to subscribe genuine and not inflationary money to Government loans; (3) to maintain his usual scale of spending, so as not to injure trade; (4) if an employer, to dismiss no employees. Of course, to combine all these contradictories is impossible. The most that can be said in defence of the advice is that its recipients ought to give all four points due weight, and reach the best compromise that they can between them.

The reception of the budget by the House of Commons was on the moral side magnificent. Save for a murmur from the Labour party against the sugar-duty, not a demur was heard. Intellectually, perhaps, one might have preferred more discussion. The one fresh light in the picture, the one attempt to pay for the war as far as possible out of war-wealth, is a proposed new Excess Profits Duty. The last war's E.P.D., though productive, was very far from perfect. To what extent will it now be improved on?

III. EVACUATION

THE main alternatives before the Government, when they were forced after Munich to recognise the unpreparedness of London and the other British cities against air-raids, were to provide shelters or to organise evacuation. In the event they adopted both, but with very different degrees of completeness. The "Anderson" steel shelter was an ingenious and effective device, suited to most British dwellings: it was readily mass produced: and within a year, despite the competing demands of rearmament, the greater part of the

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threatened areas could have been equipped with it. But this precaution was only partially adopted. Safety was sought for mainly in evacuation. One argument for this, the more drastic of the two expedients, was the undesirability of exposing children, even if sheltered, to the shock of a bombardment. But the chief reason is probably to be found in a reluctance in some quarters to believe that Herr Hitler, when it came to the point, would really plunge the world in war, and a consequent hesitation to incur heavy expenditure to meet a need that might never arise. From this point of view the merit of the evacuation plan was that, if no war came, it would cost nothing.

Cost again, no doubt, was the chief reason for not preparing for evacuation by building hutments and camps for the evacuees. Plans were made for the compulsory occupation of existing buildings. Whitehall departments were to be housed in the provinces by requisitioning the premises of public schools, colleges, hotels, and other concerns with large buildings. Private houses in the "reception" areas were expected to billet between one and three million other persons, consisting mainly of four classes from London and the larger towns: (1) school children and school teachers; (2) mothers with younger children; (3) pregnant mothers; (4) cripples and blind. They were to be moved and billeted at the State's expense, or rather in part at the hosts'; for save in the poorest homes the sums allowed did not cover the cost; and nothing was announced about recovering any contribution from parents of billeted children till the scheme had been in operation for five weeks. Another kind of evacuation was that of patients from the great hospitals, who were sent to institutions in the reception areas, in order that their former beds might be ready to receive air-raid victims.

These plans were put into execution on the outbreak of war with remarkable speed and efficiency. In a lyrical peroration to his speech in the House of Commons on

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November 2, the Minister for Health, Mr. Walter Elliot, described this "great migration" of 1,500,000 without one casualty within four days as "a bigger exodus than that of Moses" and equivalent to the moving of ten times the Expeditionary Force so far despatched to France. Mr. Herbert Morrison, too, in winding up the debate for the Opposition, treated the evacuation as a vast and mainly successful social experiment. But admittedly there is another side to the picture. It has been freely drawn in Parliament and in the press, and it must not be ignored. It is true, no doubt, that the scheme would have been less criticized if the *Blitzkrieg* had actually happened; but it did not happen, and, though intensive or intermittent bombardment is still an obvious possibility, the situation is not the same as it was when the war began, and the scheme clearly needs re-examination and, where necessary, revision.

One of its weakest features was the requisitioning of premises for the thousands of evacuated civil servants. This was defensible as an emergency measure for a few weeks or months, while hutments were in course of erection, but not for the duration of a three-years' war. To divorce a great public school from its premises for three years is to cripple the school. To close a hotel for three years is to kill the hotel. To close a spa does not end the spa, for its waters remain: but it greatly injures everyone with a present financial stake in it. Yet it was seemingly for the duration of the war that these high-handed requisitions were made, and it was not till the middle of November that the public were informed that sites had been acquired and tenders had been accepted or were under consideration for the erection of hutments to which the officials would be gradually transferred from the schools, hotels, and other requisitioned buildings.

More important, because far more widespread, are the drawbacks revealed in the billeting scheme. The attempt to evacuate mothers with young children was plainly a mistake. For, unless they were widows, it meant in every instance

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breaking up a working-class home. If the authorities in Whitehall proposed to separate the town workmen from their wives for three years, they must have had odd ideas of what such a home is like. Did they fancy that the husbands kept domestic servants, who could run the house in the wife's absence? Did they suppose that they had no physical inclinations and no emotional need for female society? The truth is that if the town mothers had done what they were urged to do—left their homes *en masse* and stayed away for the duration of the war—the nation would have suffered a moral and social catastrophe of the first order. Of course they did not. Relatively but a few went out, and after a few weeks they slipped back home.

The most numerous class of evacuees were the children and teachers from the town schools, and it is the children that constitute the main problem. Apart from the difficulty of separating them from their parents for an indefinite time, there is the very serious question of their education. This has been complicated by the fact that the migration was voluntary and that a large proportion of the children remained in their native towns, where all their schools continued closed till the end of October. By that time so many children were running wild that on November 1 the Government were forced to announce a limited reopening. Educationally, however, the lot of the evacuees has been only a degree better. Evacuation, as a rule, means half-time schooling. Even that is only made possible by halving the time-tables of the local schools, and so the mischief becomes nation-wide. The last war was a great period for educational progress. It would be a calamity if the present war were to prove no less remarkable for educational regression.

It is essential, finally, that the authorities concerned should not be tempted by the more successful aspects of the operation as a whole to forget or belittle the shock it was bound to give to the occupants of the reception areas. The evacuees went of their free choice, but the recipients were

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compelled to take them in. It says much for the good humour and natural kindliness of the average British householder that the invasion was so patiently borne. There was a good deal to put up with. It was disagreeable, for instance, to find that the school medical services of the great cities, including those of the L.C.C., had failed to remove the lice from the heads of so large a proportion of the children in their care. Yet anything suffered in the Home Counties pales by comparison with the fate of some villages in Banffshire and Aberdeenshire, where the cleanest and most self-respecting homes in the United Kingdom have had forced on them the least attractive denizens of the Glasgow slums.

IV. CONTROLS

MODERN war, we are often told, is totalitarian; and certainly it calls for far wider readjustments in civilian life and business than ever before. What the nature of these should be had been considered in advance by civil servants, sometimes getting some guidance from Ministers, and sometimes, though not often fully enough, consulting the experience of the business world. As soon as the war-emergency arrived, these war-plans fell due to be enforced. From the multitude of departments flowed, not successively but simultaneously, a Niagara of orders and regulations covering almost every aspect of life. Nor were these orders merely directive, but creative. They set up not only controls, but controllers. The new posts established at once ran into thousands—filled partly by the diversion of civil servants from old duties to new, and partly by outside appointments. Everything was done in the name of the Government, but it was impossible that Ministers should have much real hand in it. They had given, of course, certain authorisations beforehand. But the details—and often in such cases these make nine-tenths of the difference between success and failure—could not amid the rush be checked even by the Minister in charge, let alone by the

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Cabinet or Parliament. As well try to count Niagara's ripples. The difficulties were rendered still greater by the simultaneous process of removing staffs from Whitehall. The new organisations were set up in scattered provincial places, and important elements in the old ones were likewise dispersed. In the first seven weeks of war between 11,000 and 12,000 civil servants were evacuated from London.

Now it would be absurd to suggest that all this administrative effort was uncalled for, or that a great deal of it was not ably conceived and executed. Over many fields the lessons of 1914-18 had been well learned; so that in this war the country was able to do at once what in the previous war it only arrived at doing after three or four years of painful and costly experiment. But it would be equally absurd to suggest that none of the measures thus hastily launched stood in need of revision or rescission. It was inevitable that mistakes should be made, and also that the process of disbanding a new organisation should prove much harder than that of enrolling it.

Two of the new organisations fell into trouble early. The first was the Fish Control Board. Its mistakes, like many of the least wise things done at this time, were motivated by the fear of air-bombing. To forestall the risk of bombs falling on Billingsgate Market, it was decided to create voluntarily and in advance the very dispersion and dislocation of the trade which their advent might be expected to cause. The result was immediate and visible; fish disappeared from the shops. In vain the B.B.C. was put up to say that they would soon reappear. They did not. The public were so indignant that the Board was abandoned. Fish reappeared in the shops—at any rate in the London shops; though at the time of writing the supplies have still not regained (in smaller towns) the high level at which they were maintained throughout the previous war.

The next victim was the Ministry of Information, a very much larger affair, which is discussed elsewhere in this issue

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of THE ROUND TABLE.* Here it may suffice to note that, in attracting the wrath of Parliament, it and the Fish Control Board acted somewhat as lightning conductors. For these were not the only departments that made mistakes.

It is not the purpose of this article to seek out grievances and make the most of them. Grumbling for its own sake is inexcusable in war time. But it is imperative to draw attention to certain mistaken tendencies, since, if they grow in strength, they may seriously impair the whole national effort and imperil its success. First of these is the tendency to push a reasonable policy to its extreme, or to overdo a precaution by "doubling it for safety". This is illustrated by the decision to restrict domestic coal and coke to three-quarters of last year's consumption in each household. The reasons for limiting the use of coal during the war are obvious, especially the need of selling it abroad to buy the imports that we want. But domestic consumption is only a small part of the total, and a substantial restriction of it would be severely felt in winter in every poor man's home. Such restriction, therefore, ought not to be applied until it is a case of sheer necessity, and obviously that point had not been reached at the outbreak of the war, when a host of miners were unemployed. Happily this restriction has been withdrawn and a hundred per cent. of normal consumption permitted.

Clearly again it is a mistake to push the standardising of goods, especially foodstuffs, too far. The case for standardising rests on that for pooling, and the case for pooling rests on the necessity for concentrating ships and cargoes on certain routes and ports. To some extent standardising is unavoidable, but it was evidently not so with regard to margarine since the attempt to standardise it has been abandoned. Is it fully realised what a vital and beneficent influence at home and abroad, in expanding consumption, educating consumers, and moderating prices to suit pockets,

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has been that of the marketing of branded goods? Merely on the financial side, the establishment of world-famous brands represents enormous values based on the sinking of corresponding capital. To wipe them out arbitrarily is a form of confiscation which could only be justified under such conditions of extreme shortage as at present exist neither in fact nor in prospect. It is bound to lower the yield of taxation, bound to injure export trade, and bound also to send up the cost of living, since it always raises prices at the bottom end.

The tendency to press many restrictions and precautions beyond the point of real need is likely, apart from its more obvious disadvantages, to diminish the readiness of public opinion to accept future restrictions which may be vitally necessary. Already, indeed, there are signs of a reaction against bureaucracy and controls on principle which may later prove an obstacle to the effective organisation of our industrial system for the conduct of the war. For more control will eventually be needed, not less—more positive, creative control to secure the fullest use of productive resources and their direction to the most important ends.

V. A FREE PEOPLE

DESPITE all the new machinery of State the British remain a free people. It is true that the Government have passed through Parliament an Emergency Powers (Defence) Act which even goes beyond the famous "D.O.R.A." of the last war, and, if stretched to its fullest capacity, would leave few personal liberties standing. But nobody supposes that it will be so stretched, and Parliament, in the debate on its passage, showed clearly that it would not let it be. The liberties which in Great Britain guarantee the rest are three—freedom of speech and printing, freedom of election to elective bodies, and the supremacy of the House of Commons. As long as these are maintained in

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principle it is a free country. And at present beyond question they are. Though public meetings have been in abeyance, the press provides a large outlet for criticism; and Parliament, as the grand forum for the nation, has been functioning extremely well.

Therefore, if the British stand up firmly to the hardships and menaces of war, they do so of their own will. Nobody has forced them; but freedom has been justified of her children. At the outbreak of the war, under the shock's first impact, the striking spectacle at the British end was the fundamental courage and determination displayed by the mass of the people. A people instinctively sensible in politics, full of "live and let live" towards each other, and anything but rancorous towards the enemy, yet formidably convinced of the necessity for fighting and winning the war.

Wise rulers will respect this freedom, and while conducting the struggle against a very opposite conception of life and society will eschew the mistake of thinking to cast out Satan through Beelzebub. The British are a free people—and a reasonable people. They are ready to make every sacrifice that is needed for defeating Hitlerism. They know that their ways of life must be altered, their business hampered, their liberty restricted. But, if their war effort is to be the greatest of which they are capable, their obedience to the dictates of the State must be the willing obedience of men who understand the reason for it. Normally this understanding is acquired by the full-length process of parliamentary legislation. That is impossible in war time. It is all the more essential, therefore, that those who are set in authority should remember that governmental efficiency is not only a matter of administrative machinery but also of national character and temperament, and that their fellow citizens are more responsive to appeals, however exacting, than to commands, and will yield to reasons of State most readily when they are shown to be identical with reasons of common sense.

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IT is not an easy task to depict the feelings of a great country in the situation of France to-day. But it may be said at once that never has national unity been stronger or internal divisions more completely forgotten. This is a phenomenon which has been repeated every time the existence of France has been at stake. What Poincaré in 1914 happily described as the *Union Sacrée* is in truth something more profound; an instinctive manifestation of self-defence, a coalition of the whole country in the face of danger. But in this general accord there is an infinite number of individual shades of opinion, and in this common effort of response to the difficulties of the moment an infinite number of distinct activities.

I

FOR France, as for Great Britain, this war is only the final explosion of a long crisis, and it is impossible to understand the country's reaction to it without examining the sequence of opinions and events since 1936.

I will take as an example the history of opinion in one party, that of the Radicals and Radical-Socialists. Not only is it the most numerous and the most powerful party, but it is the only one which is engaged in mass-production of statesmen and ministers. A young member of the party who attracts the notice of his elders is at once initiated into the work of government and receives an education which makes him into a minister at 35.

What are the past and present opinions of this party? Until 1936, it can be said, it was determined on peace. Let us glance at the report of its annual congress, held in October

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1936 at Biarritz. At the beginning of the session devoted to foreign affairs, M. Albert Sarraut, who was presiding, made a short speech. He reminded his audience that on such a subject there ought not to be disagreement among members of the party, nor indeed among Frenchmen. He stated the Radicals' policy in three maxims. First, that the policy must be at once patriotic and peaceful: "We are unanimously agreed on the paramount necessity of safeguarding the future of France; we stand for a France who wishes peace with everybody, for everybody, and by everybody." The second principle was that France should not involve herself in the internal politics of other nations; M. Sarraut was clearly thinking of Spain, where the Civil War had just begun: "We are also unanimously agreed on wishing freely to direct the peaceful policy of France towards an ideal of universal concord, without meddling in conflicts with which we have nothing to do." Thirdly, he expressed the hope of maintaining, in spite of everything, an organised system of peace: "Faithful to our friendships with those who share this creed with us, we remain equally faithful to the conception of the League of Nations and its Covenant."

The report was presented to the congress by M. Mistler, President of the Foreign Affairs Committee of the Chamber. He spoke on the same lines. "The desire for peace", he said, "is found in every class of French society. It is shown by our statesmen in their devotion to the League of Nations and in their desire for collaboration between the peoples. It is shown with equal force in the minds of the peasant who wishes to be certain of reaping in August what he has sown in the previous autumn, and in the heart of the mother who does not wish her children to be sacrificed one day on the bloody altar of war." The same speaker pointed out that the policy of the party was based on two principles: "First, international co-operation between the peoples; second, national defence firmly secured, so that, should international co-operation be insufficient to create that atmosphere of

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mutual confidence in which efforts for peace can prosper, France may be safeguarded by her own armed strength against sudden and terrible danger from without."

Finally, M. Edouard Herriot said: "My allegiance has always been the same; it has always been devoted, in spite of circumstances and, of course, in spite of scoffs, to the League of Nations." He justified this faith by the whole history of French policy from the time of the monarchy. "It is not only the tradition of the Republic," he said, "it is the great tradition of France, ancient and modern, to defend the small or middle-sized nations; in the past, even when the classical monarchy was at its height, this was the essential principle of our policy."

II

AT the congress of 1937 the report on foreign policy was submitted by M. Jacques Kayser on October 29. The session was presided over by M. Aimé Berthod, Senator for the Jura. He recalled the principles of Radical policy, congratulating the party that it was also the policy of the French Government, although the Ministry had changed (Camille Chautemps had just succeeded Léon Blum). This policy, he said, "while remaining faithful to the ideals of humanity for which our party stands, has never for one moment forgotten the grave responsibility for national defence and the safety of France". M. Kayser said in his turn: "I am sure that I am voicing the feelings of you all when I say that we wish to see the Government persistently pursuing a twofold aim—the defence of peace and the safeguarding of national security." Finally, the Spanish quarrel being then at its bitterest, the speaker declared himself a whole-hearted supporter of the policy of non-intervention. France must remain perfectly free to choose her own policy; and she must faithfully maintain "her rôle of balance and conciliation". M. Kayser was followed by the Minister for Foreign Affairs, M. Yvon Delbos. What, he asked, should be

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our attitude in face of the present crisis in international morality? "Preserve peace by avoiding rashness and weakness which are equally dangerous, and by striving to recover the ground which peace has lost and to reorganise the force which can maintain it."

Then came 1938, the events of September, the meeting at Munich. The session of the congress devoted to foreign affairs was presided over by M. Chichery, Deputy for the Indre. The debate was not reported in full, and there are numerous blanks in the published account of it. Nevertheless, its general trend can be made out clearly enough. It began with a violent speech by M. Réthoré, Deputy for the Charente, accusing the parties of the Right, and M. Flandin personally, of being ready to capitulate in everything to Hitler. The Radicals pride themselves on being the heirs of the Jacobins of 1793, and they are very sensitive on the point of national honour. M. Réthoré has not proved quite an infallible clairvoyant, for he referred to Germany as ready to turn from the annihilation of France to the annihilation of Russia. He wished France to fight, trusting in the profound weakness of Germany. She was a colossus with feet of clay. She had been unable to get to Vienna, unopposed and on excellent roads, without losing 10 per cent of her equipment; had not Marshal von Blomberg resigned because he was aware of this defect? . . . Illusions of that sort are rather touching. Moving, too, is M. Réthoré's confidence in France's friends. Altogether he is a fairly faithful impersonation of the average Frenchman with his quiet certainties and his gusts of indignation.

Once again the report was presented by the Minister for Foreign Affairs. But this time it was M. Georges Bonnet. He took a very high line on the question, quoted Descartes and the Encyclopedists (which is not always a good sign) and ended by stating the same principles as his predecessors "Take every possible precaution for the safety of the country; refuse no opportunity, however slender it may seem

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for the maintenance and consolidation of peace—that is, and that has always been, the policy of our party.”

In sum, the congresses of these three years show clearly both the stability and the change of opinion in a party which represents a large section of Frenchmen. Two principles are fixed and constant—the security of the country and the defence of peace. But these two principles are set, so to speak, in the two scales of a balance; and the preservation of peace, as time goes on, becomes lighter and more chimerical, while the defence of France in danger becomes heavier and more pressing.

To-day the President of the Radical party is M. Daladier, Deputy for Orange, and at once President of the Council, Minister for War and Minister for Foreign Affairs. His policy is so well known that I need not describe it here. It is enough to say that the whole of the Radical party is behind him to a man, and not only the party but the whole country. Internal dissensions exist no longer.

The only doubtful point has been the question of the Communists, who, as we know, receive their orders from a council sitting at Moscow and in close relations with the Russian Government. But the Russo-German Pact has profoundly shocked and disconcerted the French worker. Although certain sections, where discipline is strong, have remained faithful to the Communist party, the great majority, all those who truly represent the tradition of the French Revolution, have quitted it *en masse*.

III

THE moral unity of the country is in fact complete. Public sentiment is as unanimous and as firm-set as it was in 1914, though now it is quite different. In 1914 France responded to attack with a surge of heroism. The reverses of the first few weeks inflamed to fever point the love of country, the will to victory, the impetuous fighting spirit which changed the fortunes of the battle of the Marne.

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From that famous day onwards the French were never doubtful of their fate, and they endured four years of war, of massacre, of suffering of every kind, with the certainty of final victory. And that certainty, that deep-rooted, intimate certainty, was an act of faith.

To-day the situation is different. This time they are not martyrs throwing themselves into the arena, consecrated victims laying themselves on the altar of their country. Perhaps these feelings will come back one day, as fresh and strong as ever; but at the moment the French soldier is simply a man who has understood that this has got to be topped—*il faut en finir*.

True, he has had a century's education in the hatred of tyranny and the love of freedom. He wishes to be free in his home, and that the law assures him; free in his acts, and here his freedom is only limited, according to the Declaration of the Rights of Man, by the freedom of others; free in his thoughts, and that is perhaps his most inviolable sanctuary. He has an infinite contempt for all that is cowardly in servitude and stupid in tyranny. But he is as a rule very little concerned with foreign politics, and he does not greatly care what régime his neighbours adopt. He may be horrified by such and such a system, and see red when he believes a party is going to introduce it at home. But in reality the Frenchman has not gone to war for what is now called an ideology. He thinks that every man is free, free even to renounce his own freedom; and he also thinks, as Casimir-Périer said in 1832 in a famous phrase, that French blood belongs to France alone.

But it happens that the German Government has piled up a series of falsehoods by which nobody has been deceived. He emphasises this, for the Frenchman, whose attitude of mind is essentially critical, has a horror of impostures and a still greater horror of being hoodwinked by them. He has shrugged his shoulders at the lie of “race”, knowing that Germany is a mosaic of peoples. He has shrugged his

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shoulders at "living-space", a theory which cannot be harmonised with the policy of domestic colonisation, so fashionable not long ago in Germany. Then he has seen the true purposes emerging from under the cloak of these absurdities. He has seen the subjection of the Czechs, the martyrdom of the Poles. He has realised what ambitions those theories concealed. He has remembered the anathemas against France in *Mein Kampf*. He has been profoundly stirred by a disinterested sense of indignation and a selfish longing for security. Those two emotions have developed in him side by side. An honest historian must mention both.

I am not concerned now with the opinions of a political party, but with the reactions of an average Frenchman, say, in a small way of business, who looks at things from the standpoint of his own trade and often takes little interest in politics—at least in foreign politics. Motoring through France on a fine summer day and seeing a man seated at his door smoking his pipe, one cannot think without a smile of politicians spouting their orations to such quiet, comfortable folk, kings of their own little realms. They did not feel themselves affected by events in the outer world until the first mobilisation last September. And then it was astonishing to see how easily and quickly all Frenchmen, just because needs must, consented to be torn from their homes. They were neither eager nor despondent. They had realised that danger was at hand and that, whether they liked it or not, *bon gré, mal gré*, it had to be warded off. They marched off bravely enough, and, once in barracks, coming as they do from an old race of soldiers, they quickly resumed that childlike *insouciance* which is part of a soldier's life.

A very clear picture of this state of mind may be found in Georges Duhamel's book, *Le Mémorial de la Guerre Blanche*, a collection of essays written by him for *Figaro* in the autumn of 1938. "The peaceful world", he says, "is henceforth certain of one thing—that it will remain at peace no longer, that an end has come to its enjoyment of life and of

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the fruits of its labour. The respites which formerly lasted six months or three months will no longer last more than a week, and between two crises nobody will have time to smile or to breathe freely."

Duhamel has exceptional qualities of mind and spirit, but he might sit, so to speak, for the ideal portrait of the average Frenchman. When a man of that type has seen Germany, without a shadow of excuse, pleading the most fantastic and contradictory reasons to justify her attempts to satisfy the appetite of the moment, his common sense and his critical spirit quickly disentangle from this tissue of impostures the pure and simple lust for conquest. At the same time he feels that his deepest convictions have been outraged, the tenour of his life disturbed, his very existence threatened.

The number of those Frenchmen who do not feel the strength of the ties that bind them to their country is, as Bossuet said, infinitely small. On the plateau of the Durance a writer named Jean Giono—a man of great talent, endowed with a sense of epic and pastoral genius—has collected a group of disciples who are conscientious objectors or, to put it more precisely, ardent votaries of life, whose creed is to refuse obedience to war. Duhamel has no difficulty in dealing with them. He describes the kind of military tyranny a conqueror would rivet on a people which would not defend itself. He shows how they would only escape from bearing arms to be more easily compelled to do it, and this time as slaves.

When the disciples of Jean-le-Bleu (Giono's pseudonym) have made submission to the German conqueror, these shepherds of the Contadour will be equipped without delay with bayonets and rifles. They will then be sent to a battlefield. Ever since the world began, the victors have always levied troops in the countries they have conquered; and as Frenchmen are still reputed to be passable soldiers, they would certainly, however shrill their outcry, be made use of.

With this view France unanimously agrees. The nation

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has formed a profound conviction that the menace is perpetual and that the situation is intolerable. Hence this peculiar example of a war being made without France having anything to ask from it. She is fighting only for her life. This opinion is firmly fixed to-day in the minds of the 39,000,000 of her inhabitants; and they will fight with grim energy. I sometimes hear men of the working class talking together. They say: "What more does he want (meaning Hitler)? He thinks we will give him everything. He imagines he has only to ask." Some irritation, too, is expressed at the man's arrogance. Not unnaturally, the threats in *Mein Kampf* have not been forgotten in France. There is a tendency, however, to misunderstand the depth to which the National-Socialist doctrine has penetrated into German life. I never hear threats against the German people, nor any evidence of national hatred. The word *Boche* is quite out of use. The universal feeling is that expressed by Mr. Chamberlain, that it is impossible to go on living with the German Government, the curse of Europe.

Such is the spirit in which mobilisation—gradual at first, then complete—has been greeted. Naturally the women wept. The men set off with a good courage, submitting to a catastrophe for which France knows she is not to blame. On the whole, the reaction to the grave anxieties of the moment has been one of relief, of the relief that is felt when a storm that has long been threatening breaks at last.

This feeling is widespread among the working classes, and it has had two important results. One is that the trade unions, scandalized at the pact between Hitler and Stalin, have broken with the Communists, who continue to take their orders from Moscow. Thus the *Syndicat des P.T.T.* and the *Fédération Postale* protested against the pact on August 28; the *Syndicat des Métaux* two days later. Finally the whole of the *Confédération de Travail* came into line.

There have been numerous resignations from the Communist party. A militant member from the Haute Vienne,

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Marcel Nardoux, has written: "That cowardly villain, Stalin, has concluded a pact of high treason with our bitterest enemy. We genuine Communists will do our duty." The Government has easily been able to dissolve the party and to arrest its leaders. The other result of the national accord has been the conclusion of an agreement between the trade unions and the employers' federations.

IV

HOW has France reacted to the mobilisation?

I have been in touch with a village near Reims and with Reims itself. It was only natural that a town which was so severely bombarded from 1914 to 1918 should be dismayed at the thought of war. Gradually, however, people became accustomed to it and began to organise themselves. In the village I am speaking of, which numbers 350 inhabitants, 35 men or 10 per cent. of the population have gone—a modest proportion of the average number called up. There and at Reims, the women have at once taken the place of their absent husbands. They did so in 1914, but with a good deal of hesitation and misgiving. They were terrified of taking a decision. Experience and social progress have now made them braver. They know they can run a business as well as their husbands and sometimes better. They give orders without faltering or weakness.

The absence of the men who have been called up has been made good for the most part by those who have remained behind—men over military age, men who have got *le fascicule bleu*, i.e. orders to stay at home, women and children. The peasants in particular have turned to helping one another. This district has always had a remarkable knack of shifting for itself in times of difficulty. The problems of different individuals or groups lose half their weight by being treated as opportunities for mutual service. The country-people are short of labour, the townspeople are out of work. There is an organisation

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called the *Union des Paysans de France*, to which the unemployed are applying every day—shopgirls whose shop has shut, dressmakers whose business has closed down, mothers who wish to add wages to their allowances and also to remove their children from the air-raid sirens. The *Journal* quotes this letter from a farmer's wife: "I have four children. The eldest is six years old and the youngest five months. My husband has been called up and so has the farmhand. I am fond of my farm and my work, but I cannot carry on alone. I should like to take in some one who would lodge with us, look after the children, help me milk the cows, and learn the work here." She has taken two women from the town, a mother and daughter, who could not afford to wait for the end of the war without work of some kind.

Mobilisation took place when the great work in the fields had been mostly done. The second crop has been cut and stored, well or ill, as the case may be. The grape-harvest in October has always been the collective work of whole villages.

An important part in this work on the land has been played by the 100,000 French scouts: for, as everybody knows, that British institution, founded by Lord Baden Powell on pacific and international lines, has spread widely over France. The *Bureau Interfédéral de Scoutisme* appealed to all the scout federations on August 31. These boys, 14 to 19 years old, work in patrols of six each. They do not accept any pay. The farmer has only to provide board and lodging. The interfederal office circular says: "It is understood that the boys will sleep on straw; that the minimum diet shall consist of a substantial breakfast, a snack at 10 o'clock, a dinner with meat in the middle of the day, tea, and supper." Alcohol should not be given to the scouts; it is preferred that they should drink neither cider nor wine; in any case their leaders see to it that they only have a very moderate quantity. Even when they are scattered on different

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farms, the boys have to reassemble at night and sleep in a dormitory under the supervision of a patrol leader.

The Ministry of Agriculture thought of them and wrote to the interfederal office. At once the boys went out. The scouts finished the harvesting, dug up potatoes, helped to pick the grapes. One *préfet* asked for 500. They were also employed in the work of evacuation and reception at the railway stations of Paris, the suburbs, and the provinces. "Calls are made on us", said the National Commissioner of French Scouts, "for a host of other things, for maintaining contact between town halls and the various public services (one scout in three owns a bicycle). . . . For twenty-four hours, thirty of our strongest boys have been digging a trench behind the Vaugirard hospital. . . . The motto of the scouts is 'For all and against none'."

In certain districts a plan for the allotment of manual labour has been drawn up by the military authorities, and the workers have been distributed by the commissariat department.

V

THE real difficulties have not been due to a lack of labour, but to the evacuation of the inhabitants of dangerous zones into the interior. This evacuation—which has perhaps been carried out on too big a scale since some of those who went are now returning—has raised a multitude of problems. To abandon one's home and belongings is naturally very distressing; but at least everything the *évacués* have left behind has been scrupulously respected. War-correspondents in the zone of military operations have seen towns like Strasbourg completely empty; but inside the houses nothing had been touched, and the inhabitants could have returned there to-morrow. Pillaging is a capital offence.

Curious tales are told of people living on the frontier who have preferred to remain where they were. A lady, very

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well known in Paris, one day received a visit (although she herself belonged to a party of the Left) from a nun, begging her to do something for her sister, who had stayed in a most vulnerable area. Now Mme S. happened to be going to that very district on hospital business. So she obtained in Paris an order for the evacuation of the nun's sister and determined to execute it herself. She expected to find the unfortunate woman destitute and panic-struck. Far from it. She was quite happy and comfortable. The baker of an empty village within sound of the gunfire, she pressed coffee and cake on her visitor: and she firmly declined to leave. Not only did she make bread, but she had a bathroom, probably the only one in the neighbourhood, which the officers much enjoyed the use of, and she thought it would be wrong to deprive them of it. And besides, she had two servants whom she could not desert. So she remained. . . . If things get too hot there, no doubt she will get a lift into Nancy.

The Cardinal Archbishop of Paris, in a broadcast message, pledged the Catholics of France to receive the *évacués* in a Christian spirit. In fact, the chief difficulties seem to have been those of language. I have heard of cases where people speaking only the Eastern dialect have been transported to districts where only the dialect of the South is spoken. Sometimes, too, the number of the *évacués* has been miscalculated. But, taking it altogether, their reception has been cordial. They receive an allowance, but naturally they have to find employment as well. The *préfets* provide it for them, and at the same time new works are set on foot. At La Rochelle, which has taken in 15,000 *évacués*, a sensible woman has arranged with the director of a large store with numerous local branches in the neighbourhood to find work for several hundred of them.

Thus the whole life of France to-day is made up of a vast number of local problems. Take for example the fishermen in the little ports of Brittany. Here mobilisation has had

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more severe effects than elsewhere, for while women can guide the plough, setting sails in a high wind is a man's job. But the greatest difficulty is the lack of buyers. The great fishing ports, Dieppe, Fécamp and Boulogne, continue to provide for the district. But the small ports have scarcely any business left. Nobody buys and prices peter out. One of these fishmongers told M. Louis Hamre that he had sold seventy-five kilos of crayfish at 15 fr. 50 per kilo, rather than get nothing. "Instead of sending to Paris a two-kilogram box every other day", he added, "we should do just as well to rent a garden and grow vegetables."

Not far away, on the moors of La Vendée, the difficulty is the same. The local industry is chicken-farming. But the chickens and ducks do not now find buyers, and prices have fallen very low. Many other examples could be cited. It is in order to avoid such local disorganisation that the Government has expressed a wish that as far as possible the life of the country should go on as usual.

VI

PARIS has acquired a most curious aspect. At night the great city is plunged into utter darkness, only broken by the little red and blue lamps on vehicles. Street lighting has been reduced to the barest minimum and consists only of a few faint cones of light, hooded and pointing downwards to the pavement. Even this amount of illumination is provided at irregular intervals. Between the bands of light there are gulfs of darkness through which one has to steer one's way as best one can. Night-life, of course, is much restricted. Even outside a crowded restaurant not a glimmer of light can be seen; but push the dark door open and it is bright enough inside.

By day there is great activity. The traffic is very heavy and has to be controlled as in peace time. For the first few days drivers were threatened with a positively Draconian code of regulations, but its issue was delayed, and, when it

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did appear, it had been considerably softened. Paris is gradually recovering her normal complexion. The rubbish bins, which used to be left all night on the pavements so that pedestrians stumbled on them in the dark, may now be put out only a short time before the arrival of the collecting-vans. Most of the shops are busy, and every day some of those which were shut up are opening again. The chief change in their peace-time appearance is that strips of paper have been gummed over the windows, crosswise or star-wise, to prevent their breaking. White patches have appeared at the foot of walls where basement ventilators have been plastered up. The most precious statues have been surrounded with piles of sandbags, pierced with air-holes. At the entrance to the Champs Elysées the Chevaux de Marly have been enclosed in little wooden houses, perched in the air like railway signal-boxes. In the Place de la Concorde the obelisk juts out like a lightning conductor from a pyramid of sandbags. The restaurants have benefited from the disorganisation of home life. Some of them have suddenly become quite the fashion. The same people are always to be found in them—the inner core of Parisian Society.

Many of those who have taken refuge in the country have been so painfully bored that they have come back home to Paris, heedless of the warning that the danger is not over. Perhaps after the first air-raid they will depart again, like a flock of sparrows. These movements backwards and forwards naturally raise problems of food supply, a matter which the Government partly handed over to the provinces at the outbreak of war. It is hard work to feed a moving population.

Two contradictory ideas, in fact, are working in men's minds. One is the tendency of easy-going people to forget the dangers of war. At first every Parisian meekly carried his gas-mask in its khaki or blue cylinder. To-day no one carries them, except soldiers who are compelled to, and

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theirs is more an example of good discipline than of prudence. The other, the opposite idea, is the fear of being bombed; but this is confined to a few people. The average Parisian is not afraid of shells. When an air-raid warning is given it is very difficult to prevent him from going out of doors to look at the sky. On the other hand, he has a sort of superstitious fear of gas, of which such frightful tales are told. But what he dreads most is the shelters.

A curious figure in Paris nowadays is the air-raid warden, who walks about wearing a yellow armlet. He is often a *concierge* or an hotel-keeper. He has to see that the lighting and the sirens are in order. He is sovereign lord of the cellar which does duty for a shelter. If you are on good terms with him, he reserves a chair for you there. Another new figure is the young woman engaged in "passive defence". She wears two pairs of trousers, one on top of the other, a sort of diving-suit, gloves and a mask: in this costume she has to make chemical analyses. It is said that there is a brisk business in decorating cellars and that special "shelter suits" are on sale. This is not meant to be a humorous article; but this is Paris, and such comments are revealing.

The Government for its part is confronted with a double problem. It wishes to make the people safe, and Paris clearly might become a dangerous place. On the other hand, it feels that in order to carry on a long war it is essential that the life of France should as far as possible be normal. The present organisation is a compromise between these two points of view. The schools reopened on October 16 and the Faculties will start work again on November 6. One of the last acts of M. Jean Zay, Minister for National Education, before he was called up (he is now on the Lorraine front) was to obtain a promise from editors that they would not suspend their activities. The dressmaking industry has been one of the first to resume production in its workshops, which give employment to so many of the poorer folk of Paris. I

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am told that the leading firms have resumed business. I am also told—but I am not an authority on this subject—that we must not expect any very new models. I remember that in 1914, on the other hand, there was quite a crop of dresses inspired by the war—short skirts, ammunition pouches, coats copied from those of the Prussian Guard, picked up on the battlefield of the Marne.

VII

THE restrictions which hampered life at the outset of the last war have not reappeared. This time there has been no moratorium, and the banks have continued to pay out. A sketch of financial life in September 1939 will give a final touch to this picture of the period. What strikes one immediately is the calmness, the *sang froid*, which the public has displayed. The Bourse has not shut down for a single day. The fall in stocks has not exceeded that normally occasioned by an important event. Not only has there been no panic, but at the time of writing there has been a very marked improvement in Rentes and in all French securities.

When mobilisation came, the public naturally drew on the banks and savings-banks; for every one wished, and needed, to keep ready money to hand. No obstacles were put in the way of withdrawals. The banks stayed open on Saturday afternoon, and the savings-banks even on Sunday. The public was reassured and brought its money back again.

The Frenchman has remained confident in his currency; he knows that two-thirds of the circulation is covered by the Bank and that France's gold reserve is one of the largest in the world. The repatriation of exported capital, which has been going on since the fall of the Front Populaire, has not been stopped by the War, and it continues to be shown in the *returns of gold*.

The Government has set up an Exchange Office, a natural step, but not an immediately necessary one, since few Frenchmen are thinking at this moment of exporting

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capital. Similarly, it has decided to limit imports and favour exports. Finally, it has undertaken the supervision of prices, so as to put a stop at once to war-profiteering. As the franc is stable, strict measures have been taken to prevent a rise in prices.

Such, in outline, is the picture of France at war. As I was finishing this article, I was shown a letter from a soldier, and I will conclude with it. "If the Germans could understand what a spirit of cold resignation and implacable resolution lies deep in the soul of each one of us, they would be terrified. The sacrifice has been made, we have thrown our lives, our hopes, our possessions into the crucible. The will to have done with German domination is in all our hearts."

Paris,

November 1939.

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I

WHEN the war broke out, the average comment of the average American was: "How soon will we get in?" The estimates of shrewd students of affairs ranged from ninety days to a year. It was considered, first, that the war would be a desperate, all-in affair, that the Allies might suffer grave reverses for quite a long time, and that ultimately the Russo-German colossus's threat to the United States would force American participation.

The actual conduct of the war, coupled with the congressional struggle over American "neutrality", has decisively altered all such viewpoints. Today the prevailing national sentiment is that the nation not only should but can remain out. Public unanimity in this conviction is impressive. The writer has just returned from a 9,000-mile trip to the Pacific coast and the north-west, endeavoring to assess the state of affairs, and in every corner of the country it has been the same story: "We want the Allies to win; we despise Hitlerism and Stalinism; but the United States must stay out."

Repeal of the arms embargo and passage of the new Neutrality Bill illustrated with new emphasis the two familiar strains in American opinion: First, the sympathy with the Allies; second, the determination to stay out of war. Whether or how these two sentiments can persist side by side, whether or how the sympathy with the Allies will overcome the urge to stay out, is perhaps the basic question of national policy. Can we remain permanently un-neutral in sentiment and non-participant in the war? The answer, surely, depends upon the kind of war it is. Today Americans regard it as

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20 per cent. fighting and 80 per cent. diplomacy. With Senator Borah, they are prone to call it a "phony" war, or with Representative Bruce Barton in the congressional debate, they say it is "the most stupid, the most crazy, the most cockeyed war in history". There is still a widespread feeling that one more amazing diplomatic surprise may come at any time and end the war. Under the circumstances, Americans are naturally not burning any bridges at all.

Slowly, very slowly, Americans are coming to realize the strategic nature of the war, and the reasons why the nations have refrained from major offensives against one another. But this very realization of the stalemate-war makes further American involvement unlikely. It is quite clear that only two things could bring about American participation: either a direct attack by one of the belligerents upon vital, immediate interests of the United States, or the virtual and gallant collapse of the Allies. In either case, American opinion would, of course, re-survey the situation.

The Administration's policy is set upon the following definite objectives: defense of the nation's interests and maintenance of its neutrality; unadmitted but very real assistance to the Allied cause; preparation for the ultimate peace-making

President Roosevelt, brought up in the Wilson school and case-hardened by twenty years of post-Versailles experience, would naturally like to round out his historic career by making a realistic contribution to peace-making. Of course, he would not participate in the Hitler peace offensive. But he may be expected to be eagerly alert for any future opportunity of assisting a balanced and sound peace. Whether or not he will be empowered to make a substantial American contribution to that peace depends upon the future evolution of this nation's public opinion. At present, there is no great disposition either to lower tariffs materially as a contribution to economic peace, or to accept political responsibilities in Europe. Nor has America begun to think in terms

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remotely resembling "Union Now" or any other basic readjustment of national sovereignty. The nation is in the very throes of disillusionment about the ability of Europe to make peace, for the present situation is blamed to Versailles, and most people fear just as bad a settlement next time, if not a worse one. Therefore public opinion has a very long way to go if President Roosevelt is to make a genuine contribution which goes beyond the most trivial diplomatic errand-running.

There is, however, wide support for building up inter-American solidarity. Therefore, despite the many obstacles, some kind of regional organization might emerge in this hemisphere which could fit in with the ultimate settlement in Europe, and in the end produce a more practical form of collective action than was possible on the basis of American absence from Geneva. The road of regional organization is the only one that is now open in the eyes of the American people. There is, of course, complete sympathy for a negotiated rather than an enforced peace in Europe, and American influence on the side of this kind of adjustment might be useful in keeping a balance in post-war Europe. It would certainly be available for that purpose.

Repeal of the arms embargo was the result of two main factors. It was a combination of intelligent reasoning and practical politics. On the one hand were all the rational arguments for repeal: that it would tend to prevent American involvement by strengthening the Allies and thus shortening the war; that it was really more "neutral" to remove a legislative interference with the circumstances under which the war would otherwise have been fought; that, in any case, the nation did not wish to give help to the Hitler-Stalin cause. But these arguments probably never would have prevailed without a comprehensive and astute job of political management.

Before the Congress met in September, the President had Senator James F. Byrnes—a skilled and highly popular

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negotiator—poll his colleagues at their homes in all parts of the country, by lavish use of the long-distance telephone. Striking early, Senator Byrnes obtained ample commitments to repeal of the embargo before ever the Senators returned to Washington for the special session. Similarly, practical methods were employed in the House, where the "solid south" of Democratic representatives and the machine-controlled city blocs of representatives were all whipped into the party camp.

These realistic methods were necessary in order to combat the furious war of propaganda which was waged against repeal by a curious alliance of politically minded Republican oppositionists, sincere isolationists, the fanatical quasi-fascists who have been organized by Father Coughlin the radio orator, the few who are still responsive to the Communist party line, and all the humble folk in general who can be influenced by the demagogic radio spell-binders. These diverse influences produced a rain of postcards, telegrams, letters and personal appeals to members of Congress which can scarcely be imagined in any other country in the world. Nine out of ten—and perhaps nineteen out of twenty—of these appeals were against lifting the embargo. Thousands of appeals would come to a single congressman from his constituents within a few days. It was apparent that the appeal was organized and to some extent artificial, and it was keyed in a fearfully hysterical mood, but nevertheless it did represent people—and votes.

It is one of the great triumphs of American politics, where pressure groups have latterly been growing stronger and stronger, that an overwhelming majority in the Senate and a substantial majority in the House refused to bow to this bombardment and repealed the embargo. It was a triumph of sanity and legitimate political organization over the frenzy of mass propaganda.

Nevertheless, the campaign drove home one point: that the United States is resolutely determined to stay out of war

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until and unless circumstances change gravely, and in that sense the isolationists won their battle after all. It will require cataclysmic events to produce the unanimity of opinion which would be required to precede active American participation in the war.

II

MEANTIME, the Administration is going ahead with a wide range of steps to protect the national economy and insulate the republic against the shocks of war. We are in the midst of managed neutrality, superimposed upon emotional un-neutrality. The issues are pragmatic, and President Roosevelt candidly recognized the circumstances a few days after the outbreak of war when he said to the people in a Fireside Chat:

This nation will remain neutral, but I cannot ask that every American remain neutral in thought as well. Even a neutral has a right to take account of the facts. Even a neutral cannot be asked to close his mind to conscience.

With similar pragmatism, and without the evangelical spirit of Wilson, Mr. Roosevelt also said:

We have certain ideas and ideals of national safety, and we must act to preserve that safety today and preserve the safety of our children in future years. That safety is, and will be, bound up with the safety of the Western Hemisphere and of the seas adjacent thereto. We seek to keep war from our firesides by keeping war from coming to the Americas.

But he added:

The overwhelming masses of our people seek peace—peace at home, and the kind of peace in other lands which will not jeopardize peace at home.

The Administration set about implementing its neutrality without delay. Not only did the President issue the customary and the new neutrality proclamations. He at once materially increased the size of the Army, the Navy, the National Guard, and the Marine Corps. The larger forces

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would not only protect neutrality, but they would provide a broader base of quick military mass training in the case of emergency. The President also recommissioned scores of old naval destroyers and set them to work patrolling the coastline and far out to sea, in the effort to "keep the war from coming to the Americas".

The neutrality patrol is a good illustration of the pragmatic paradox of American policy. The objective of keeping the war away is no doubt an admirable neutral ideal. But in application it means that there are certain seas in which Germany is warned against conducting operations against Allied or neutral commerce. Quite naturally the Allies are not going to conduct military operations in American waters unless it is necessary to meet German threats there. And so the "safety zone" set up by the Declaration of Panama, while perhaps outraging the international law conventions of a sea Power like Britain, is actually a great potential practical advantage. For instance, there are several score German merchant ships tied up in Latin-American harbors. Under President Roosevelt's interpretation of the safety zone, these ships cannot leave port even to ply between American harbors. Meantime, the right of Britain or France to have access to their possessions in the Americas is untouched, and their naval bases may be used as freely as ever. The situation may be entirely illogical and contradictory, but the fact remains that, unless stupidly mismanaged, the Allies can turn it greatly to their advantage. The entire onus for starting belligerent operations within the safety zone can be placed on the only Power inclined to "start something"—Germany.

Other steps in our managed neutrality show similar leanings of practical self-interest in the direction of the Allies. Repeal of the arms embargo was the greatest of these steps. But all the others pointed in the same direction. Here, briefly summarized, are the principal developments:

National Defense. The increases in our armed forces,

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superimposed upon our obvious sympathies, mean that today's prepared United States is an immeasurably greater factor in Berlin's calculations than the stubbornly unprepared United States of 1914. For two years Woodrow Wilson resisted all efforts at increasing American national defense. Thus he encouraged both belligerents to disregard our neutral interests. Franklin D. Roosevelt knows this well; he was the Assistant Secretary of the Navy charged with the task of trying to sell naval building to the President, and he failed. The importance of the American rearmament program is perhaps most valuable in the Far East, where the bulk of the fleet remains, constantly pushing outposts beyond the Hawaii line. In the first week of war, for example, an American aircraft carrier started for the first time for the Philippines, to be followed shortly by several flights of heavy bombers from Hawaii out along the stepping-stones to the Orient.

Diplomacy. Recent American strong-talking to Japan, the protests to Russia over Finland, the formation of an incipient neutral bloc at the Panama Conference, were all stages likely to aid the Allies indirectly, while they served American interests. The purpose of the inter-American bloc was really to prevent Fascist penetrations in this hemisphere. Our Far Eastern policy may serve to prevent a Russo-Japanese deal which would be catastrophic to British interests in the Orient, but it may also be an obstacle to a British-Japanese deal. It is likely to be a contest between American sympathy for China and interest in maintaining its nationhood as against our desire to help Britain close its back door in Asia. Whether the United States could stomach the probable kind of deal with Japan is open to question, even for the sake of Britain in Europe. Russian diplomacy therefore has another excellent opportunity to score a coup. If it does, perhaps the United States will accept Far Eastern responsibilities a bit more fully, and thereby ease pressure on Britain. But the oriental situa-

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tion is in such flux that only speculative conclusions are possible.

Internal Organization. Our preparedness to stand the shocks of neutrality is perhaps the outstanding difference from 1914. Financially, economically, governmentally, and psychologically we have come a long way. In 1914 the New York Stock Exchange closed after fearful panic on July 31 and stayed closed until December 12. In 1939, it felt scarcely a shock. Foreign exchanges were protected by the tripartite monetary agreement. There was no dumping of American securities, and no money stringency. The machinery set up to "cushion the shock of war" was so good that it did not really have to function. For over a year before the outbreak of war, interdepartmental committees had been preparing for the event in the field of financial policy. The Federal Reserve System, the Securities and Exchange Commission, and the Treasury itself were ready to control war boom or war panic, curb credit inflations or deflations, and apply all sorts of levers all the way from closing the exchange to altering the value of the dollar. None of these things was necessary. The country is being given, instead, a dose of diluted war boom with all the statisticians and brain-trusters watching hawklike to determine the patient's reaction. Other special commissions, administrations, and controls—the result of the New Deal's unprecedented adjustments in the national economy—were similarly surveying war resources, natural resources, agricultural supplies and prices, and so on.

Public Opinion. There was an equally great contrast with 1914 in the state of national information. The American people, and the American Government, were and are supplied with a ceaseless flow of expert observation and interpretation of European affairs. Our Ambassadors in London and Paris are exceptionally alert diplomatists; our foreign correspondents, in press and radio alike, are experienced, shrewd, and zealous. Their errors of commission generally

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cancel out one another. The national consciousness expected war long before it came, and it was case-hardened to shock. Hence the sinking of the *Athenia*, the capture of the *City of Flint*, the Molotoff criticisms of President Roosevelt, the hostile airs of the Rome and Berlin and Moscow press—in short, nothing from atrocities to abuse produced very much effect on public opinion in an inflammatory sense. Americans took without blinking shocks and buffets which anybody would have said in advance would have swept them into national indignation. In short, the national opinion was worldly wise, pragmatic, skeptical. It was not at all a question of lacking sympathies, which were plainly on the Allied side, but a firm determination to make up our minds in a moral climate conducive to national self-interests alone. Moral certainties were on the wane, and disillusionment has erected a lofty "eastwall".

III

POWERFUL in affecting the national thinking is the economic weather. We are enjoying a steady upward movement of nearly all the business indices. The cause is only partly the war; principally it is the culmination of gathering forces which the war helped greatly to release. The trigger which sent things shooting upward was an elementary one: fear of rising prices. For months and years American business has been ultra-cautious, partly out of apprehension at Washington policy, partly because the basic economic outlook was far from encouraging to venturers. The outbreak of war took everyone's mind off domestic policies, and naturally stimulated buying all-round. Business inventories had been very low, and mere stocking-up accounts for a good deal of the expansion. Moreover, a sound and inevitable housing expansion has been under way for months. While there was little immediate war-buying from abroad, there were substantial

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effects, such as the freeing of the domestic lumber and pulp industries from Canadian and Scandinavian competition. Our economy emerged in September from a hand-to-mouth period, and now the only question is how long it will last. Some economists anticipate a slump early next year, and already New Dealers are preparing a government spending program to take up the slack in an election year. But others are quite sure that no severe decline will come, and that a rather substantial, steady upturn will continue until European events again intervene.

There is one striking sentiment among business men: a widespread reluctance to get swept into a war boom, or expansion of plant capacity. In the writer's recent trans-continental investigations, he heard this remark from industrialists everywhere: "I am refusing all orders which would force large plant expansion; I'm not going to get caught in a post-war deflation." Such sentiments are part of today's realistic emotional climate. The present dominant generation remembers clearly many of the lessons of the last war, and is determined to act upon them.

IV

FUTURE American policy depends in its articulation upon the next occupant of the White House, and hence the third term issue is of immediate importance. President Roosevelt is today following the policy of the Great Neutral who leans weightily toward the forces of order in the world, and seeks to create his rôle in history in the peace-making. But if the war continues for another year, Mr. Roosevelt will have to obtain a third term in order to secure any such rôle. Nearly every politically possible nominee for the Presidency other than Mr. Roosevelt is vastly inexperienced in foreign affairs. If the war or a severe post-war crisis continues, it will be no time for a presidential candidate of the years and relatively insecure health of Cordell Hull. He

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could stand the strain of the White House, it is charitable to assume, only in a time of tranquillity, and probably he would be the first to admit the fact. Vice President Garner, also a potential candidate, is a couple of years senior to Mr. Hull, and he, too, is far from desirous of being a crisis President. No, 1940's election will undoubtedly call for a vigorous and experienced candidate, and that is where all the advantages go to Mr. Roosevelt.

During the congressional struggle over the neutrality law, the conservative Democrats who had latterly forsaken the President came back into camp. This party unity offers some hope that Mr. Roosevelt might be able to secure the third term nomination from his fellow Democrats, but it is no assurance thereof. However, continuation of crisis conditions would of course assist the President greatly, particularly if in the intervening months he had administered a popular and cautious course of neutrality. Therefore the chances are that, after a political struggle, Mr. Roosevelt really could win his party's nomination once more—the first full-fledged third term nominee in American history.

On the Republican side, there are no men of great experience who are politically available. Herbert Hoover, who has been determinedly seeking to recover prestige and re-establish his party position, still has a long way to go. It is unlikely that he could secure the Republican nomination. Rather, the leading candidates are still Senators Vandenberg and Taft, with the probabilities leaning toward the former. Yet, Senator Vandenberg was one of the isolationist leaders in the fight against repeal of the arms embargo, and the congressional verdict went heavily against his side. Still, he can always say that his error—if any—was to lean toward the side of keeping the nation out of war by any means. Senator Taft crossed the lines and supported the President's neutrality policy. Perhaps he enhanced his chances for the presidential nomination thereby, but not if the party follows the old rule that "the way to oppose is to oppose".

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Whoever the Republican nominee is, with the most unlikely exception of Mr. Hoover, he is probably going to be a relatively untried and inexperienced man. There Mr. Roosevelt will have his great advantage, and his electoral appeal will base on the slogan: "Don't swap horses while crossing a stream." His record of one year's neutrality cautiously administered—if that becomes the fact—his eight years of White House experience, and his eight years from 1912 to 1920 as Assistant Secretary of the Navy will all tell in his favor as a crisis President. Such appeals must balance themselves against the great popular resistance to a third term. American opinion is profoundly distrustful of continued personal power in the hands of one man. Yet the needs of the crisis may overrule such emotions. If they do, continuity of foreign policy may be assured. If they do not, it would be unwise to assume that abrupt changes are inevitable, but they are always possible. In any case, as has been recorded earlier, American opinion is in disillusioned mood. It can only be changed, it would appear, by events in Europe. The conduct of the war to date has only deepened—and that gravely—this disillusionment. Perhaps, as the motives of British strategy are perceived, the situation will alter. But in any case, American convictions are united on a platform of self-protection, and there is no widespread admission that the welfare of the Western Hemisphere is dependent upon the orderly settlement of Europe. Rather, the average man says simply that he is determined to preserve the blessings of the New World. Perhaps, as time goes on, he will revert to an awareness of the indivisibility of the world problem. But that day is not yet, and it cannot come until new winds sweep across Europe. Perhaps, again, the winds are already sweeping and have not yet crossed the Atlantic. We wait, anyway, and not a few are sniffing for the breeze.

United States of America,
November 1939.

NEUTRAL IRELAND

I. ON THE EVE

IN order to understand the Irish attitude towards the war it is necessary to recall the situation which existed on the eve of its commencement. For eight months previously a series of explosive outrages,* preceded by an ultimatum to the British Government, had been perpetrated throughout England by the Irish terrorist organisation known as the "I.R.A." As a result much property had been destroyed and several people seriously injured, some fatally. These outrages culminated on August 25 with a bomb explosion in a Coventry street entailing the loss of five lives. To meet this threat to public order and security the British Government enacted legislation which enabled them to expel from the country persons suspected of I.R.A. activities. All through August numerous expulsion orders were made and carried out under these powers. Mr. Sean Russell, the reputed leader of the I.R.A., who was in America ostensibly collecting funds for this campaign of outrage, stated, in an interview at Chicago on August 13, that the number engaged in the English bombing campaign was between five hundred and a thousand members of his organisation, and expressed the belief that no concession could be obtained from England except by the use of arms. At the same time he added that the last thing they wanted to do was to take life. The concession which the bombs were directed to secure was apparently the evacuation of British troops from Northern Ireland, although nothing could be less likely to secure that result.

* See THE ROUND TABLE, No. 114, March 1939, p. 368; No. 115, June 1939, pp. 591 and 619; and No. 116, September 1939, pp. 802 and 821.

ON THE EVE

The Irish Government, no doubt alarmed by these direct challenges to its authority and aware that this criminal conspiracy was being directed from Ireland, issued proclamations on August 23 putting into force those portions of the recently enacted Offences Against the State Act* which enabled them to set up a special court for the trial of political prisoners and also to search and intern suspected persons without trial. When the constitution of this court was announced on August 25 it was found to consist of the same military officers who had discharged a like duty under the Cosgrave Government in 1931. It is interesting to recall that one of the principal reasons why Mr. De Valera's party were returned to power in 1932 was because they criticised severely the constitution of this very military tribunal and that when elected to office they immediately released the persons whom the tribunal had sentenced to imprisonment for political offences. During its term of office for the last seven years Mr. De Valera's Government have alternately cajoled, rewarded and threatened these terrorist elements but they have never resolutely faced the issue of dealing with them in a decisive manner. They were of course seriously hampered by their own past promises and policy. Elected on a programme which sought to revive anti-English sentiment and led to a prolonged dispute with Great Britain over the retention of the land annuities and other moneys, they encouraged their more extreme followers to believe that they intended to proclaim an Irish Republic. They also developed and enlarged the centrifugal policy of their predecessors in relation to the British Commonwealth until, finally, our connection with that body was reduced to the external association arising from the recognition of the King as the channel for communication with other countries. The settlement of the dispute with Great Britain in April 1938 was unfortunately

* See THE ROUND TABLE, No. 115, June 1939, p. 593, and No. 116, September 1939, p. 805.

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not complete, as the British Government retained its control over Northern Ireland and made no serious attempt either to settle or to promote a settlement of this thorny problem. The failure to achieve a complete settlement between the two Governments afforded Mr. De Valera grounds for reiterated complaints and an excuse for refusing to support British foreign policy. There is no doubt that this situation not only encouraged the extremist leaders to take action in England but also made it impossible for the Irish Government to enter the war on the side of Great Britain. In any event so many of Mr. De Valera's followers suffer from Anglophobia and have a covert belief in the terrorist policy of the I.R.A. that it would have been impossible for him to retain their support had he done so, and a serious split in his party might well have been the prelude to civil war.

In spite, however, of these internal difficulties and the threatening European situation that part of Ireland which is more interested in the horse than international affairs celebrated the Horse Show, at the commencement of August, around the show rings at Ballsbridge. Some of those present could not, however, refrain from speculating how soon the gallant young officers from France, Germany and Great Britain, then meeting in friendly rivalry in the arena, would be engaged in mortal combat.

Yet it was not until August 25 that any official voice in Ireland indicated alarm. On that day Mr. Lemass, then Minister for Industry and Commerce, speaking at the opening of a steel mill at Cove, said that the immediate stoppage of their industrial expansion might prove to be the least serious consequence of the outbreak of a European war. The probable results for the people of Ireland appalled, he said, all who had given thought to it. They were so serious that he expressed surprise that the public mind had not yet sufficiently concerned itself about them. War, he added, would mean a period of great hardship, even if they never heard a shot fired. The virtue of discipline alone

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could help them, and he appealed to those in a position to influence public action in all walks of life to prepare the public mind for the situation that might arise. This speech indicated clearly how little the Government themselves had expected war or prepared the people's minds for such a possibility.

II. NEUTRALITY

ON September 2, the day before Great Britain declared war, the Dail and Senate were hurriedly summoned to pass two emergency measures. The first amended the Constitution by enabling both Houses of Parliament by joint resolution to declare that a state of emergency existed even though Ireland was not actually at war. Both Houses on passing the Bill adopted resolutions to that effect. The second measure was an Emergency Powers Act giving the Government power by order to make such provisions as in their opinion were necessary or expedient for securing the public safety, the preservation of the state, the maintenance of public order, and the provision and control of supplies and services essential to the life of the community. When introducing these two Bills in the Dail Mr. De Valera said that he did not think their policy of neutrality would come as a surprise to anybody, since he had stated last February that in the event of a European war it was the aim of his Government to keep this country out of it. It was, he said, a policy which could only be pursued if they had a determined people who did not wish to injure anybody or to throw their weight on one side or the other. They, of all nations, had known what force used by a strong nation against a weaker one meant. They had known what invasion, what partition meant. They were not forgetful of their own history. As long as any part of their country was subject to the use of force by a strong nation, then their people, no matter what sympathies they had, should look

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to their own country first and consider its interests. He assured the Dail that, in the exercise of the special powers granted to them, the Government would have regard to constitutional right and practice and summon the Dail to meet as frequently as possible. Speaking the same day in the Senate, Mr. De Valera intimated that the German Minister in Dublin had called on him on August 31 to inform him of Germany's peaceful attitude towards Ireland and had stated that if Germany were engaged in a European war the German Government would respect Ireland's neutrality, provided that it was adhered to. Mr. De Valera stated he had replied that the Irish Government wished to remain at peace with Germany as with all other Powers. Whether similar communications concerning our neutrality were made to the British Government was not disclosed.

The policy of neutrality was not challenged by any one during the Dail debate, but Mr. James Dillon, T.D., the deputy leader of the Fine Gael party, who was the first Opposition speaker, said our neutrality should not be taken as meaning that we were indifferent to the issue of the conflict. He said that he believed the vast majority of the Irish people placed their sympathy on the side of Poland, France and Great Britain against Berlin and Moscow, and he thought it right that it should be placed on record. During the Senate debate some speakers expressed regret that the Irish people had not a different conception of where their interests lay, but agreed that the state of public opinion made any other policy impossible. Even the *Irish Times*, which is definitely pro-British in sentiment and the organ of big business and the Protestant minority, admitted that in all the circumstances it was the only policy the Government could pursue. But there are, of course, many people in Ireland who, however much they may wish loyally to accept the Government's decision, cannot be neutral in thought. The great majority of these feel that our interests economic, political and spiritual are so indissolubly bound up with

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those of Great Britain and France that, if those Powers were to go down before the onslaught of Hitlerism, the future of Ireland and indeed of European civilisation itself would be dark indeed. Others, whilst hating Hitlerism and all its works and pomps, cannot forget the cynical dismemberment of Czechoslovakia in which Poland joined, and feel that the present war is only one more move in the game of power politics from which Ireland has everything to lose and nothing to gain. They cannot see why we should participate in this war any more than Belgium, Holland, Switzerland or the Scandinavian countries, all of whom represent the best kind of democratic community. Another point of view is held by people like Professor James Hogan, who holds the chair of History at University College, Cork, and is an authority on the Soviet régime. In a letter to the press, immediately after the commencement of the war, he said that the triumph of Germany and Russia would mean the end of Christian Europe and the inauguration of a world in which there would be no room for those values which redeem the life of man from the life of the beast. At the same time he can only, somewhat illogically, advise that whilst in no way countenancing Germany's conduct we should wait and see.

Another point of view was voiced by Cardinal MacRory, the Catholic Primate of Ireland, in a speech at Derry on October 1. He said that it was the duty of all sincere Christians to pray fervently that the conflict might be speedily ended and be followed by a just peace. There seemed, he said, to be more hope of a just peace now than if the war were fought to a finish; for then, whichever side won, it would probably be a victors' peace sowing the seeds of future wars. Moreover, no Christian could contemplate calmly the prospect of Christians slaughtering one another for three or four years and thus smoothing the way for the spread of Russian Communism. He hoped and prayed no section of Irishmen would do anything in the critical times

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before us to endanger the peace of this country and involve us perhaps in fratricidal strife.

There remains, of course, the irreconcilable minority whose hatred of England blinds them to all other considerations and who would, if they could, assist Germany. For the moment these people can only feed their animosity on German broadcasts. Mr. De Valera, speaking in the Dail on September 29, described the situation fairly accurately when he said that you could divide the people here into two large classes, namely, the great bulk of the population, who, whatever may be their individual views as to its merits, desire that this country should not be involved in the war, and those who feel so strongly about the issues at stake that they wish to involve us on one side or the other. If propaganda were allowed here, Mr. De Valera quite accurately foresees that each element in this latter section would seek to drag us into the conflict. For this reason the Government has enforced a press censorship which under present conditions is certainly essential. So far it has not been abused. Those who may be inclined to jibe at our neutrality would do well to remember the thousands of Irishmen serving with the British forces. For example, nearly one-fifth of those lost in H.M.S. *Courageous* bore Irish names.

In Northern Ireland the outbreak of war was followed by the inevitable sectarian disturbance. A territorial soldier was shot by terrorists in Belfast and others were assaulted. There followed by way of reprisal an attempt by workmen to victimise Catholics employed in certain industries but fortunately the employers refused to countenance such conduct. Lord Craigavon at once mobilised the Special Constabulary, an armed police reserve, to patrol the border and issued a stern warning to the I.R.A., 45 of whom were promptly arrested. War conditions have, however, had to take notice of the geographical unity of Ireland, for, whilst passports or travel permits are required between England

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and any Irish port, no such restriction exists on travel between Dublin and Belfast for the obvious reason that it would be almost impossible to close the land frontier between the North and South. Mr. De Valera's Government quickly followed the example of Lord Craigavon by arresting, on September 15, 93 persons suspected of activities "prejudicial to the security of the state". Of these 67 were permanently detained under the special powers given by the Offences Against the State Act, 1939, and 15 are awaiting trial. A commission had been set up in accordance with the Act to consider appeals against detention. The Civic Guard, or police force, has also been increased by the temporary recruitment of 400 men. Immediately following the outbreak of war two new Ministries were set up, one to deal with the co-ordination of defence, which as we have only one defence force seems rather absurd, and the other with supplies of essential commodities. These new positions were assigned respectively to Mr. Aiken, the Minister for Defence, and Mr. Lemass, the Minister for Industry and Commerce. There then ensued a Ministerial game of general post which lasted for some weeks and finally resulted in the appointment of Mr. Oscar Traynor as the new Minister for Defence, Mr. McEntee, former Minister for Finance, as Minister for Commerce, Mr. O'Kelly, former Minister for Local Government, as Minister for Finance, Mr. Rutledge, former Minister for Justice, as Minister for Local Government, and Mr. Boland as Minister for Justice. The reason for these complicated and protracted manœuvres is not quite clear. The old proverb about swapping horses when crossing a stream would seem to be particularly applicable, especially when some of the riders are poor performers. Criticism has been specially directed to the appointment of Mr. O'Kelly as Minister of Finance, as this gentleman has not distinguished himself as Minister for Local Government. Professor Tierney, Vice-Chairman of the Senate, during the debate in that House on

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October 4, went so far as to say that it was monstrous to expect that the financial problems which confronted us could be settled by Mr. O'Kelly. These changes have made clear the paucity of first-class men in the Government party. The obvious remedy would seem to be to call in the assistance of men of ability outside the Government party and even outside Parliament. A plea for a Government of National Union on these lines was put forward by Mr. Donal O'Sullivan, formerly Clerk to the Senate, in which he urged that such a Government was a necessity in this time of crisis and that it would command the maximum of co-operation. Mr. De Valera's reply to this suggestion, given during a speech in the Senate on October 4, was that there was something more important than experts in government and that was to get men with a full understanding of their people. A Government, he said, who knew each other's minds and had confidence in each other was much stronger than one whose members did not trust each other. The only real objection to such a National Government was voiced by that veteran Nationalist, Mr. Henry Harrison, when he pointed out that Mr. De Valera's Government is in effect a Government of the Centre and that to alter its personnel by adding members of Mr. Cosgrave's Right wing would destroy the present position of equilibrium and be cited as a justification for unconstitutional action by the militant Left. It might also easily lead to the disruption of Mr. De Valera's party.

III. RESULTS AND REACTIONS

ON September 8 it was announced that the Government as a precautionary measure had decided that it was necessary to call up the first line of the volunteer force, and that a recruiting campaign for the regular army would shortly be initiated. This notice, together with the changes in the Cabinet, led to various rumours. These were dealt

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with by Mr. De Valera when he said in the Dail on September 28 that there was no foundation for the rumour that the Government were contemplating the introduction of conscription or that there were party splits or Cabinet dissensions. On September 27 it was announced that, in view of the special problems arising out of the war situation in regard to their mutual economic and political relations, the Government of Ireland and the British Government had agreed that the existing system of communication between them should be supplemented by the appointment of a British representative. This step, long overdue, was advocated in these pages so long ago as December 1934.* Sir John Maffey, a retired Indian civil servant who was later Governor-General of the Sudan and Permanent Under-Secretary of State for the Colonies, has been appointed to this post. He arrived in Dublin a few days later and was cordially received by the Irish Government, who have provided suitable offices for the accommodation of himself and his staff. Up to the present Great Britain has only been represented in Dublin by a Trade Commissioner, Mr. G. Braddock, and, although his relations with the Irish Government and its departments have been of the most friendly and helpful character, it was essential that the wider issues which must now arise should be dealt with by a fully accredited British representative. Our peculiar position is best indicated by this title. The dominating fact that some 50 per cent. of our imports are drawn from Great Britain and some 90 per cent. of our exports are sent to that country makes it essential for agreement to be come to regarding both supply and prices. This will of course be facilitated by the fact that British buying is now organised and controlled. That there will be a strong and continuous demand for Irish agricultural produce in Great Britain is certain, for the short sea journey involved and the fact that Danish supplies may be seriously reduced will undoubtedly help the Irish

* See THE ROUND TABLE, No. 97, December 1934, p. 42.

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farmers. It would be well if those engaged in the negotiations on these matters did not forget that prices which do not properly remunerate the Irish farmers are not likely to yield results. At present they are much hampered by the difficulty in procuring sufficient maize and fertilisers. Without maize our pigs cannot be properly fattened and without fertilisers increased crops will be difficult to grow. In this matter of supplies the British economic war organisation can be of great assistance and no doubt will be. Compulsory tillage is to be enforced in future as to 12½ per cent. of all farms over 10 acres in area. It is believed that next year there will be enough beet to satisfy our entire sugar requirements and enough wheat to meet half the home demand. This year there has been fortunately a bumper harvest. It is quite clear that the conditions which existed in the last war when agricultural prices soared without restriction are not likely to be repeated. There must also be considerable dislocation in our industrial plants and it will be difficult, if not impossible, to avoid serious unemployment. It has indeed already begun in the building trade through lack of timber and other requirements, and many of our new industries are finding it difficult to obtain raw material. Drastic petrol restrictions which came into force on October 2 are bound to affect employment in the motor trade and the various motor-car assembly factories. We shall shortly realise that the doctrine of self-sufficiency, so strongly advocated by the present Government, is not so pleasant in practice as in precept.

In the Senate on October 4 Professor Joseph Johnston, one of our economic experts, raised the question of increasing agricultural production. He said they should approach the problem in a spirit of frank collaboration with Great Britain. If they did that with the declared intention of increasing their agricultural exports, they would make it easier for their neighbour to agree to the necessary imports for their industries. He thought the Government was

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somewhat bewildered and had not given a clear lead. They had maintained their food exports to Great Britain even when they were at war with that country in 1920-21, and they would have regarded it as a most unfriendly act if Great Britain had refused to take them. Great Britain was, he said, the national enemy only in a Pickwickian sense. The wise policy now was to use every effort to expand their agriculture and increase agricultural employment. He advocated especially an increase in the area under root and forage crops which could be used for the feeding of animals or human beings, and which would restore to the soil those elements of fertility which the growing of other crops, especially wheat, had taken from it. There should be an immediate increase of pigs, poultry and dairy cows and an expansion of agricultural labour by better wages and the stoppage of work on roads. Mr. De Valera, speaking at the conclusion of the debate, said the Government recognised their responsibilities and did not want to shrink from them, but no government could save the country from the results of the present world catastrophe. They were bound to suffer and could not maintain the same standards of life as before. What was important was to see that one section did not suffer more than another. Speaking at a meeting of the Vocational Organisation Commission* on the following day Mr. De Valera indicated that in his opinion the people should make as few demands as possible on the Government and do as much as possible for themselves. He expressed the view that the type of organisation which appealed to him was that of small communities, such as parish councils, which would be able to look after their own interests better than any organisation set up by the Government. He did not, unfortunately, explain how such councils were to be set up, or function, without state assistance and a further multiplication of officials. The doings of this Commission have in fact aroused much suspicion in trade union circles

* See THE ROUND TABLE, No. 115, June 1939, p. 196.

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where vocational organisation is associated, rightly or wrongly, with totalitarian and fascist methods. The Chairman, Dr. Brown, the Catholic Bishop of Galway, has just issued an interesting memorandum appealing for information and assistance from the labour organisations in which he is at pains to explain that the Commission are at least unanimous in their abhorrence of state domination in any form. They believe, he says, that democracy should be made real by giving those engaged in an industry a voice in deciding the questions that concern that industry, an aim which can only be achieved by some form of vocational organisation. He points out that the problem of modern times is to find a middle way between unrestrained competition and state control, and that social justice and economic efficiency can only be secured by giving representative democracy its place in economic life.

Our neutrality has raised many difficulties of a constitutional nature, some of which cannot be easily resolved. For instance, the position of Irish Minister in Berlin was vacant at the outbreak of war, and as the Minister designate, Dr. T. J. Kiernan, until recently Director of Broadcasting here, had not yet been appointed by the King, it is now impossible for him to obtain letters of credence, as His Majesty can hardly be expected also to remain neutral. For the moment therefore the Secretary of Legation in Berlin, Mr. Warnock, must continue to look after our important interests in that capital. Such is the lighter side of an "external association" which involves the status of a Dominion in London and that of a neutral in Berlin. Incidentally, although the German Minister remains in Dublin, the remainder of the German nationals here have returned to Germany.

The sinking of the *Athenia* off our north-west coast and the arrival of some hundreds of survivors in Galway brought us quickly face to face with the grim realities of modern war. A branch of the International Red Cross Society has now been established here to deal with such eventualities. Some

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neutral ships bound for Irish ports, although stopped by German submarines, have been allowed to proceed without hindrance on proving their destination. Several crews from torpedoed ships have been landed on our south-west coast and on one occasion a German submarine entered Ventry Harbour, near Dingle, County Kerry, for that purpose. One of our difficulties is that we have no naval force capable of effectively policing our territorial waters and, if the submarine campaign is not kept under control by the British Navy, this may eventually raise serious questions. The position of ships registered in Ireland and flying the national flag is also peculiar. As we have never repealed the relative sections of the Merchant Shipping Act, 1894, our ships under municipal law should fly the British red ensign. Moreover, as the Irish tricolour, so far as can be ascertained, has never been registered internationally, it is not to be found in any code book. It would therefore seem to have no valid existence in international law, although it has recently become the custom to fly it on ships registered in Ireland. One such ship, an oil tanker, the S.S. *Inverliffey*, flying the Irish flag, was sunk by a German submarine on September 11, but she was bound for a British port and her registration had been changed to British while she was at sea. The German submarine commander, although his attention was directed to it, refused to recognise the Irish flag. Cross-channel sailings have also been held up because the crews of some steamers refused to sail under the Irish flag unless the interests of their dependants were safeguarded. Although not yet directly threatened by air attack we have carried out voluntarily a partial "black out" for strategic reasons, and definite regulations on this subject are to be shortly enforced. Such are the difficulties and dilemmas of neutrality and they are not likely to diminish.

Ireland,

November 1939.

INDIA AND THE WAR

I. NEW POLITICAL PROBLEMS

THE outbreak of war in Europe has introduced new problems into the political situation in India. The country is profoundly affected by the European conflict, and no domain within the British Commonwealth faces more difficult questions than those which have presented themselves in India since September 3. At the outset it must be clearly and emphatically recorded that India sides with Great Britain and France, agrees with the basic principles which induced the two democracies to accept Herr Hitler's challenge, and desires the elimination of Hitlerism. Although the Congress party seeks a new political and constitutional basis as an accompaniment to collaboration, the party is nevertheless anxious to play its part in the struggle against aggression. The Princes and the Moslems have definitely shown that their interests lie in securing an Allied victory; but their views are no stronger than those of Congress men, whose political past has made it difficult for them to offer automatic co-operation. Representing the nationalist movement, its leaders have declared their hostility to Nazism and Fascism, but they also have grudges against imperialism, even of the British kind, although the admission is candidly made that British imperialism, with whatever faults it may be endowed, is something much less sinister than the imperialisms which are stalking the continent of Europe.

The war found India in a curious constitutional position. The Government of India Act, 1935, which was designed to establish a federation between British India and the Indian States, had been partly implemented in 1937 by the intro-

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duction of provincial autonomy in British India. Under provincial autonomy the Congress had secured power in eight of the eleven Provinces. But by September 3, 1939, negotiations with the Princes to bring about federation had not been completed and, while consequential changes had been effected in the Central Government by reason of provincial autonomy, the system of administration at the centre remained, to all intents and purposes, the same as that which had been established under the Act of 1919. The result is that, while the Provinces of British India have secured what virtually is responsible government, central authority still vests in British hands, amenable only to a semi-responsible legislature in which the Princes have no voice. This constitutional position has created awkward problems, particularly affecting relations between the Congress and the British authorities. While anxious to play a part in the war against Hitlerism, the party leaders nevertheless felt themselves to be in an invidious position in allying themselves with the imperialism they had always condemned. These leaders realised that their country had been committed to war with Germany not with the sanction of the Indian people but by reason of the country's dependence upon Great Britain.

Shortly after war broke out it looked as if Mr. Gandhi would lead Congress into a position that would give unconditional support to Great Britain. After an interview with the Viceroy, Lord Linlithgow, Mr. Gandhi declared that his own sympathies were with England and France, purely from the humanitarian angle, and he said that he could not contemplate without being stirred to the depths the destruction of London, which had hitherto been regarded as impregnable. He said that while talking to the Viceroy he had broken down when he considered the possible destruction of Westminster Abbey or the Houses of Parliament. He admitted that his non-violent philosophy seemed almost impotent, and yet he had had faith enough

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its efficacy to make a personal appeal to Herr Hitler in which he wrote :

It is quite clear that you are to-day the one person in the world who can prevent a war which may reduce humanity to the savage state. Must you pay that price for an object, however worthy it may appear to you to be? Will you listen to the appeal of one who has deliberately shunned the method of war not without considerable success?

That was before war broke out, and, in continuing his comment after his interview with the Viceroy, Mr. Gandhi said he had no thought for the present on the question of India's political deliverance. "It will come," he said, "but what will it be worth if England and France fall, or if they come out victorious over Germany ruined and humbled?" Thus, while clearly indicating in which direction his own sentiments lay, Mr. Gandhi nevertheless pointed out to the Viceroy that he carried no mandate to speak for Congress; but he remarked in his public statement that it was in the midst of a catastrophe without parallel that Congress men and all other responsible Indian leaders, individually and collectively, had to decide what part India was to play in the European drama.

II. THE OFFICIAL CONGRESS ATTITUDE

MR. GANDHI'S reference to those holding collective responsibility for the future was obviously directed to the Congress Working Committee, which was due to meet at Wardha to outline an official war policy. It was thought by many that Mr. Gandhi's statement, with its implicit offer of unconditional support, would result in the Working Committee making a similar gesture, although political observers admitted that the Committee would find this extremely difficult in view of the past history of Congress. For years the organisation has been denouncing British imperialism, and the Act of 1935, notwithstanding

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the extent of its devolution of power to Indian hands, has never been regarded by Congress men as a genuine surrender of imperial power. Political activities were in full swing against the introduction of federation when war broke out, and it was not easy for the Working Committee to forget overnight the campaign it had been waging for twenty years. Nor were the Princes and Moslems enamoured of the federal scheme, although their opposition was directed against the Congress rather than the British. The Princes hesitated to associate themselves with a constitution in which popular elements would have an important say; the Moslems strongly opposed federation on the ground that their community would be subjected to a Hindu domination. This general opposition to federation had created dissensions in India, and it became obvious that India's war effort would be seriously handicapped if the controversy were pursued in war time. Thus the Viceroy, addressing the Central Legislature on September 11, announced that the compulsion of the international situation had prompted His Majesty's Government to "hold in suspense the work in connection with preparations for federation, while retaining federation as our objective".

The removal of this domestic controversy enabled the Working Committee to concentrate its attention on the party's war policy. Like Mr. Gandhi, the Committee in a manifesto showed itself strongly against the ideology and practice of totalitarian systems, with "their glorification of war and violence and the suppression of the human spirit". But, unlike Mr. Gandhi, the Committee asked for assurances regarding the future trend of British imperialism. Objection was taken to the fact that India had been declared a belligerent country and that emergency war measures had been introduced without the consent of the Indian people. The claim was made that the issue of war and peace should be determined by Indians themselves and not by an external authority, such as the British Power was claimed to be. The

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Committee, therefore, sought a clear declaration about the future which would pledge the British Government to the ending of all imperialisms alike, adding that "the real test of any declaration would be its application in the present". In effect, the manifesto put Nazism, Fascism and British imperialism in one class, and contended that if the war was to defend the *status quo* of imperialist possessions, colonies, vested interests and privileges, India would have nothing to do with it. On the other hand, the Committee expressed the deepest sympathy with the peoples of Abyssinia, Spain, China and Poland, and said the horror of violence in Europe must be checked, although it would not end until the root causes of all imperialism were removed. To that end the Working Committee was prepared to give collaboration.

Although some sections of the nationalist press had strongly supported Mr. Gandhi's attitude, it quickly became clear that the Congress press inclined to the policy which the Working Committee had outlined. The new position was succinctly stated by the *Hindu*, the Madras newspaper, which said that the Committee's manifesto disclosed

a conflict between sympathy with the immediate and professed objective of Great Britain and suspicion of British intentions, which Britain's record as an imperial power and, in particular, her attitude towards Indian aspirations have inevitably implanted in the minds of the Indian people.

The demand became strong that His Majesty's Government, through the Viceroy, should give an assurance as to India's post-war status. It was generally understood that Pandit Jawaharlal Nehru was mainly responsible for the manifesto, particularly as he had been the guiding spirit in Congress circles on all international issues, and it was also recognised that the manifesto marked an attempt to maintain the unity of Congress by appeasing those Left wing elements, under the leadership of Mr. Subas Chandra Bose, who have lately advocated a definite break with Great Britain. But the manifesto placed the British authorities in

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a difficult position. While it was recognised that the past record of Congress made it awkward for its leaders to offer unconditional war support, there were also practical difficulties in defining Great Britain's war aims, and more particularly in defining them in relation to India's political future. Among the perplexing points raised by the manifesto was an indication that the Congress leaders expected the immediate application in India, so far as was possible, of whatever policy Great Britain contemplated. This proposal raised in acute form the very difficulties to which the establishment of federation has been mainly due—communal discord and distrust between British India and Indian India.

III. THE MOSLEM ATTITUDE

THE existing disunity became apparent when the Working Committee of the All-India Moslem League met in Delhi to define its attitude towards the war. Mr. M. A. Jinnah, President of the League, had seen the Viceroy, who kept himself apprised of political opinion in the country by seeing various leaders of political groups. The resolution adopted by the League clearly showed the suspicion felt by Moslems towards the growing power and prestige of the Congress. While the League stood for the freedom of India, it asked an assurance from His Majesty's Government that no declaration regarding constitutional advance for India should be made without the consent and approval of the League, and that no constitution should be framed and approved without that consent. This was a direct challenge to the Congress demand for a declaration from the British authorities. Moreover, the resolution showed the anxiety felt by Moslems as to their future under the 1935 Act. They were pleased that the work of preparing for federation had been suspended, and would have been still better pleased had the whole project been entirely

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abandoned. Harking back to an earlier declaration, the League deplored the British effort to bring about federation, believing it to be an attempt to force the Moslems against their will into a constitution which "permitted a permanent hostile communal majority to trample upon Moslem religious, political, social and economic rights". The League condemned the rape of Poland, expressed sympathy with Great Britain and France, but contended that real and solid Moslem co-operation could not be secured successfully if the British authorities were unable to obtain justice and fair play for Moslems in the Congress-governed Provinces. The Moslems have asserted that under provincial autonomy their "liberty, persons, property and honour are in danger, and even their elementary rights are trampled upon". The League urged the British to use their special powers to secure better treatment for Moslems under Congress rule.

The Moslem attitude was roundly condemned in the nationalist press, chiefly because the League had proved that Congress does not speak for the whole of India, a claim that is constantly made by Congress leaders. The Princes also contest the claim, as do the Liberals and the Hindu Mahasabha (orthodox Hindu body). The forward bloc within the Congress organisation also issued a number of resolutions which did not tally with the Congress manifesto in several particulars, and went so far as to deplore the war preparations which the Central Government had taken and the action of the Provincial Governments in implementing ordinances which had been imposed to meet the war emergency. The conflicting policies of all these various groups greatly detracted from the Congress claim to speak for the country, and minority elements became suspicious lest some "deal" should be made with the Congress with a view to ensuring the party's collaboration in war. Some moderating influences were exerted, chiefly from Allahabad, where the Liberal newspaper, the *Leader*, was

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making pleas for unconditional support of Great Britain. Sir Tej Bahadur Sapru, the veteran Liberal statesman, contended that any question of controversy with the British regarding the future of India must stand over until the common peril was past. He held that self-interest alone demanded that everything possible should be done by unreserved co-operation with the British. Sir Tej believed it would be disastrous if India were to offer help conditionally, and the emergency was no occasion for a mere theoretical fight on the basis of ideological differences. Several newspapers supported these views, and they also agreed with the suggestion which Sir Tej made for the creation of a provisional federal government, a scheme that was being propounded with enthusiasm by the *Statesman* of Calcutta and Delhi.

IV. THE VICEROY'S DIFFICULTIES

INDIANS instinctively looked to Lord Linlithgow for a solution of the problem posed by the Congress leaders. After his declaration showing that unconditional support was his own policy, Mr. Gandhi nevertheless felt bound to accept the ruling of the Working Committee, and he quickly became the chief spokesman on behalf of the Congress demand for a British declaration. He stressed the need for an assurance from Great Britain that all the dependencies under the Crown should be granted the fullest political freedom, and saw no difficulty in giving immediate practical effect in India to such a declaration which in his opinion would imply war collaboration on terms of equality between Indians and British. He believed the practical machinery for such collaboration could be based on the existing Central Legislature. Thus Mr. Gandhi became the prime protagonist of the Congress case, and the view was widely held that in association with the Viceroy he could bring the issue to a conclusion that would satisfy Indian opinion. Meanwhile,

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Pandit Nehru rose to new heights in the Congress. As the party's expert on international affairs, it was thought fitting that he should become chairman of a war committee which Congress created, and, as it was generally known that the Congress manifesto had been prepared by him, it became obvious that he had secured a fresh hold on the Congress policy for the future. Prior to the outbreak of war the Viceroy had consulted Indian opinion about the despatch of Indian troops overseas, and when war broke out, he continued these consultations with political leaders. Pandit Nehru was among the leaders invited to Delhi.

Emergency ordinances had been promulgated by the Central Government in the interests of internal security and for the effective prosecution of the war, and it was hoped there would be no difficulty in regard to the implementing of these war measures by the Congress Ministries in the Provinces. Hints had been thrown out in some newspapers that these Ministries might vacate office rather than be subjected to a central authority which had no popular sanction, but during the early stages of controversy about a British declaration of war aims there was no indication that the Ministries were intending to resign. The issue would clearly depend on the outcome of the controversy which has been described above. On the one hand, all India was opposed to Hitlerism; and recent events in the Far East and in Europe had convinced nearly all except a handful of extremists that her association with Great Britain was a protection which India cannot afford to lose at this stage of her constitutional evolution. On the other hand, leading Congress men were unwilling to offer whole-hearted service to a cause which meant freedom for others if it did not imply greater political freedom for themselves.

The press offered various suggestions for ending the controversy. Chief among them was the need for a declaration which would indicate what India might expect in the way of constitutional advance after the war. Dominion

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status was urged by some, independence in the sense of separation from the British Commonwealth by others. But most writers, including Pandit Nehru, asked simply for "freedom". Some newspapers, including British-owned ones, recommended the formation of some kind of coalition government at the centre, which would collaborate with the British in winning the war, and form the nucleus of a federation when the war ended. This scheme found general favour among Indians. But underlying all the proposals was a plea for political unity and a solution that would enable India, and particularly the Congress, to contribute its services to the British war effort. Moderate opinion was behind Mr. Gandhi in offering unconditional support. Some commentators, such as the *Hindu*, maintained that "the triumph of right and justice in this war will be a victory for India's self-government, though that may not be the direct issue". The *Hindu* went farther. It held that there could be no question of Congress Governments in the Provinces having to do anything repugnant to their own wishes or principles in carrying out agency functions on behalf of the Central Government. This implied that there was unwillingness among some Congress elements to bring about the resignation of Congress Governments.

Lord Linlithgow moved with caution. It was recognised that the Congress demand raised important constitutional issues; it was also appreciated that the attitude of the Moslems and other minorities made it difficult for the Viceroy to meet the Congress demand; it was felt that the Princes would have to be considered in any declaration that His Majesty's Government might make. The simple case for a declaration which the Congress made out was complicated by demands from other groups, which were often contradictory and frequently mutually destructive. Lord Zetland made a statement in the House of Lords which indicated that the Congress demand was inopportune, a view that was generally regarded as unfortunate. But the statement

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clearly hinted at the practical difficulties which lay in the way of meeting the Congress request. Some sections of the nationalist press gave the impression that the Congress demand was not so altruistic as it appeared to be, and plainly was intended to secure *now* a binding pledge of future policy towards India. Yet to meet the Congress case by promising something that exceeded the Act of 1935 was bound to excite the implacable hostility of the Moslems, with all the repercussions such hostility would have upon recruitment and war effort in the martial areas of the Punjab. The Moslems have shown with emphasis that the existing plan of federation is too liberal from their standpoint, and that an alternative constitution showing greater liberality would be even more objectionable to them. Moreover, the hesitancy shown by the Princes to enter federation was largely traceable to their dislike of a close political association with the Congress, whose members have shown more enthusiasm than tact in urging constitutional reforms in the States. Lord Zetland's statement in the Lords obviously had these difficulties in mind; the same difficulties were facing Lord Linlithgow.

V. SEEKING A SOLUTION

THE Viceroy invited fifty-two political and community leaders to meet him in Delhi to discuss the problems raised by his Congress demand. Among those invited were Mr. Gandhi, Pandit Nehru, Babu Rajendra Prasad, President of Congress, and Mr. Jinnah; there were also representatives of the Liberals, the Scheduled Castes, and the Hindu Mahasabha. The spirit of consultation had *never* before been so prominent in Indo-British relations and there was subdued optimism that some agreement would be reached that would enable the Congress to ally itself with the British authorities in the prosecution of the war. In due course the Viceroy issued a statement, but it was received

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with keen disappointment in India. Nevertheless the statement contained some specific declarations which undoubtedly advanced the controversy to a stage where solution was possible. The Viceroy clearly emphasized that Dominion status remained the constitutional goal; he announced his intention to create a Consultative Group at the Centre for the purpose of associating Indian opinion with the prosecution of the war; and he made an authoritative declaration on behalf of His Majesty's Government that at the end of the war the British authorities would willingly enter into consultation with Indians to secure modifications of the federal scheme in the light of Indian views. Underlying the statement was an indication of the difficulties the Viceroy had been facing in his interviews with political and community leaders. It suggested that rival views were held by opposing elements, not only regarding the Congress demand for a declaration of British war aims but also in regard to the future of the Indian constitution.

The Nationalist press contended that the Viceroy's declaration fell far short of meeting the Congress case, particularly in respect of the Congress demand for independence, for which the Viceroy's reiteration of the existing constitutional policy was considered to be an insufficient substitute. While British-owned newspapers welcomed the decision to modify the Government of India Act after the war, the Congress press emphasized the difficulties of securing unanimous agreement among Indians and claimed that Congress represented a sufficiently overwhelming body of opinion to justify a greater consideration for its views. The proposal to establish a Consultative Group to associate Indian opinion with the conduct of the war was regarded as *no logical solution* for a constitutional position which linked responsible Provincial Governments with a Central irresponsible administration. The Congress disappointment took a practical form and the Working Committee ordered the resignations of the eight Congress Ministries in the Provinces.

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Statements issued by Mr. Gandhi and others showed that the Congress leaders were greatly irritated with the turn events were taking, and the belief emerged that the Viceroy in seeing so many communal representatives had added to the difficulties of a solution. The debate in the House of Commons did little to appease Indian opinion, although prescient political commentators believed that the Congress case could have been met within the terms of Sir Samuel Hoare's speech. In that speech Sir Samuel pointed to the communal differences as a hindrance to constitutional progress, but he also emphasized the need for agreement among the communities and pledged British collaboration in securing it. The Nationalist press asserted that the speech contained no specific assurance to the effect that India would secure political equality with the Dominions after the war. It was claimed that constitutional advance by gradual stages was no longer acceptable to Indian opinion, and the demand was repeated that responsible government should be conceded in full to India after the war and the right given to Indians to prepare the kind of constitution they wanted.

The Viceroy's declaration and the debate in the Commons did, however, strengthen the belief in India that a settlement of the communal question is a prerequisite to political progress; and the opinion developed that Indians themselves should find a solution for the problems which keep the communities apart. While there is still a tendency to blame the British authorities for the existence of communalism, it is now generally admitted that communalism exists in acute form. But the Nationalist press sees no reason why this should prevent the British Government from giving a declaration that India will secure independence after the war. The basic cause of the controversy lies in the contrasting approaches which are made by the British and the Congress towards the independence issue. The British assert that Indians should compose their internal differences and produce the conditions which make Dominion status inevitable;

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the Congress ask for a declaration of independence for India which will leave Indians to settle their domestic differences by themselves. Congress spokesmen and others believe that the British might well give this assurance, as it implies that the onus for finding the requisite agreement will rest with Indians.

This simplification of the main problem does not, however, wholly remove the difficulties which face the Viceroy. The Moslem suspicion of Hindu domination at the Centre is now so strong that Moslem leaders have even become suspicious of the democratic principle as the basis of Indian government. The Moslems were particularly pleased when the Viceroy announced that work on the federal project had been suspended, and they would be even better pleased if it could be stated that Federation had been given up entirely. There is, indeed, a tendency for Moslems to exercise a right to veto any constitution that may be devised. While Congress still aims at a unified India, which will associate British India with the Indian States, the Moslems are moving more and more towards separatism and the creation of a Moslem Ulster in the country as a means of protecting Moslem interests and culture. It is clear that the Congress will have to do something to meet the Moslem case, otherwise the vision of a unified India will evaporate.

In spite of the new difficulties created by the resignation of the Congress Ministries the Viceroy continued to seek a settlement and he invited Mr. Gandhi and Dr. Prasad, as representing the Congress, and Mr. Jinnah, representative of the Moslem League, to meet him in a joint Conference. A white paper issued later disclosed that the Viceroy invited the representatives of the two parties to come to some agreement regarding Provincial communal problems, as a preliminary to further discussions which were intended to explore the possibility of expanding the Viceroy's Council to include political representatives. The ensuing conversations between the party leaders failed to find an agreement,

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chiefly because the Congress leaders regarded a declaration of British intentions towards India as an essential preliminary to any subsidiary discussions. What the party leaders actually discussed is not known, but the Viceroy in his statement on the situation indicated that "there remains to-day entire disagreement between representatives of major parties on fundamental issues". The Congress leaders apparently regarded the controversy as a political and not a communal one, although actually the two issues are interwoven and can scarcely be separated. In a broadcast speech the Viceroy emphasized his intention to continue to try to find a solution, and his determination to do so reflects general opinion in India. Even in the Congress press emphasis is laid on the need to come to some amicable arrangement, although the party leaders appear to be unwilling to compromise until they have secured a declaration from the British Government that India will attain her independence at the end of the war and be endowed with the authority to frame a constitution for the country through the agency of a Constituent Assembly.

India,
October 1939.

GREAT BRITAIN

I. THE WAR BEGINS

SO critical had the international situation become in the latter half of August that even the many inhabitants of Great Britain on holiday realised that the odds on war were rapidly shortening. It is probably true to say that, while in September 1938 there was a large section of opinion which still believed that peace could be preserved, in August of this year after the non-aggression pact between Germany and Russia had been signed, 99 per cent. of the population prepared for the worst.

Fortunately, this time they were able to do so in the knowledge that the foundations of preparedness had already been laid. The full mobilisation of the Navy, ordered on August 31, merely rounded off a measure which had begun over a month previously when a large part of the Reserve Fleet had been called out. And the Proclamation of the following day mobilised an Army which, including the Reserves, the Territorials and the Militia, had virtually been doubled in the course of the year, and an Air Force which only four weeks earlier had had a full-dress rehearsal. The most conspicuous weakness of September 1938 had also been remedied, and Britain's fourth and youngest service, that of Civil Defence, was standing by. On the day of general mobilisation all A.R.P. personnel were called up; and by instructions to local authorities and to local A.R.P. controllers to set up their emergency committees and to requisition buildings for shelters and first-aid posts, the whole machinery of Civil Defence was put into operation.

At the same time as the mobilisation of the services was proceeding, the evacuation of the schoolchildren and other

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priority classes from London and other vulnerable areas was taking place. Here it was a question of putting into force plans which had been hastily conceived in September, 1938, and slowly brought to maturity in the ensuing months. When the evacuation order was given for September 1, school-teachers and helpers had already been standing by for nearly a week; and the task of transferring the school-children and other priority classes was carried out without a hitch. The chief disappointment was the comparatively small number who availed themselves of the opportunity to leave the vulnerable areas. The plan had been intended to cover about 3,000,000 people, of whom about 1,500,000 were schoolchildren. The actual number evacuated was only about 1,400,000, of whom 750,000 were schoolchildren, 542,000 mothers and young children, 12,000 expectant mothers and 77,000 others.

By the time of Mr. Chamberlain's historic broadcast pronouncement that war had been declared, the country was, therefore, already on a war footing. To the ordinary individual this was most apparent in the evacuation scheme, in the black-out regulations which came into force on September 1, in the restriction of home broadcasting to a single service, and in the prohibition of all entertainments, football and cricket matches, and other public gatherings. What he did not immediately realise, in the first shock of war, was that these were only a few outward symptoms of a complete reorganisation of national life and the setting up of a vast machinery of state.

II. THE MEN IN CHARGE

THOSE responsible for putting the new machinery into action were virtually the same men who had directed the Government for the last few years of peace. But in announcing the formation of his War Cabinet of nine on September 3, the Prime Minister revealed that he had not

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been entirely deaf to the calls for new blood in the Government. The appointment of Mr. Churchill to the office he held at the outbreak of the Great War—First Lord of the Admiralty—was almost a foregone conclusion. So, too, was the return of Mr. Eden, who, though outside the War Cabinet, as Dominions Secretary was to have special access to it. But the news that Lord Hankey was to have a place in the War Cabinet as Minister without Portfolio was unexpected; though welcome and significant in that he brought the vast experience accumulated as Secretary of the Committee of Imperial Defence from 1912 to 1938 and Secretary of the War Cabinet and later of the Imperial War Cabinet in the last war. Members of the new War Cabinet who retained their old offices were Sir John Simon, Lord Halifax, Lord Chatfield, Mr. Hore-Belisha and Sir Kingsley Wood. Sir Samuel Hoare, who succeeded Sir John Anderson as Lord Privy Seal, made up the ninth member.

Outside the War Cabinet there were more Ministerial changes. Sir John Anderson became the Home Secretary and Minister of Home Security, thus continuing under another title his old charge of organising A.R.P. Lord Stanhope moved from the Admiralty to be Lord President of the Council in succession to Lord Runciman. Sir Thomas Inskip became the new Lord Chancellor. New offices were filled sometimes by existing Ministers and sometimes by new recruits. Thus, Mr. Morrison became Minister of Food as well as retaining his old office of Chancellor of the Duchy of Lancaster; and Mr. Ernest Brown tacked on the title of Minister of National Service to his title of Minister of Labour. A former Cabinet Minister, Sir John Gilmour, was brought back when the Ministry of Shipping was set up in October. But newcomers were appointed to the biggest of the new Ministries, Lord Macmillan becoming Minister of Information and Mr. Ronald Cross Minister of Economic Warfare. Close consultation with the Empire has been maintained by the arrival in London of representatives

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of the Dominions and India and by the unprecedented appointment of Sir John Maffey to be the representative of the Government of the United Kingdom in Fife.

An obvious gap in the constitution of the new Government is the absence of any members of the Opposition parties. At a joint meeting of the Executives of the Labour party and the Parliamentary Labour party, the Prime Minister's invitation to the Opposition leaders to join the Government was considered and declined. Sir Archibald Sinclair and his fellow Liberals refused a similar invitation. But in taking this step the Opposition parties emphasised that they intended to support the Government wholeheartedly in the prosecution of the war, and party contests at by-elections have been suspended. Both parties felt, however, that the preservation of an active and vigilant Parliamentary Opposition was of more use towards a successful conduct of the war than the mere emphasis of national solidarity, which already existed so demonstrably that to endorse it by joining the Government would have been superfluous, especially, as the Liberal leader pointed out, since the invitation did not include a place in the War Cabinet. Further evidence of the willingness to sink political differences was provided by the Trades Union Congress which on September 4 declared its approval of the Government's policy. It also revealed that contact between the General Council of the Trades Union Congress and the Government was being established. This has since been confirmed by the announcement that a national advisory council, composed half of employers and half of trade union leaders, had been appointed to the Ministry of Labour, and that similar advisory councils of trade union leaders were attached to the Ministry of Supply and the Ministry of Food.

III. THE WAR EFFORT

CONTACT between the trade unions and the Government is particularly important in view of the tremen-

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dous task of ensuring that the country's man-power is fully utilised. The National Service (Armed Forces) Act, which was passed on the day war was declared, makes all able-bodied men, aged 18 to 40 inclusive, liable for service in the armed forces of the Crown. But it has long been recognized that the industrial no less than the fighting front must be adequately manned. The Schedule of Reserved Occupations gives a list of trades and professions which can least easily spare men; and the Control of Employment Act is designed to ensure that vital industries are not held up for lack of labour supplies. Wide powers were originally given by it to the Minister of Labour to control by Order all engagement of employees. These powers were modified after discussion with representatives of the employers and the trade unions; and the Bill as finally passed contains safeguards against transferring a workman against his will, and permission to an employer to engage a workman may not be refused unless alternative employment is offered. A clause, too, provides for the continuance of the regulation of entries into particular employment by the trade unions and the employers. This underlines the fact that the Bill does not introduce dilution of labour. But though that has not yet come, a small but significant start was made as early as August 31 when an agreement was reached between the Engineering and Allied Employers' National Federation and the Amalgamated Engineering Union for the utilisation in the engineering industry of semi-skilled labour "where it can be shown that skilled men are not available and production is prejudiced".

If the Ministry of Labour has power to ensure the best utilisation of industrial man-power, the Ministry of Supply has power over the output of munitions and the control of raw materials. By the end of the first two months of war the Ministry had spent about £110,000,000 in new commitments; and 10,000 factories were engaged on direct orders alone. The Ministry has the power to compel industrialists

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to give priority to government orders; it can restrict non-essential industries. With the help of its controls that have been established for a host of important raw materials, including iron and steel, non-ferrous metals and wool, it can ensure that competition for the materials of war is eliminated; it fixes maximum prices; and, in sum, has the power to mobilise the whole industrial resources of the country for one end.

In the meantime, on the fighting front recruitment for the services has been in strong contrast to the situation in 1914 when there was an immediate rush to enlist. The expansion of the Army before the outbreak of war, and the introduction of conscription, had already provided the country with an army of nearly one million men. It is clearly useless recruiting more men than can be trained, clothed and equipped; and since war broke out only one Proclamation calling up men under the National Service (Armed Forces) Act has been made. Men who on October 1 had reached the age of 20 but not 22 have had to register, but the quarter of a million affected by this Proclamation will not actually be called up for training until the men, who still remain to be called up out of the quarter of a million registered in June under the Militia Training Act, have been absorbed.

The existence of conscription, and the size of the Army, have naturally restricted the amount of voluntary enlistment. Nevertheless, the announcement by the War Office on October 27 that voluntary enlistment to certain regiments of the line was to be opened for men between the ages of 22 and 35, and that men between 35 and 50 could join a new corps—the Auxiliary Military Pioneer Corps—which would help in maintaining supplies to the forces, met with a quick and eager response.

What is this effort to cost? At the outset of war Parliament voted a credit of £500,000,000. Adding this to the pre-war estimates of expenditure on the four services gives

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an expenditure for war purposes this year of £1,249,000,000 out of a total expenditure of £1,933,000,000. To meet this expenditure, revenue on the pre-war estimates was to bring in £942,000,000; but Sir John Simon, in introducing his war budget on September 27, said that the effect of the war would be to reduce the estimates by £54,000,000. The standard rate of income tax was therefore to be raised to 7s. in the £ for 1939-40 and to 7s. 6d. for 1940-41; the rate charged on the first £135 of taxable income was raised this year from 1s. 8d. to 2s. 4d.; and next year the allowances are to be reduced. The rates of surtax and estate duty were also increased, the total increases in direct taxation being estimated to yield an additional £76,500,000.

Heavy additions were also made to indirect taxation, the Chancellor sticking to the old favourites of alcohol, tobacco and sugar. The only new tax introduced was an Excess Profits Tax which, unlike its predecessor, the Armaments Profits Duty, applies to all firms. It is to be levied at the rate of 60 per cent. on all profits above a pre-war base year. The net effect of these taxes, drastic as they seemed, was to raise the revenue estimates by only £107,000,000 to £995,000,000, leaving £938,000,000 to be met by borrowing.

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SO great is the war effort to be made that it has called forth intervention by the State in almost every aspect of national life. On August 24 the Emergency Powers (Defence) Act, which enabled the Government to impose regulations for the defence of the realm by Orders-in-Council, was passed almost without comment and certainly without opposition. Nearly a week before war broke out ninety-six regulations were issued under the Act, dealing with the control of information, the control of communications, shipping and transport, the right of evacuating areas and billeting. Within a few days thirty-two similar regula-

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tions were issued; and Orders under the regulations had begun to appear. In addition to the wide powers possessed by the Government under this Act, further powers were given by a whole series of new statutes, Act following upon Act in such quick succession that sixteen became law on one night alone.

For the most part the new legislation concentrated the Government's hold upon the resources of the nation. For instance, the Currency (Defence) Act authorises the use of the Exchange Equalisation Account for war purposes; the Trading with the Enemy Act gives statutory force to the common law prohibition of trading with the enemy; the Ships and Aircraft (Transfer Prohibition) Act makes the transfer or mortgage of ships and aircraft subject to licence; the Import, Export and Customs Powers (Defence) Act places the country's foreign trade in the hands of the Board of Trade. The resources of man-power are affected by the National Service (Armed Forces) Act and the Control of Employment Act which have already been mentioned, and also by the National Registration Act, under which a census was taken on September 29 of every individual in the nation.

The whole organisation of the City of London was changed by the Defence (Finance) Regulations issued under the Defence (Emergency Powers) Act. These again aimed at the mobilisation of resources, and their most important provisions were those which transferred private holdings of gold and assets in certain foreign currencies—United States and Canadian dollars, French and Swiss francs, Swedish and Norwegian crowns, belgas, guilders and pesos—to the Government; holders of securities in these currencies had to declare them so that they may be mobilised when the need arises. For these currencies the Bank of England fixes official buying and selling rates; and dealings in all foreign currencies are ultimately centred in the Bank. The purchase of any foreign currency is subject to official permission, but the reasonable requests of importers are complied with.

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Like the old foreign exchange market, the gold market has disappeared. The price of gold is now fixed by the Bank of England (the price has been 168s. a fine ounce since the outbreak of war), and the only business done has been the sales of gold to the Bank from Continental hoards. The silver market escaped the bureaucratic axe for the first few weeks, but a Board of Trade Order made on October 26 prohibited the import of silver except under licence and condemned the silver market, like the gold market, to oblivion except for commercial purposes.

The Bank of England itself was not immune from the financial mobilisation. The whole of the gold in the Issue Department, except for an odd £100,000, was transferred to the Exchange Equalisation Account on September 6, and the fiduciary issue was consequently raised from £300,000,000 to £580,000,000. It says much for the confidence felt in the monetary system that this transfer could take place at a time when the note circulation was reaching a record level. The same Bank Return that revealed that the gold in the Issue Department had been transferred showed that the note circulation had reached nearly £550,000,000. The peak came a week later at £553,500,000; and in addition postal orders had been legal tender from the outbreak of war. Bank rate, which had been unchanged for more than seven years, had been raised from 2 to 4 per cent. on August 24.

On the Stock Exchange business had for so long been restricted by near-war conditions that from the point of view of activity the outbreak of war made little difference; and as early as August 23 official minimum prices had been fixed for gilt-edged securities. In strong contrast to 1914, however, the market was only closed for four working days, two of which were due to the curtailment of transport during the evacuation period. But when it reopened it was on the basis of cash bargains only; and the capital market is now under complete control, Treasury consent being required for virtually every capital issue.

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Another batch of laws aimed at softening the impact of the war on civilian life and property. The Personal Injuries (Emergency Provisions) Act provides for compensation in the event of death or injuries to civilians from air-raids or other military operations; by the Unemployment Assistance (Emergency Powers) Act allowances can be made to persons outside the scope of the Unemployment Assistance Act who are in distress by reason of the war; the Courts (Emergency Powers) Act prevents a person, without the leave of the Court, from proceeding to execution on any judgment or order of a Court for the payment or recovery of a sum of money. The Compensation (Defence) Act provides, inadequately it is true, for compensation in respect of taking possession of land and the requisitioning of vessels, vehicles, aircraft and other goods. The Rent and Mortgage Interest Restrictions Act provides that there shall be no further de-control of houses and extends the same form of control to all houses with a rateable value of up to £100 in the Metropolitan Police District, £75 elsewhere in England and Wales and £90 in Scotland.

So many and so sweeping have been the new regulations and legislation put into operation that it is hardly surprising that a new bureaucracy has arisen to implement them. In some cases, as in finance, the new powers are placed in the hands of existing Departments. In other cases, Departments in their infancy have grown to full size in a night. The Food (Defence Plans) Department of the Board of Trade, for instance, which had existed since 1936, blossomed into the Ministry of Food with control over the prices and distribution of food. The Ministry of Supply, the Cinderella of the present Government, has been transformed into an organisation of a size and importance of which it is not itself fully aware. Finally, there are the entirely new Departments, new in the sense that they were born with the war although conceived many months previously.

Of the latter the one that has so far come in for most

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publicity has been, perhaps naturally, the one concerned with it. On the outbreak of war the Ministry of Information was charged with the functions of distributing news at home, propaganda abroad and censorship. Obviously, the first and the last of these are functions which touch a press-conscious public very nearly; and the absence of news, together with the delays and muddles of the censorship, immediately evoked a storm of criticism in the press and in Parliament. As the weeks passed, to criticism of the Ministry's work was added criticism of the personnel. Complaints of the number of the staff were voiced in the House of Commons, and calls for economy were made. Early in October, therefore, the Government gave way to public opinion and reorganised the Ministry by giving back to the other Government Departments their pre-war direct contacts with the press and making the censorship responsible not to the Ministry but to the Departments themselves. As the result of this reorganisation the staff of the Ministry was reduced by about 30 per cent.

The Ministry of Economic Warfare has fared more happily. If the foreign trade of Great Britain is now controlled by the Board of Trade, the Ministry of Supply, the Ministry of Shipping and the Treasury, it is the Ministry of Economic Warfare which has been entrusted with the task of strangling Germany's trade and preventing supplies from reaching her. All ships passing the British contraband bases have to call in to have their cargo manifests examined. If the Ministry's officials think there is evidence that cargo, on the contraband or conditional contraband list, is destined ultimately for Germany, the cargo is detained pending a final decision by the Prize Court. In this way Germany's attempts to maintain her supplies through neutral countries are defeated. A measure of the success so far achieved is found in the figures given for the amount of contraband seized by the British contraband control in the first eight weeks of war. Of the total of 400,000 tons suspected of

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being intended for Germany, over 87,500 tons were petroleum products; 30,000 tons oils, oilseeds and fats in which Germany is notoriously short; 21,500 tons of aluminium and bauxite; and 11,000 tons of wool, cotton and other fibres.

V. STOCK-TAKING

ON the fighting front the first two months of war have been vitally different from 1914 and different, too, from what had been expected. In 1914 a small British Expeditionary Force found itself engaged in fierce hostilities as soon as it crossed the Channel. Twenty-five years later a larger and more mechanised force has been transported to France but has not yet been engaged in action. In 1914 the submarine menace had yet to come. In the present war, submarine offensive was taken against merchant shipping at the outset, and in the first two months the total of merchant tonnage lost by submarine or other methods was 238,795. Contrary to expectations, it has been the Navy and not the Royal Air Force which has suffered the greatest losses. The sinking by submarine action of the aircraft carrier *Courageous* on September 18 with a total loss of 515 officers and men, and of the battleship *Royal Oak* at the end of the second week in October with a loss of 810, have been to date the major disasters of the war.

But if the Royal Air Force has not yet been called upon to withstand heavy air attacks on Great Britain, it has been trying out its activities along other lines. The leaflet and reconnaissance flights over Germany and the Western Front, the protection of convoys, the bombing of the German Fleet and the beating off of air attacks on the British Fleet have tested and proved the quality of Britain's air power.

On the home front the period has also been one of testing—testing the new machinery of State and testing the

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individual's patience to put up with it and the ceaseless interference with his private life that it entails. The absence of any large-scale air attacks has been a blessing in more ways than one, for it has enabled criticism both to fill in necessary gaps and also to provide some safeguards for civil liberty before the new bureaucracy obtains a stranglehold. An example of the former may be found in the appointment of Lord Stamp to act as Economic Adviser to the Cabinet Committee set up to co-ordinate economic and financial policy and also as president of an inter-Departmental Committee composed of the permanent heads of the Departments concerned. And fears lest in defeating Hitlerism abroad we should establish it at home were expressed by all parties on October 31 in a debate in the House of Commons on the amendment of the Defence Regulations, as a result of which the Government promised safeguards and an all-party consultation.

In more specific ways the first restrictions and precautionary measures have been relaxed. Places of entertainment in neutral and reception areas have been re-opened, and with certain limitations in London and other vulnerable districts. Football matches have been permitted. Some of the curtailed train and bus services have been restored. Petrol rationing came into force on September 23, but the proposed 25 per cent. cut in coal, gas and electricity consumption has been suspended. In the City, Bank rate is back to its pre-war level of 2 per cent. Modifications have been made in the Government's scheme for the insurance of goods on land against war risks, which on the outbreak of war was made compulsory for all owners of goods of a saleable value of over £1,000. Steps have been taken to reduce the number of A.R.P. personnel by differentiating between more and less vulnerable areas and to place it on a more permanent basis.

But though restrictions may have been modified and relaxed, there remain ominous gaps that have not been

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filled. There is still no sign that the Government has realised the drastic action that must be taken to prevent waste and inflation. The Prices of Goods Bill passed on October 25 aims at preventing profiteering, and maximum prices have been fixed for the majority of foodstuffs and raw materials. For raw materials, however, the Ministry of Supply fixes prices after consultation with the Controls, who being the pre-war representatives of the industries concerned are interested parties. The prices of food are fixed by the Ministry of Food, but it has not been able to prevent a rise in the cost of living index number of ten points in September, which, taken with a general rise in wages, must be viewed with concern and forms a sinister background to the public's relief that rationing will at first be confined to butter and bacon. Also on the debit side, though not unexpected, must be put the rise in unemployment of 198,946 in September and October and the big drop in trade in September, imports showing a fall of about £25,000,000 on September 1938 and exports a fall of £20,300,000.

Great Britain entered this war with memories of the last war still green. It is for this reason that measures have been taken and machinery put into force which last time waited until, in some cases, the war was half over. If, as a result, the country seems now to be suffering badly from indigestion, it has at least the mental comfort that a large part of the necessary evils of war has already been swallowed.

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I. THE OUTBREAK OF WAR

CANADA has been in a state of war with Germany since September 10, as the result of a Proclamation, made in the name of King George at Ottawa, with a careful observance of all the formalities required to emphasise the separate national status and the independent decision of the Dominion. The week's delay in making a formal declaration of war, which aroused explosive indignation in imperialist circles, was due to the resolute determination of Premier Mackenzie King to fulfil his oft-repeated pledge not to commit Canada to participation in another overseas war without the full authority of Parliament, but it had the advantage of allowing time for public sentiment in favour of participation to crystallise and also of enabling certain supplies of war equipment, which had been ordered in the United States, to be shipped across the border before the neutrality legislation of the United States became operative against Canada. Even severe critics of the King Ministry admit that it deserves considerable credit for bringing Canada into the war with a minimum of friction. With the nation behind it, it has secured popular acquiescence in a series of very drastic measures of state control extending to almost every sphere of economic and financial activity. These have been imposed under the authority of the War Measures Act, a Statute passed by the Borden Ministry in 1914, and fortunately never repealed.

Parliament was summoned to meet for a special session on September 7 and there was a full attendance of both Houses to hear the Speech from the Throne repeat the intention of the Government, which Mr. Mackenzie King

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had announced as soon as Britain declared war, to request the authority of Parliament for effective co-operation with Britain and France to checkmate Germany's aggression, and for the measures needed for this purpose. The Prime Minister intimated that he would regard the adoption of the Address as tantamount to the mandate which he sought, and so the debate on the Address, which lasted two days, was restricted to the issue of Canadian participation and the policies required to make it effective. The exposition of Ministerial policy was undertaken by Mr. Mackenzie King and his leading French-Canadian Minister, Mr. Lapointe, the Minister of Justice. The former gave a carefully reasoned exposition of the compelling motives which had induced his Government to range Canada by the side of Britain and France in the grim struggle with Nazi tyranny that lay ahead. He defended himself against charges that he had failed to follow the example of Mr. Chamberlain in consulting the leaders of other parties, and he gave some account of the events immediately preceding the outbreak of war and of the modest part he had played in attempting to avert it by appeals to Hitler, Mussolini, and the President of Poland.

Since the Ministry's plans were in the embryo stage, he would not make any definite disclosure of them, but he intimated that Canada would assume full responsibility for the defence, not only of her own territory, but also of Newfoundland and Labrador, in order to protect the great commercial artery of the St. Lawrence, and would send overseas aviators and planes. But her initial contribution to the Allied cause would be largely in the shape of generous supplies of manufactured munitions and foodstuffs. In regard to an expeditionary force he was non-committal, but he was able to point out that the Australian Government had not yet undertaken to organise such a force, and he announced that, through the agency of the militia regiments, recruits would be enlisted for a "Canadian Active Service Force"

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He was able to read to the House of Commons offers of whole-hearted co-operation from most of the provincial Governments and from a long list of nation-wide and local organisations, including various associations of foreign-born residents of Canada. In the closing passage of his speech he said:

What this world is facing to-day is deception, terror, violence, and force, by a ruthless and tyrannical Power which seeks world domination. I say there has not been a time, the period of the last war not excepted, when the countries of the world faced such a crisis as they face to-day. I want to ask the House and the people of Canada in what spirit are they going to face this crisis. Are they going to face it believing in the rights of individuals, in the sacredness of human personality, believing in the freedom of nations, believing in all the sanctities of human life? I believe they are, and I believe through their representatives in Parliament they will so indicate in no uncertain way.

Dr. Manion, who opened the debate, declared that the Conservative party, while it would reserve its full rights of criticism, was in complete agreement with the Government's policy and would give it support in every possible way. He was even stronger in his condemnation of Hitlerism than the Prime Minister and besought the House to remember that, if the democracies were beaten, there was no richer prize than Canada among the nations of the world. He insisted that the Government must take immediate steps to prevent profiteering in any shape or form, and he concurred with Mr. Mackenzie King in pronouncing against military conscription. It was left, however, to Mr. Lapointe to make the best speech of the debate and also the best and bravest in his long public career, as he must have known that his clear-cut and ardent advocacy of Canadian participation in the war would be unpalatable to some of his compatriots in Quebec. He directed his main efforts to demolishing completely the arguments advanced by French-Canadian isolationists, who had been organising anti-war meetings in Quebec, and he made out an almost unanswer-

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able case against their attitude, showing by chapter and verse how neutrality was virtually impossible for Canada in any major war in which Britain might be engaged. Then he dealt with a suggestion that Canada's military contribution should take the form of volunteers for the British Army, whom the British Government would pay.

Well, Mr. Speaker, this is a shameless, dishonourable proposal. They say, "You may give your life; you may shed your blood, but your country refuses to pay the expense incidental to your sacrifice." I am too proud, too conscious of Canadian dignity, to discuss such a proposal. I am surprised that any man of whom it may be said, in the words of our national song, "*Il est né d'une race fière*," could entertain this disgraceful suggestion. In the Middle Ages European countries were hiring mercenaries throughout the world to fight their battles. Canadians will never be mercenaries paid by any country—not even by Britain. If Canadians go to the front line of the battle they will go voluntarily as Canadians, under the control of Canada, commanded by Canadians and maintained by the Dominion of Canada.

He felt it necessary, however, to sound a note of warning about the impossibility of ever persuading the French-Canadian race to accept conscription for an overseas war, and to plead for an avoidance of extremist views, whose advocacy could not fail to arouse antagonism and disrupt Canadian unity.

Mr. J. S. Woodsworth, the veteran leader of the C.C.F. party, found himself unable to forswear his lifelong pacifist views, and attacked the idea of Canadian participation in another of a series of imperialist wars, which must go on as long as the present capitalist system with its exploitation of the working classes and its rivalries for markets existed. But he found himself at variance with the rest of his party, and their spokesman, Mr. Coldwell, declared that they would support Canada's entry into the war with the caveat that assistance to Britain should be confined to economic and financial help. The Social Crediters endorsed the policy of the Government without any such reservations, but

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insisted that there must be immediate conscription of both man-power and wealth. Ministers had been anxious about the extent of the opposition to their policy which was known to exist among their French-Canadian supporters, but it proved to be much smaller than they had foreboded. The views of these dissentients were ably stated in a temperate speech by Mr. Maxime Raymond, K.C., a prominent Montreal lawyer, who advanced all the stock arguments of the isolationist school of thought, argued that Canada should not concern herself with the fate of Poland in which she had no direct interest, and warned Ministers that, if they tried to introduce conscription, they would endanger the stability of Confederation. He was backed by four other Liberals from Quebec who took a similar line, but the main body of the French-Canadian contingent on the Ministerial benches had been impressed by the validity of Mr. Lapointe's arguments. Support for participation was forthcoming from various Conservative speakers, including Mr. Heon, a French-Canadian, who had always been reckoned an extreme nationalist, and Mr. J. T. Thorson, a western Liberal who had in recent sessions advanced strong isolationist views.

An amendment was moved by two French-Canadian Liberals, but when it was put to the House it did not get sufficient support to justify a vote. The Address was thus unanimously adopted.

Colonel Ralston, K.C., whom Mr. Mackenzie King, with the general approbation of the country, had induced to return to public life and take the place of Mr. Dunning at the Ministry of Finance, had not had time to find a seat in Parliament and so it fell to Mr. Ilsley, the Minister of National Revenue, to introduce a special war budget which imposed a variety of new taxation. Parliament had previously passed a special war appropriation of \$100,000,000, and Mr. Ilsley explained that after allowances were made for an expansion of revenue and a decrease in the costs of farm and unemployment relief, there would probably

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be a deficit of \$156,000,000 at the close of the current fiscal year on March 31. So he announced that, while part of this sum would be met by borrowing, the Government felt it must meet part of the costs of the war by special taxation levied on the principles of equality of sacrifice and ability to pay. So he proposed a number of increases in taxation which he forecast would produce \$21,000,000 during the balance of this fiscal year and \$62,000,000 in a full normal year. The income tax for individuals was increased by a war surtax of 20 per cent. on the total income tax otherwise payable, and the scale of the corporation tax was raised from 15 per cent. to 18 per cent. and, in the case of consolidated returns, from 17 per cent. to 20 per cent. There was also imposed a new excess profits tax on the profits of all businesses whether incorporated or not, but two alternatives were given the payers of this levy. The first was a tax on all profits in excess of earnings of 5 per cent. on capital on the following graduated scale:

On profits in excess of	5%	but exceeding	10%	of capital:	10%
"	"	"	10%	"	15%
"	"	"	15%	"	20%
"	"	"	20%	"	25%
"	"	"	25%	of capital	40%
					60%

and the second was a levy at the rate of 50 per cent. on all profits in excess of the average profits for the last four years.

Substantial increases in the rates of taxation on tea, coffee, all kinds of liquor, tobacco and cigarettes, were also decreed, and a new tax on household electricity bills was imposed. Some adjustments were also made in the tariff and sales tax, but none of a serious nature. The Conservative and C.C.F. parties tempered their general approval of the budget with some mild criticisms about details, but the Social Crediters opposed it and moved an amendment urging the establishment of a committee to consider ways and means of conscripting wealth. This was, however, voted down by 190 to 8 and the budget thereafter was passed

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unanimously. The Government also had no difficulty in securing the endorsement of other measures, including a Bill authorising the creation of a Department of Munitions and Supply. But it has contented itself so far with establishing a Board of Munitions and Supply without Cabinet representation. Under the very competent chairmanship of Mr. Wallace Campbell of the Ford Motor Company of Canada, this Board is acting as agent for, and co-operating closely and harmoniously with, a British purchasing mission which is now installed in offices in the Parliament Buildings at Ottawa. After a session lasting six days Parliament was prorogued on September 12, and at the final sitting Mr. Mackenzie King announced that it would reassemble for its final regular session in January, and that the Government did not contemplate asking for an extension of its statutory term.

The King Ministry has maintained close consultation with the British Government about the policies which would make its co-operation most effective, and, as the result of the exchange of views, the Government was at the end of September able to satisfy a public demand, which was becoming very persistent in Ontario and other provinces, for an announcement of its war programme. The statement issued revealed that it proposed to despatch immediately to Britain as many trained aviators as could be spared, together with doctors, engineers, and other technicians who would be absorbed into British units for active service, and to proceed with the recruiting and organisation of a Canadian Active Service Force of two divisions, of which the first would be available as soon as possible for overseas service, and the second would be kept in reserve. The organisation of this force is now in progress, and the Minister of Defence was able to state on October 12 that Canada had about 60,000 troops under arms; some 40,000 men will be absorbed in the two divisions, and the balance will be kept on garrison duty for the coastal defences and other vulnerable points

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Meanwhile the industrial and other resources of Canada are being mobilised for the benefit of the Allied cause, and as time goes on the contribution that they will make will be increasingly effective. There is also general approval throughout Canada of the plan whereby Canada is to become the chief centre of training for the air forces of the whole Commonwealth,* and the King Ministry's cordial acquiescence in this scheme has served to convince many critics who were afraid that it was half-hearted in its direction of Canada's share in the war effort of the Commonwealth. It is now taking steps by refunding operations to make available credits in Canada for the purchase of primary products, manufactured commodities and munitions required by the Allies, and there is some evidence that the Bank of Canada is sponsoring the moderate and well-regulated expansion of the currency which Mr. Ilsley in his budget speech said might be desirable.

Soon after the session ended Mr. Mackenzie King undertook a modest reorganisation of his Cabinet to which he was impelled by a steady barrage of criticism, supported by influential Liberal papers like the *Winnipeg Free Press*, and directed against the administration of the Department of National Defence under Mr. Ian Mackenzie. Last year grave disquietude about some of its practices had been aroused by the revelations of a judicial enquiry into a notorious contract for Bren machine guns, and during the summer it was revived sharply by fresh disclosures about other war contracts which had an unpleasant odour of political patronage. Mr. Mackenzie King did not yield to the demand for Mr. Mackenzie's dismissal from office, but he moved him to the Department of Pensions and National Health and gave his department, which had assumed first-class importance, to Mr. Norman Rogers, his Minister of Labour and a former Rhodes Scholar, who served in the last war. This change necessitated a further shuffle of

* See p. 230 below.

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portfolios, and Major Power, vacating the Ministry of Pensions and National Health for Mr. Mackenzie, took over the office of Postmaster-General from Mr. McLarty who migrated to the Ministry of Labour. But Mr. Mackenzie King was unable to find a satisfactory French-Canadian successor for the late Secretary of State, Mr. Rinfret, who died suddenly last July. Mr. Raymond, who had the best claim for the post on his merits, had disqualified himself by his attitude towards the war, and the appointment was deferred pending the outcome of political developments in the province of Quebec.

II. THE QUEBEC ELECTION

THE King Ministry, on the strength of the comparatively feeble opposition shown to their war policy during the special session at Ottawa, had fondly cherished hopes that it would be spared the political trouble in Quebec which caused such embarrassment to the Borden Ministry during the last war, but it was speedily disillusioned when Mr. Maurice Duplessis, the Union Nationale Premier of Quebec, who had been at loggerheads with it about unemployment relief, took issue in a public speech with its constitutional right to impose certain war measures upon Quebec and announced that he would seek a mandate to resist them at a provincial election to be held on October 25. In this and later speeches he accused the King Government of seizing upon the war as an excuse for promoting a scheme of centralisation upon which it had set its heart, and, denouncing such measures as the ban decreed upon borrowing abroad and the censorship of the press and radio, he called upon the voters of Quebec to back him in a fight for sacred provincial rights which were being menaced as never before.

Faced with this challenge the King Ministry after exhaustive deliberations decided that it could not ignore it or remain indifferent to the result of the election in Quebec.

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So with the authority of his colleagues, Mr. Lapointe, the Minister of Justice, in his rôle as leader of the federal Liberal party in Quebec, announced that the King Ministry proposed to break a rule against intervention in provincial elections, faithfully observed by all recent Ministries in Ottawa, and exert all its influence and electioneering resources to compass the defeat of Mr. Duplessis and secure a vote of confidence from Quebec in the Liberal policy. Mr. Lapointe followed up this pronouncement by serving notice in a nation-wide broadcast that a refusal of the vote of confidence sought would be the signal for the immediate withdrawal of Senator Dandurand, Mr. Cardin, Major Power, and himself, the four representatives of Quebec from the King Ministry.

It would be cowardice on my part (he said) to remain in the Cabinet in spite of Quebec's wishes. I repeat it. If the people of the province prove by their votes that they believe the atrocious calumnies and the shameful lies which are the basis of Mr. Duplessis' campaign, how could we be expected to continue to represent them and speak for them in the councils of the nation? Leave to my fellow-countrymen in Quebec the responsibility of this important decision and I will accept it.

At the same time he reiterated a pledge previously given that neither he nor any of his colleagues from Quebec would remain in any Ministry which tried to introduce military conscription.

Mr. Duplessis and his followers had already been raising this bogey, and in his opening speech in the campaign the former had declared that a vote for his party would be a vote not merely against centralisation and assimilation but against participation in the war and, above all, against conscription. But this declaration provoked a general protest from the press of English-speaking Canada, regardless of its party affiliations, drove the *Montreal Star*, a Conservative paper, to back the Liberal party, and caused one of Mr. Duplessis' Ministers, Mr. Layton, and a prominent supporter

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in the late legislature, Mr. W. S. Bulloch, to renounce all allegiance to him on the ground that he was a fomentor of national discord in critical times. In his later speeches, therefore, Mr. Duplessis intimated that he was still for Canadian participation in the war, provided the provincial rights of Quebec were not impaired. A colourful personality, he has acquired a strong personal following in Quebec, particularly in the rural areas, and he is a very ardent and energetic campaigner with a well organised political machine at his command. On the other hand, the Liberal organisation in Quebec has never recovered from the great débâcle of 1936 when the long Liberal régime of forty years ended in a welter of scandals, and Mr. Adelard Godbout, the provincial leader lacks the oratorical and other gifts which make votes in French Canada. So he needed all the help that the four Federal Ministers and their followers at Ottawa could give him. A somewhat imponderable factor was the decision of Mr. Paul Gouin and his Action Nationale Libérale party, which helped Mr. Duplessis to victory in 1936 but subsequently broke with him, to nominate candidates in more than half the constituencies. The National Liberals opposed Canadian participation in the war, but they condemned the Duplessis Ministry on other counts. Altogether it was a complicated situation, and the political experts predicted a close result.

That prediction was completely falsified when the poll was held on October 25. The Duplessis Ministry was decisively defeated by what amounted to a popular landslide in favour of the Liberal party. The Liberals, who at the dissolution had held only 14 out of 86 seats in the Legislature, made 54 gains and will therefore have a commanding majority in the new Legislature, including in all probability two independents, one of them Camillien Houde, the redoubtable Mayor of Montreal. The Union Nationale party is left with only 16 seats, and, although Mr. Duplessis himself held his home town of Three Rivers quite comfortably,

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6 of his 9 Ministers were defeated. The intervention of the Action Libérale Nationale party was quite ineffectual: its candidates polled a negligible number of votes and its leader, Mr. Gouin, was badly beaten.

The result has given deep satisfaction in the English-speaking provinces of Canada, whose press, regardless of party affiliations, condemned Mr. Duplessis as a mischievous disturber of national harmony, and it has brought not merely relief but great jubilation to Ministerial circles at Ottawa. Mr. Mackenzie King, however, was wise in pronouncing the victory over Mr. Duplessis to be much more than a mere party triumph, for a substantial contribution to it was made by the two great Conservative papers of Quebec, the *Montreal Gazette* and the *Montreal Star*, which advised the English-speaking voters of Quebec to make sure of the defeat of the Union Nationale party by voting for Liberal candidates. The widespread acceptance of this advice enabled Liberal candidates to carry divisions of Montreal which are Conservative strongholds, and to secure all the 15 seats on the Island of Montreal save one. It was, Mr. Mackenzie King declared, a victory not so much for the Liberal party as for Canada and the Empire. It was also a great personal triumph for Mr. Lapointe who, taking his political life in his hands, had converted reluctant colleagues to the idea that the challenge of Mr. Duplessis could not be ignored, assumed the leadership of the Liberal campaign and made a series of speeches whose effectiveness has seldom been surpassed in the history of Canadian elections. It is believed that the Roman Catholic hierarchy of Quebec, while officially proclaiming its complete neutrality, used its influence with great effect in favour of the Liberal party. Another factor which undoubtedly affected the result was the appeal made by Mr. Lapointe and his colleagues to the feeling of loyalty to the Crown on the part of French-Canadians generally, a feeling which was so markedly intensified by the recent Royal visit.

THE QUEBEC ELECTION

Unquestionably the result was a very happy outcome for both Quebec and the rest of Canada. It may not be too much to hope that it will prove the turning-point in Dominion-Provincial relations and the beginning of a new era, so long desired and so sorely needed, of loyal and fruitful co-operation. For the rest, and more immediately, it leaves the King Ministry, whose prestige is substantially increased, free to devote all its energies to the organisation of the country's contribution to the Allied cause.

Canada,

October 1939.

AUSTRALIA

I. AUSTRALIA AT WAR

THE news of the declaration of war on Germany by Great Britain was received in Australia on a Sunday evening with a calm which to some extent was the result of a feeling that the development was inevitable. During the previous ten days the public had been kept in a state of high tension as information concerning the dramatic moves in Europe came to hand. The culminating point appeared to bring a certain relief from the tension of the preceding days.

There is no doubt whatever that the principles on which the British and French Governments have taken action have been widely applauded by all sections of the community. Great disappointment was expressed in many quarters at the failure of the Anglo-Russian negotiations, and the signing of the Russian-German non-aggression pact was equally unwelcome. For some months the public had been, through the press and radio, led to expect the adherence of Russia at an early date to the Peace Front. The differences between Communism and Nazism had been so emphasised by many public commentators that many people tended to ignore some of the deeper reasons which, in the opinion of a few students and observers, might cause a Russian-German understanding at any moment. The agreement, however, had a bright side for many Australians as it was considered that Japan's projected military alliance with the Axis Powers was no longer practicable. Undoubtedly the possibility of this alliance had caused concern in Australia and the officially declared neutrality of the Japanese Government has relieved the Australian Government of some pressing anxieties.

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The statement of the Prime Minister which was broadcast a few minutes after Mr. Chamberlain's announcement that Britain was at war with Germany at once made the position of the Commonwealth in the Empire unequivocal. "There was never any doubt where Britain stood," said Mr. Menzies, "and there can be no doubt that where Britain stands there stand the people of the entire British Empire . . . Britain is at war, therefore Australia is at war." Constitutional authorities in Australia have on the whole considered that when the King is at war all his dominions are at war. There was, therefore, no declaration of war by Australia on Germany.

The leader of the federal Opposition promised the Prime Minister that the Labour party could be relied on to do the right thing in the defence of Australia. The Premier of Queensland, Mr. Forgan Smith, in a statement in Brisbane appeared to go further on behalf of the Labour party in that state. He said "Everything that can be done to promote civilisation and peace has, in my opinion, been done. Principles and liberty mean more than phrases and we must be prepared to do everything possible that the institutions for which we stand may be maintained at all costs."

There was some talk of the possibility of forming a National Government: but the Labour party would not co-operate with the United Australia party for such a purpose. It took the view, which is fairly widely held here, that the real interests of a democracy can be most effectively safeguarded even in war time by the existence of a vigilant Opposition. The Country party has pledged its full support for all measures which it considers will help to prosecute the war in the most efficient and practical manner. Points of difference on other matters prevent at present the formation of a composite Government. Sir Earle Page, who has been leader of the federal parliamentary Country party for nearly twenty years, has resigned the position. This makes the personal antipathy between him and the Prime Minister a

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less important factor in the relations between the Government and the Country party. Mr. Archie Cameron of South Australia has been elected in his place. A War Cabinet consisting of six of the Ministers has been created. Its chief functions will be to ensure that major policy decisions of the Government are efficiently and speedily carried into effect.

The outbreak of war found the Commonwealth to a certain extent ready for the emergency. Preliminary steps were taken on August 25 to guard important strategic points, and a few days later certain restrictions on the transfer of money from Australia to overseas countries were announced. Precautionary measures were intensified two days before the outbreak of war, and when the fateful decision was taken little remained to be done to complete the emergency plans of the Government. There was commendable co-operation between State and Federal Governments, though defence is the sole responsibility of the latter.

At present the activities of the land defence forces are being concentrated on a programme of intensified training and expansion. The militia has been called up in two batches of 40,000 for a month's continuous training, shortly to be followed by a further three months. This is a welcome decision, for it must be admitted that on September 3 there were very few militia soldiers in the Commonwealth sufficiently trained to meet an enemy attack. The militia is liable for service only in Australia and its territories. But since war broke out there has been a considerable number of volunteers offering for either home or overseas service. Although up to the present the British Government apparently does not desire the dispatch of Dominion forces overseas to the theatre of war, the Commonwealth Government has already begun to raise a special force of 20,000 to be available for service in Australia or overseas as circumstances require. This will be known as the Sixth Division of the Second Australian Imperial Force and is enlisted for permanent service for the duration of the war.

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The title seems to have been chosen because there were five divisions in the A.I.F. in France during the Great War, and because the militia is organised on the basis of five divisions. The present force was spoken of by the public as the "new A.I.F." from the time its promotion was mooted. The force will be commanded by Major-General Sir Thomas Blamey. The personnel will be drawn principally from the militia. It is expected that their training will commence early in November. The Government has also offered to the British Government the personnel of six Royal Australian Air Force squadrons for service overseas. This contingent will consist of four bomber squadrons and two two-seater fighter squadrons, and they are expected, if circumstances permit, to leave Australia before the end of the year.* The total number of this force will be approximately 3,200 men. It has also been decided to raise two garrison battalions for permanent service chiefly from the ranks of the returned soldiers. These will be used to relieve militia units of guard duty at many points where permanent guards are necessary. The Prime Minister has undertaken that there will be no conscription for overseas service. But the Defence Act gives authority for the conscription of man-power for service within Australia and its territories.

The Government's defence programme has been accelerated since Parliament went into recess. Freed for a time from the worries of the parliamentary situation, the Ministry appears to have given the closest attention to the task of establishing the defences of the Commonwealth on a satisfactory basis. Much of the creative organisation of the programme has now been completed, and there remains the more difficult task of giving effect to the principles laid

* The decision to send this contingent to Europe was cancelled in view of the Empire scheme for air-training in Canada, the details of which are given on p. 230 below. Broadcasting on October 10, Mr. Menzies described the scheme as "the most spectacular and the most decisive joint effort of the British nations in this war". [Ed.]

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down by improved routine organisation. It is not possible for any person other than those chiefly responsible to judge of the degree of success which is attending these efforts. According to Ministerial statements progress in the manufacture of aircraft and munitions is satisfactory. But it should not be assumed that Ministers are unduly complacent about the position.

A large body of public opinion, both informed and uninformed, will not allow the Ministry to take defence preparations in a casual manner. Since the outbreak of war there has been considerable criticism of the Ministry principally because of its alleged inertia and the apparent delay in making some definite offer of help to Britain. Some of that criticism has been hardly fair and has been made without a full knowledge of the facts. But the pressure of public opinion on Government policy has been for the good of both the Ministry and the country. Although the Government has been pushing ahead with its plans, there are a number of competent observers who consider that the plans themselves are not ambitious enough to cope with the requirements of totalitarian warfare. It has been urged that the organisation of industry means all industry and not merely those sections of it which appear to have a direct and immediate connection with current defence plans. It is likely that more will be done in the future to organise industry so that all of its component parts will function in the most efficient manner in time of war. Something, of course, has already been done in this direction. The oil companies at the request of the Government have agreed to increase their already considerable fuel reserves and it is considered that, together with the expected volume of production of shale oil in the near future, the Commonwealth will have reserves to meet the present emergency without resort to rationing.

Plans have been completed for the organisation of the primary industries. The British Government has bought

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practically all the exportable surplus of Australia's primary products. Some of this will probably be re-sold to neutrals. Australian primary producers, with the exception of fruit growers, will not have to worry about markets for the duration of the war. Wool, wheat, sugar, flour and meat have all been purchased at prices that will give a fair return to the producer. In a sense the latter may be considered to be fortunate as the result of this development, and their part in the war effort to be rather inglorious. But it must be remembered that the extent of the Commonwealth's war effort will be finally determined by the strength of its economy and that this in return is based on the primary industries.

The National Register of wealth and man-power was taken before the war, but not without some trouble. The boycott which had been decided upon by the Australian Council of Trade Unions was eventually lifted as the result of certain assurances that were given to the Unions by the Prime Minister. The Labour party was anxious to avoid a clash with the Ministry on this issue and the Leader of the Opposition, Mr. Curtin, played a prominent part in the negotiations which led to the decision to lift the boycott.

Before the federal Parliament adjourned on September 21 it passed the National Security Act. This measure gives the Government complete power to deal with any matter which in any way affects Australia's war effort. This is legally justified because of the wide scope of the Commonwealth defence power notwithstanding normal constitutional limitations. There is a power of restricting freedom of speech which, however, can only be exercised by the Minister for Defence. Though most members disliked the Bill and there were various criticisms of some of its details, it was recognised as an essential part of the Australian war effort.

The Ministry had to face considerable criticism because of its decision, made shortly before the war began, not to proceed with the proposal to establish a permanent mobile

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force. Since the Lyons-Page Government had decided in March to create such a force, the decision of the Menzies Government was a reversal of one already taken. But this matter has become of little consequence, for it is now apparent that Australia is going to have a considerable force for the duration of the war.

II. WOOL AND WHEAT INDUSTRIES

THE position of the wool industry is likely to be improved by the purchase of the clip by the British Government. It was calculated by the Wool Committee of Inquiry which was appointed in 1931 to consider all aspects of the industry in the Commonwealth that the average cost of production was approximately 14*d.* per lb. Since the Committee completed its work costs fell below this figure for a few years, but during the last three years they have risen again and the cost of wool production based on the foregoing estimate, corrected for present-day conditions, is now approximately 13½*d.* per lb. This, of course, is an average result, and it is certain that many growers, in good seasons particularly, can produce on a much lower cost basis. Some authorities consider that an average price in Australian currency of 1*s.* per lb. would cover the costs of most wool producers and leave them a reasonable margin of profit.

Wool prices during the last ten years have fluctuated widely and the average price for the decade was 11½*d.* per lb. For the 1938-39 season the average was 10½*d.* In addition, during part of that season and for nearly the whole of the previous one, there was a severe drought in most wool-growing districts of the Commonwealth. Though stock losses were generally not heavy, except in the sense that lambing percentages were much below normal, the weight of wool cut per sheep showed a substantial reduction on that of the previous years. Thus growers during the last eighteen months have been faced with low prices and a

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reduced volume of production, a combination of adverse factors rarely experienced in the wool trade. At the same time, all costs of production both on and off the properties have increased. What the market price of wool would have been in 1939-40 if the war had not occurred is impossible to estimate.

The decision to sell the entire Australian clip to the British Government at an average price which, it is reported, will be 13½*d.* in Australian currency (10¾*d.* stg.) will relieve the immediate anxieties of wool growers. The immensity of this transaction and the organisation required to carry it into effect are not perhaps immediately apparent; for the difficulties of selling a wool clip on a flat rate are probably not appreciated by the ordinary citizen. Wool, unlike most primary products, has no full average quality value and it can only be priced in hundreds of types, which all have a distinct value according to their style, quality and clean-scoured yield. Thousands of technical decisions and calculations are necessary before even a day's wool offerings can be finally appraised and its value certified. The appraisal of the whole clip so as to procure a fixed average price is consequently a tremendous task which is not paralleled in the case of the sale of any other primary product.

The wheat growers have been in trouble since 1930, with the exception of three seasons when world prices were on a payable basis, and to-day the position of many of them is desperate. A Royal Commission some years ago enquired exhaustively into all phases of the industry. The Commission found that in 1934 there were 62,000 wheat growers in the Commonwealth, of whom 20,000 had less than 100 acres under crop or derived the greater part of their income from other forms of production. A statistical sample of 524 persons was, therefore, taken from 42,000 growers, and independent checks have established that the whole sample has given results which are of sufficient accuracy for practical purposes. The investigations related to the period 1928-29

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to 1933-34. The Commissioners found that on the basis of a price of 3s. 2½d. f.o.r. Australian ports, 60 per cent. of growers could not clear their expenses (current costs) and pay interest which was estimated at 9d. per bushel. Of this number 34 per cent. were shown to have current costs above the basic price and their position as regards production costs does not reveal any improvement on the estimates of them made by the Commission in 1934. The marketable crop, that is the total crop less 14,000,000 bushels of seed-wheat, has averaged 140,000,000 bushels per year for the last five years. Approximately 36,000,000 bushels are required for home consumption. The average price for the last six years was approximately 3s. 6d. f.o.r. Australian ports. The present price is about 2s. 7d. f.o.r. Australian ports.

Since 1932 sums totalling more than £20,000,000 have been distributed in relief of wheat growers by Commonwealth and State Governments; and they have also received many forms of indirect assistance, such as freight concessions and relief from primage taxation.

In order to provide moneys to meet this relief there has been for some years past an excise duty on flour. In August 1938 at a conference between the then Prime Minister, Mr. Lyons, and the Premiers of the several states, it was agreed that a new scheme should be put into operation and legislation for this purpose was passed in the Commonwealth and in each state before the end of the year. In substance the scheme was designed to secure for wheat growers a payable price for wheat. This was done by a complicated series of Commonwealth and State Acts. The Commonwealth, which has an exclusive power to levy excise duties, imposed a duty of excise on flour manufactured in Australia. The duty, which must not exceed £7. 10s. per ton of flour, is an amount variable by proclamations from time to time. It is calculated by reference to the export value of wheat, and is in substance the difference between the price of flour based on the actual price of wheat and what would be the

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price of flour if wheat were selling at 5s. 2d. per bushel at the ports.

The proceeds of this tax are then paid by the Commonwealth to the states to be paid by them partially as a bounty on wheat production, partially in relief of farmers who have suffered from drought conditions. The scheme also involves legislation which has been passed by the several states fixing the price at which flour and bread may be sold for home consumption. The constitutional validity of the flour tax was challenged. But a majority of the High Court held the tax valid, although it is understood that the question may be carried to the Privy Council.

But the continued fall in the price of wheat made this scheme inadequate and ineffective to stabilise wheat prices. The whole problem was considered at a special Premiers' Conference in August, when the Commonwealth put forward a long-term stabilisation scheme based on a minimum price of 3s. 4d. f.o.r. with a marketable crop of 140,000,000 bushels. The conference, however, did not come to an agreement; and at the time when war broke out Australia was faced with the unsolved problem of how to subsidise effectively an export surplus which has averaged during the last five years 105,000,000 bushels per year. With costs of production on a basis where 60 per cent. of the growers cannot clear expenses and pay interest at a price of 3s. 2½d. per bushel, the financial aspect assumed ominous proportions if growers were to be effectively assisted.

Since the war the wheat crop has been acquired on behalf of the British Government. This fact, aided by the purchase for Great Britain of considerable quantities of locally manufactured flour, have for the time being relieved wheat farmers of their more pressing difficulties. But the financial stability of the wheat industry will remain a serious problem for the Australian economy of the future.

Australia,

October 1939.

SOUTH AFRICA

I. NEUTRALITY AND NATIONAL UNITY

BY a majority of thirteen votes in the House of Assembly the Union of South Africa on September 4 committed itself to participation in the war against Germany. The circumstances leading up to this decision are rooted in a tangled mass of past controversies; its results are unpredictable. For a number of years now "independent national status", freely conceded by Great Britain to all the Dominions, has been the rather dangerous plaything of South African politics: bandied about from one side of the House to another, popping up its head on public platforms with a fine disregard of the subject under discussion, it has been an unfailing means of rousing the flagging interest of the House or restoring animation to a flat political meeting. Of this independent national status the touchstone has been our right of neutrality. Ask a South African his views on the neutrality question, and his answer would enable you to gauge fairly accurately his political outlook as a whole. For it must be understood that South African politics are based less than in almost any other democratic country on social issues: Right and Left, Conservative and Progressive, are terms which mean little in South African politics and which are not applied, nor can be applied with accuracy, to any of our political parties. The major parties lay no claim to either description, and even the Labour party, always small and struggling, has represented rather the attempt of a white wage-earning aristocracy to keep its head above water than any policy which would be recognised in Europe as Progressive. The two most pressing social issues, the native and the poor white problems, are

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approached more on lines of race and colour than of class. In the Nationalist party a profoundly reactionary attitude on colour questions is joined with an almost revolutionary fervour against the "foreign" capitalist and the power of the mining interests; in the United party a normal conservative outlook in matters of class and property is linked with a more liberal outlook on native and coloured problems. It is the racial issue—the relations between the English-speaking and Afrikaans-speaking sections of the white community—that has been for the past quarter of a century and remains to-day the real basis of South Africa's political divisions.

The fusion movement of 1932-33, between the Nationalist followers of General Hertzog and General Smuts's South African party, resulted in the formation of the United party which governed the country under General Hertzog's leadership until the present crisis. Holding an overwhelming majority in Parliament, a majority little impaired in the general election of last year, this party may be accepted on the whole as representing a genuine desire among the more moderate men of both white races in the Union to bury past differences and controversies and to tackle the real problems of the nation on a national instead of a racial basis. As was natural, a central coalition of this kind could not meet the views of the extreme wings of either race: an Afrikaans minority with republican leanings held aloof under Dr. Malan as the Nationalist party, whilst on the other side a smaller English-speaking minority hived off into Colonel Stallard's Dominion party. For the United party, however, the omens were fair—a great majority and the prospect of a steady term of office. And indeed not a little was achieved. A sense of national stability was gained; national prosperity (for the whites at least) was maintained; the native legislation, though in the opinion of some it does not represent any final or satisfactory solution, disposed for a while of a burning question; co-operation with

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Great Britain remained friendly; and, most important of all perhaps, men of both races learned the possibility and the value of working together and of subordinating, if not shelving, racial sentiment. This is not to say that party unity was not at times strained. Cabinet unity itself was severely tried: over the Native Bills in particular the divergence between the liberal views of Mr. Hofmeyr and some of his English-speaking colleagues and those of the Prime Minister and Mr. Pirow was acute. General Smuts and General Hertzog were about as happy in harness together as a horse and a zebra, and as with increasing age the Prime Minister, who had had fifteen years in office, became more autocratic and touchy, the Deputy Prime Minister, much of an age with him but far younger in mind, had much to swallow in the interests of unity. The Teutonic affinities too of the Minister of Defence were the subject of a good deal of anxious comment amongst the public. Rifts and weaknesses there were in the fine façade of the United party, sufficient to cause much anxiety to those many who valued its existence and the ideal of racial co-operation for which it stood. Mr. Hofmeyr's resignation from the Cabinet last year was a case in point. But a cracked building may stand a long while with patient attention and, one question apart, the party's future seemed reasonably secure; for whatever the internal strain, it was the sincere desire of the Prime Minister no less than of General Smuts to achieve racial peace in the Union. Unfortunately for this ideal, it was our fate that the affairs of Europe should put this one crucial question, that of neutrality, to the test of an answer and throw the politics of the Union once more back into the melting-pot.

While there was no immediate possibility of war in Europe, neutrality was in South Africa an academic issue, fought and refought inside Parliament and outside with the keenest zest. A majority of South Africans agreed with the Prime Minister's thesis that our independent status con-

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ferred upon us the right to remain neutral in the event of Great Britain being involved in war. General Hertzog, Mr. Pirow and other Ministers frequently affirmed that having this right the Union Parliament would, when the occasion arose, decide the country's course of action in accordance with the dictates of South Africa's national interests. Two points in particular arose to confuse this fairly clear definition of views. In the first place the more extreme English section represented by the Dominion party, basing their claim on the indivisibility of the Crown, urged that the King could not be at war in Great Britain and at peace in South Africa and that a declaration of war by Great Britain automatically involved South Africa, an argument intended possibly as a legal smoke-screen for imperial devotion. The reply of the average United party member was to ask what in that case became of our national independence. In the second place Dr. Malan's Nationalists found it impossible to reconcile the Prime Minister's assurances with the existence of the Simonstown agreement of 1922, to whose maintenance the Government, through Mr. Pirow, firmly pledged itself. Since Simonstown is a British naval base and the Union is pledged to defend it against all comers, the Nationalists had some reason to ask what in effect our right of free choice amounted to. To this United party spokesmen would reply by asking where, without the support of what General Hertzog termed "our best friend", would our so-called independence be. Amid this barrage of question and answer, many South Africans felt that, since it takes two to make neutrality as well as to make war, our possibly neutral status might in the end depend less on our own declarations than on the view taken of them by those who were at war with Great Britain. All, however, except the Nationalists who saw in this issue the rock on which fusion might split, prayed with fervour if not with optimism that the matter might never be put to the test. With this bogey lurking in the background the Union Government

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came to the Czech crisis of September 1938. If war had then resulted, an inner Cabinet (consisting of Generals Hertzog and Smuts, Mr. Pirow and Mr. Havenga) were agreed upon the necessity for a declaration of neutrality: nor is that surprising. The subsequent rape of Czechoslovakia had not yet revealed beyond cavil the true nature of Nazi policy; there was a good deal of anxious criticism of British policy; the case for participation was not strong enough to carry a majority in Parliament. The Government lay low, said as little as possible, and hoped against hope that the crisis would pass without the necessity for a declaration. It did, and Munich, whatever might be thought of it, saved the Union Government from possible dissolution.

In the year that followed, the further performances of Nazism opened a good many eyes in South Africa, though not quite enough. The nature of Nazi policy as it revealed itself increased South Africa's anxiety in regard to South-West Africa and Tanganyika. The Union Government's unequivocal declaration against the surrender of South-West Africa was echoed in Mr. Pirow's personal statement that he was opposed to the return of either of these territories to Germany. The Union's defence policy, indeed, shaped itself on the strategic possibilities of a land war beyond the frontiers of South Africa, a conception brought to the fore earlier by the Italian occupation of Abyssinia. As the months went on there seemed at least less probability that the Union would remain neutral in the event of conflict; and South African preoccupation with external events reached a level previously unknown. And so with our policy still uncertain we approached the final crisis.

II. THE DECISION

AS this crisis gathered speed in the last weeks of August there was something of the same uncertainty and anxiety regarding the Government's intentions as was felt in

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England in the last days of July 1914 about the intentions of the British Government. While the days passed and the policy of Australia and New Zealand and the intentions of that supposedly doubtful factor, Canada, were made plain, Pretoria remained silent. Parliament was not sitting, the Prime Minister retired to his farm, and no Cabinet pronouncement was made. The only reasonable explanation is that it was hoped to the last that peace would be saved and with it the necessity for answering the critical question. It became essential, however, for Parliament to meet. The life of the Senate expired on Tuesday, September 5, and in the circumstances it was imperative that its life should be prolonged. Parliament therefore met in Cape Town on September 2, after General Hertzog had conferred with Dr. Malan with a view to securing an agreed passage for the Senate Bill—and, it is thought, an agreement on neutrality. It was not until Saturday and Sunday, September 2 and 3, after the passage of the Senate Bill had been secured, that the Prime Minister discussed with his colleagues his intentions regarding the war. He had till then firmly refused to discuss this great issue. On these days the Cabinet met at Groote Schuur, the Prime Minister's residence. It would be an exaggeration to say that General Hertzog invited discussion of the issue. A subsequent account of what happened was given by Colonel Deneys Reitz, then Minister of Lands. It is clear from his account that the Prime Minister presented the Cabinet with a predetermined ultimatum in favour of a policy of neutrality, with the words "This is what I have decided upon". The Cabinet was decisively and irreparably split. No argument could induce the Prime Minister to revise his intention or submit his proposals to the party caucus. The following day, the House of Assembly met to consider a motion by the Prime Minister which read as follows:

The existing relations between the Union of South Africa and the various belligerent countries will, in so far as the Union is

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concerned, persist unchanged and continue as if no war is being waged, upon the understanding, however, that the existing relationship and obligations between the Union and Great Britain, or any other member of the British Commonwealth of Nations, in so far as such relationships or obligations result from contractual obligations relating to the naval base at Simonstown or its membership in the League of Nations or in so far as such relationships or obligations would result implicitly from the association of the Union with other members of the British Commonwealth of Nations, shall continue unimpaired and shall be maintained by the Union.

No one shall be permitted to use Union territory for the purpose of doing anything which may in any way impair such relationships or obligations.

On the other side was the following amendment by General Smuts:

It is in the interests of the Union that its relations with the German Reich should be severed and that the Union should refuse to adopt an attitude of neutrality in this conflict.

The Union should carry out the obligations to which it has agreed (Simonstown and the rest) and continue its co-operation with its friends and associates in the British Commonwealth of Nations.

The Union should take all necessary measures for the defence of its territory and South African interests, and the Government should not send forces overseas as in the last war.

This House is profoundly convinced that the freedom and independence of the Union are at stake in this conflict, and that it is therefore in our true interests to oppose the use of arms as an instrument of national policy.

The Prime Minister's defence of his motion resolved itself into two main points. The first one can appreciate as reasonable, if possibly mistaken. He urged that to lead a divided people into a war which was not primarily their quarrel would undo all the efforts of the past for racial conciliation, would renew and increase the old bitterness, with results that would not be cured for fifty years. Participation was therefore contrary to the national interests and this was the time for the Union to exert its rights as an

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independent nation to judge where its interests lay and to follow them. This is a tenable view whose sincerity cannot be questioned: it is indeed the basis upon which Mr. De Valera has proclaimed the neutrality of Eire. Further, it is possible that if General Hertzog had confined himself to this line of argument he might have carried the day. But he is incalculable in debate, and with a perverse temerity he proceeded to his second main argument which amounted to little less than a defence of the German Chancellor. Starting with the "monster" of Versailles and comparing Herr Hitler's struggle for German liberty with his own struggle for South African liberty, he proceeded to deny emphatically that he saw any proof that Germany was out for world domination or that the proceedings in any way threatened the liberty or interests of the Union. In effect, the war was not our quarrel and, whilst prepared to fulfil all our formal obligations to the Commonwealth and the League, he would not be a party to leading his people into war where their clear interests were not involved. He ended with a warning that

the alternative (participation) will be the death, as far as South Africa is concerned, of the Commonwealth of Nations. It will be the end of South Africa's allegiance to the British Commonwealth of Nations.

An argument so staggering in its blindness to the true meaning of events in Europe rendered General Smuts's task somewhat easier. It is not necessary to detail his arguments: they followed the obvious line, that not Danzig nor Poland alone but the freedom and security of all nations were in question, especially those of a country like the Union, poor in defence, rich in resources. We were dealing with issues which not only to-day but to-morrow touched our most vital interests. To stand aloof from our friends to-day would, perhaps, be to find ourselves friendless to-morrow, with a victorious Germany on our frontiers. General Smuts's speech was not, however, the less cogent for following

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familiar lines. One of its most effective points was that in taking up the middle course which the Prime Minister proposed we should be adopting an attitude quite unknown in international law.

In war you are either a friend or an enemy, and the Prime Minister in the policy he has laid down wants to be a friend, but he wants to temper his friendship with acts which no hostile Power will ever recognise as legal or proper.

This is the heart of the matter: we could not, even if we would, remain on friendly terms with Germany whilst at the same time defending a British naval base against her, unless Germany for her own purposes chose to accept this anomalous position.

The debate continued throughout the day. Its tone was high and serious, and was notable for the absence of bitterness on either side. But it was plain that the House, no less than the Cabinet, was completely cleft and that it would be a close thing. About 9 o'clock in the evening the vote was taken. By 80 votes to 67 the Prime Minister's motion was rejected: by 80 votes to 67 General Smuts's amendment was adopted. The Union was committed to war; and as General Hertzog moved the adjournment of the House one wondered whether South Africa had embarked not upon one struggle but upon two.

Analysis of the voting is interesting. General Hertzog was supported by 4 United party Ministers, Mr. Havenga, Mr. Fagan, General Kemp and Mr. Pirow, 33 other United party members and the full strength of 29 Nationalists. In favour of General Smuts's amendment were 5 United party Ministers, Colonel Reitz, Colonel Collins, Mr. Stuttaford, Mr. Henderson and Mr. Lawrence, together with 60 United party members, 7 members of the Dominion party, 4 of the Labour party and the 3 Natives' representatives. Out of a total House of 152 there were 147 present and voting. Senator Clarkson, Minister of Posts and Telegraphs, another of General Smuts's supporters in the Cabinet, was

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not a member of the House. The same applies to Mr. Fourie, Minister of Commerce and Industries, who supported General Hertzog. For the future of the Union the ominous feature was that the one side was overwhelmingly Afrikaner, the other predominantly English-speaking.

The same evening General Hertzog visited the Governor-General and asked for a dissolution of Parliament and a general election. This request His Excellency refused—a very proper decision; for in such circumstances the holding of an election might well have entailed serious disorder. General Hertzog subsequently tendered his resignation and General Smuts was called upon to form a Cabinet. On September 6 a proclamation was issued severing the Union's relations with Germany. On the same day the composition of the new Cabinet was made known. The Prime Minister himself took over the departments of External Affairs and Defence, Mr. Hofmeyr those of Finance and Education, Mr. Lawrence that of the Interior; the remaining Ministers are Colonel Reitz (Native Affairs), Mr. Stuttaford (Commerce and Industries), Colonel Collins (Agriculture), Mr. Sturrock (Railways and Harbours), Mr. Clarkson (Posts and Telegraphs), Senator Conroy (Lands), Dr. Steyn (Justice), Colonel Stallard, the Dominion Party leader (Mines), Mr. Madeley, the Labour representative (Labour) and Major van der Byl (without Portfolio).

III. THE WAR AND THE POLITICAL OUTLOOK

TWO further questions remain to be answered. What part is the Union taking or likely to take in the war? What is the present political outlook in the country and what the omens for the future?

First, with regard to the Union's part in the war, it is clear from the terms of General Smuts's amendment that the Government will send no forces overseas. Under the Union Defence Act all men up to the age of 45 are liable

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for service in defence of the Union, and this duty is readily accepted. But public sentiment, particularly in the country districts, would not permit the despatch of troops overseas: a Government that attempted it might have to reckon with mutiny, and without its saving clause General Smuts's amendment would not have commanded a majority either in Parliament or in the country. The Union will defend its own frontiers and those of South-West Africa, will defend Simonstown, and would probably co-operate in the defence of the Rhodesias and possibly of Tanganyika. For these purposes the Government has its conscription powers ready to hand; but they have not yet been used. The Government is moving slowly and watching developments abroad and at home. Air-training, however, is being intensified and accelerated, Permanent Force and Active Citizen Force units are being brought up to full strength, fresh units are being formed by voluntary enlistment, and coastal defences are being strengthened. Apart from this, of course, there is no lack of volunteer effort and organisation by both men and women in many directions, and a number of individual volunteers have already gone overseas to offer their services in Great Britain. A proclamation has been issued, however, which forbids male Union nationals of military age to leave the country without special permission and which extends the prohibition to women-doctors, nurses and medical students. In view of the fact that at present there is no shortage of man-power in Great Britain and that the future impact of the war upon the African continent is so uncertain, the appeal is a reasonable one: developments within the Union, on its frontiers, or beyond might well demand some day the services of every available citizen. For the moment, as a practical token of assistance, a movement has been launched to raise £1,000,000 for the supply of foodstuffs to Great Britain. In general, it seems that South Africa's function in the war will be to play its part in the defence of the Commonwealth by ensuring to the best of its ability the

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security of southern Africa—and with it Great Britain's key to the East. For a total population of 2 million whites that may be considered an adequate undertaking.

The present political position in the Union and the prospects of the future are no easy matters to define. There is no doubt that the country is badly split, and split on the old racial lines. The Opposition, drawing comfort from defeat, acclaim the reunion of Afrikanerdom, and welcome it as a great stride forward to the inevitable republic. General Smuts commands in the House of Assembly a majority of about 17, including certain members who were absent from the fateful debate; but it would be rash to assume that he commands a majority in the country or that a general election would have returned him to power. If an election were held to-day, or a referendum, it is more than probable that, in the former at least, a majority would endorse the policy of the late Prime Minister. This past month has seen a spate of political meetings throughout the country which, according to their lights and their locality, have passed unanimous votes of confidence in one General or the other. These, however, give little basis for a verdict, nor yet do the votes of United party committees, which in themselves are split in varying degrees. Briefly, it may be said, as might be expected, that General Smuts commands the support of the big cities, a large part of the Rand, Natal, the Eastern Cape and the Cape Peninsula: General Hertzog's support comes from such places as Pretoria, Bloemfontein, the country towns and the rural areas of the Central and North Western Cape, the Free State and the Transvaal. In view of the heavy over-representation on a population basis of the country areas (some urban constituencies contain nearly twice the number of voters compared with some rural areas), an election would probably return General Hertzog with, anyhow, a 5 to 4 majority. For the same reason, however, a referendum might go the other way. As things are at the moment, the Government has a majority

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of 17 in a House that has more than three years to run: it represents the true interests of the country, though not with any certainty the wishes of a majority of its citizens. It is asserted, with some probability, that in the debate of September 4 General Hertzog would have secured the majority he confidently anticipated, had it not been for his defence of Herr Hitler. That blunder is thought to have cost him some valuable votes. If we look then at things on their darker side, it must be admitted that the Union is at war by a narrow margin and that in the circumstances General Smuts's Government, though moderately secure in Parliament, will need to handle the country with a degree of tact and caution which in Great Britain and elsewhere overseas may convey a sense of slowness and half-heartedness.

There are, however, brighter factors in the situation. The position outlined above, though not altogether satisfactory to those who believe in the Commonwealth and its cause, is better than some had feared in those last anxious days of August. South-West Africa is quiet and a resort to civil violence in the Union, which had been regarded as a distinct possibility, has not developed in this first tense month and seems unlikely to develop as far as the future can be seen. Ex-Ministers have vigorously enjoined upon their supporters the need for restraint and tolerance; General Hertzog and Mr. Pirow in particular have urged the necessity for strictly constitutional action in furthering their policy and achieving the aims of the Opposition; Mr. Pirow has given a plain reminder to members of the Defence Force that their duty is to obey the Government in the execution of all lawful orders; though it must be said that there is an anticipatory accusation contained in the word "lawful". As a sop no doubt to English-speaking sentiment the late Minister of Defence has even expressed the view that Great Britain has been "100 per cent. right" in her course of action and has acknowledged the consideration which Great Britain has in the past extended to the Union. In taking this line

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the Opposition leaders no doubt intend to strengthen their moral position against the day when a general election puts the electorate to its decision: as to the Government, since it was Parliament's right to decide and Parliament has decided on war, it is for General Smuts and his colleagues to prove to the country that this decision was in its true interests. Furthermore the racial blocs are not altogether watertight. True, the Opposition ranks are almost solidly Afrikaner; but there is a minority of Afrikaners to whom the national interests still reveal themselves as bound up with those of the Commonwealth. There are six Afrikaner members of the Cabinet, three of whom are veterans of the Boer War and two are sons of former Presidents of the Free State. Account must also be taken of the remarkable personal loyalty which General Hertzog possesses among his supporters, a loyalty sufficient to lead some against their better judgment. It is not impossible to suppose that in the event of General Hertzog's retirement from public life some at least of those who are now in Opposition might renew their old allegiance. Such speculations, however, lead us too far from the present into the future. This future is for the moment too incalculable for speculation to be profitable. All that can be said is that much must depend upon the development of the war itself. A long period of indecisive or unsuccessful warfare for the Allies or a series of successful enemy raids upon our coasts would give no little reinforcement to the views of those who have held that it was not the Union's interest to tie herself to either side and who have belittled or denied the insurance value of the British Navy. On the other hand, some signs of Allied progress, effective protection by the British Navy, improved prices for primary producers, further manifestations, as in Poland, of Nazi ruthlessness, or of the nature of Nazi policy and promises—such factors may win over waverers to believe after all that General Smuts's view of our interests was the right one. That may seem, perhaps,

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a somewhat mercenary view in relation to a life-and-death struggle for liberty and decency: but in a country so profoundly and sincerely divided as the Union is to-day on the greatest issue in its history it may be those lesser considerations, operating on wavering minds, that will tip the scales and decide the ultimate success of one or other of the two political faiths which to-day struggle for the allegiance of the South African nation.

Union of South Africa,
October 1939.

NEW ZEALAND

I. NEW ZEALAND AT WAR

THE announcement shortly before midnight (N.Z.T.) on Sunday, September 3, that a state of war existed between Great Britain and Germany dissipated a widely held view that some eleventh-hour intervention would avert the dreaded cataclysm. This view was based solely on the belief that no Government would press its claims to the extent of plunging the world into war.

The issues involved were, throughout the period of the crisis, clearly and fully placed before the people of New Zealand by the press, and numerous articles by recognised overseas authorities were published. This was in marked contrast with the position at the time of the 1938 crisis.

The announcement of the outbreak of war was accepted by all sections with fatalistic fortitude. How different from August 1914! Then the people were on fire with martial enthusiasm; they sang patriotic songs, marched the streets and cheered; the spirit of adventure was afoot. On the night of September 3, 1939, there was none of this exhilaration. It was understood that the task Great Britain had undertaken was a grim business, and that the whole of the human and material resources of the Dominion would be placed at her disposal, to be used to assist in crushing the international terrorism of the Hitler *régime*. Thus no dissenting voice was raised against the message sent to the Secretary of State for Dominion Affairs by the Governor-General in which he said that the Government

entirely concur with the action taken, which they regard as inevitably forced upon the British Commonwealth if the cause of justice, freedom, and democracy is to endure in this world. The

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New Zealand Government wish to offer to the British Government the fullest assurance of all possible support. They are convinced that the step that has been taken will meet with the approval of the people of this Dominion, and they will give the fullest consideration in due course to any suggestion of the British Government as to the method or methods by which this Dominion can best assist the common cause.

Nobody is under any illusion as to the consequences of the action that has been taken, but now that the Nazi challenge has been accepted, there is a feeling of relief and thankfulness that the British Commonwealth has been spared a second Munich.

Parliament met on Tuesday, September 5, and a motion approving and confirming the declaration of a state of war between New Zealand and Germany was passed without further comment than the acting Prime Minister's explanatory statement. The members of the House rose immediately, sang the National Anthem, and gave three cheers. The Leader of the Opposition then promised the co-operation of his party in any legislative action necessary to enable the Government to meet the situation. This promise was carried out some days later when the Emergency Regulations Act, giving the Government full power to legislate by Order in Council, was passed without opposition.

Complete organisation for national safety was put into operation with smooth efficiency within a few hours of the formal declaration of war. Coastal defences were manned within six hours; the navy and air force were at action stations, and every step had been taken to conserve national resources. These measures had to be enforced with the authority of over thirty regulations most of which had been prepared beforehand and became operative at once. Not only was New Zealand ready to go to war, but she was in a position to defend herself at that moment.

The position has not yet developed sufficiently to enable the Government to announce the exact part the Dominion

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will take in the conflict, apart from home defence. On September 9, however, it decided to raise a special force of 6,600 officers and other ranks for service within or beyond New Zealand. Enlistment commenced on September 12, and on that day more than the required number volunteered. During the Great War, New Zealand mobilised for active service at home and abroad a grand total of 124,000, of whom nearly 92,000 were volunteers. The total called up for overseas service was 117,175, and of this number actually 100,400 went overseas; that is to say, approximately 11 per cent. of the total population was mobilised and between 9 and 10 per cent. went overseas.* The response to the first call for volunteers for service in the special force now being raised for service in or beyond New Zealand has resulted in 13,078 enlistments up to September 23. Of this total, 10,015 have been medically examined and 1,289 rejected as permanently unfit. The Government has also decided to train and despatch to England 1,300 air force pilots annually.

On September 15 the acting Prime Minister made an important statement in the House of Representatives in reference to the Dominion's position. He said that the whole of the man-power and resources of the Dominion must be organised for the protection of the country and in support of Britain, because New Zealand was indissolubly bound up with the other units of the Commonwealth and all units of the Empire must stand or fall together.

I wish to inform the House and the country (he added) that His Majesty's Government in New Zealand have, since the outbreak of war, been in consultation with His Majesty's Government in the United Kingdom as to the means and methods by which this Dominion can best assist in the common cause. At our request, we have received from the British Government a detailed and most helpful appreciation of the position indicating the measures which in their opinion it would be most appropriate for this

* See THE ROUND TABLE, No. 112, September 1938, p. 866, as to constitution of the New Zealand Expeditionary Force, 1914-18.

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Dominion to take for this purpose. I wish to state as explicitly as possible that every single suggestion that has been made by the British Government has been accepted and agreed to by the New Zealand Government, and is being put into operation as rapidly as possible. Indeed, many of them had already been anticipated and put in hand before the receipt of the British Government's suggestions.

II. THE LABOUR GOVERNMENT

"**W**HITHER is New Zealand tending? To 'the earthly paradise' that the Prime Minister says he and his colleagues are striving to bring about, or to the financial precipice over which critics say the Labour policy of 'tax, borrow and spend'—as the Opposition leader described it—is fast driving us?" The question was asked in the opening paragraph of the article in *THE ROUND TABLE* in June 1937.* At the outbreak of the Nazi war the majority of the people, presumably, were confident that the direction was towards the earthly paradise, but there were signs that the country was moving towards the precipice in spite of the strenuous efforts of the Government to stop the drift. Whatever be the true position, it is clear that the resources of the Dominion would have been strained to the utmost to maintain financial stability, and that far-reaching adjustments to commercial, industrial and social activities must have been made. The position of sterling funds in London had not improved to any appreciable extent since the import restrictions were first imposed on December 7, 1938. Indeed, the value of imports for six months ending June 30, 1939 was £28,186,730, being £1,077,418 greater than the corresponding period of the previous year.† The seriousness of the sterling fund position will be accentuated by the

* No. 107, p. 679.

† The Reserve Bank's sterling funds increased from £4,200,856 to £5,311,680 between December 7, 1938, and September 25, 1939. Those of the six trading banks decreased from £6,053,000 to £5,840,125 between December 1, 1938, and September 1, 1939.

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additional overseas payments the Dominion undertook to make for defence purposes and for carrying out the agreement for repaying the £17,000,000 (1940) loan and the export credits granted by the United Kingdom Government.* In other words, further and more drastic restriction of imported capital and consumer goods would have been inevitable, and the people would have had to do without a number of things which hitherto had been imported. The Government, however, urged local manufacturers to increase and extend their output to make up the shortage as far as possible. Whether industry could have been organised and expanded to meet any substantial portion of the contemplated shortage within a reasonable time or indeed at all is a matter of conjecture.

To all outward appearances, however, the country was still in a prosperous condition at the outbreak of war, and there was little, if any, expectation in the mind of the average man that any change was likely. The continued denunciations of the Government's financial, public works, social and industrial betterment policies by the press, responsible industrial, commercial, and financial heads and the Opposition, had failed to change public opinion to any marked extent, and it might be taken for granted that the Labour party was safely entrenched until its policy had been proved wrong by practical demonstration.

The scene has changed since September 3. Political controversies have been laid aside. The attitude of the Government and the utterances of its Ministers regarding the war have met with the approval of all sections of the community. There is complete confidence that the Government will leave no stone unturned to enable the Dominion effectively and fully to assist in the conflict in which the Empire is engaged. Sacrifices by all are inevitable, but there is no indication that they will not be readily made.

* See p. 226 below.

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III. PARLIAMENT

THE Government prepared a small legislative programme for the first session of the new Parliament. Indeed, the majority of the Bills are of a domestic or technical character. The session has not, however, been devoid of interest. The Opposition heavily attacked the Government during the Address in Reply debate on questions relating to finance and universal military training.

The fourth budget* of the Labour Government was presented on August 2 by the Prime Minister in the absence of the Minister of Finance and may be summarised thus:

		<i>Revenue</i>	
		1938-39 (actually received).	1939-40 (estimated).
		£	£
Taxation . . .		32,305,772	32,320,000
Interest . . .		2,127,445	2,780,000
Other receipts . .		2,148,827	3,160,000
		<u>£36,582,044</u>	<u>£38,260,000</u>
		<i>Expenditure</i>	
		1938-39 (actually expended).	1939-40 (estimated).
		£	£
Permanent appropriations:			
Debt services . . .		9,310,944	10,022,000
Exchange . . .		1,422,084	1,500,000
Highways . . .		3,055,094	3,233,000
Other services . .		374,579	376,000
		<u>14,162,701</u>	<u>15,131,000</u>
Annual appropriations:			
Social services . .		12,945,563†	10,613,000
Other services . .		8,664,414	12,299,000
		<u>21,609,977</u>	<u>22,912,000</u>
Supplementary estimates and contingencies . . .			200,000
		<u>£35,772,678</u>	<u>£38,243,000</u>

* See THE ROUND TABLE, No. 113, December 1938, p. 185, for previous year's budget.

† Includes old age pensions, &c., which since April 1, 1939, have been paid out of the Social Security Fund.

PARLIAMENT

The estimated expenditure for the year exceeds last year's expenditure by £2,470,000, and is partly exclusive of the moneys to be paid out of the Social Security Fund, which is an "extra-budgetary pool" created by the special tax of 1s. in the pound on all wages and income, the levy of £1 and 5s. a year on all males and females respectively over the age of 16 years, and a contribution from the consolidated fund. The contribution for the current year is a vote of £2,000,000 and the transfer of last year's surplus in the national accounts, namely, £809,000. The tax and levy will yield approximately £7,500,000, thus making the estimated national expenditure (apart from the expenditure of loan money) for the year, £46,552,000.

The revenue on the basis of the previous year's rate of taxation was estimated to decrease by £822,000. The Government was therefore faced with the necessity of increasing the rates of taxation to yield an extra sum of £2,483,000, made up as follows:

	£
Increased expenditure . . .	2,470,000
Decreased revenue . . .	822,000
	<u>£3,292,000</u>
Less last year's surplus . .	809,000
	<u>£2,483,000</u>

The extra revenue is to come from

(a) Higher rate of tax on personal incomes. The general exemption has been reduced from £210 to £200. The basic rate has been increased by four pence making it 2s. in the £; the gradation of one-hundredth of a penny for every £ of taxable income has been continued up to a maximum of 8s. 7d. in the £. Previously the gradation was 1/150th of a penny on every £ of taxable income in excess of £5,500 up to a maximum of 8s. 7d. in the £. The maximum rate will now be reached at £7,900.

(b) Higher rate of tax on incomes of companies. The

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basic rate has been increased from 1s. to 2s. in the £. The gradation has been fixed at 1/125th of a penny in the £ up to a maximum of 7s. 11d. in the £ (reached at £8,875), in lieu of 1/100th of a penny up to £5,500, and 1/150th of a penny thereafter up to a maximum of 7s. 6d. in the £.

(c) Higher rate of beer duty. This has been increased from 1s. 3d. to 1s. 9d. a gallon.

(d) Higher rate of petrol tax. This has been increased from 10d. to 1s. 2d. a gallon.

(e) Higher rate of death duty. The scale for estate, succession and gift duty has been increased by approximately 20 per cent. The exemption of £1,000 for moneys payable to an estate in respect of the deceased's life insurance policies has been taken away. The exemptions in favour of the widow of a deceased have been reduced to a small extent.

These measures are estimated to yield £2,500,000 (thus producing a budgetary surplus of £17,000), made up as follows:

	£
Income tax increases . . .	1,000,000
Beer duty increase . . .	300,000
Petrol tax increase . . .	1,000,000
Death duty increase . . .	200,000
	<u>£2,500,000</u>

Once again the budget made provision for a record expenditure on public works. The Government's policy in regard to public works was formulated by the Minister of Finance when introducing the 1938 budget, thus:

The present Government does not subscribe to the view that public works should be regarded as a palliative to be undertaken only when private enterprise fails to provide the necessary facilities or to offer the required employment. The present Government's policy is to promote or expand public works on their individual merits as projects of public development.*

* See THE ROUND TABLE, No. 113, December 1938, p. 186.

The Prime Minister, in introducing the 1939 budget, said:

To carry toward completion the large public works already in hand, the public works programme for the current year, apart from defence works, is approximately of the same magnitude as last year. It may be said that we have reached the peak so far as public works are concerned, and our job is to concentrate on tapering down to a more economic level by transfer of men to primary and secondary industries.

He also stated that the policy of expanding public works expenditure was never more than a temporary expedient to reduce unemployment, raise purchasing power, and stimulate industry, and that it had been realised all along that the only permanent solution of the unemployment problem is for the men to find work in productive industry.

The estimated expenditure for the current year is £23,917,000 (including £2,200,000 for defence capital expenditure). This is £4,494,479 in excess of the amount actually expended, and £3,197,300 estimated for the previous year. The money required to carry out the programme will be provided by loan money, £19,062,000, and by revenue derived from taxation, disposal of produce from state land, sales of electricity, and miscellaneous sources, £4,855,000. Approximately half the loan money is already available from the proceeds of the internal loan of £4,500,000, raised earlier in the year, and the £5,000,000 provided by the United Kingdom Government in accordance with the arrangement made with the Minister of Finance.

The budget disclosed that during the previous year the public debt increased by £13,768,930, and on March 31, 1939, stood at £303,970,272, domiciled as follows:

	£
London	156,853,016
Australia	879,600
New Zealand	146,237,656
	<u>£303,970,272</u>

No budget which increases the rate of taxation is likely to

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be received with enthusiasm. In spite, however, of the spate of criticism by the press, the general view was that apart from the provision for heavy borrowing, the budget might be accepted as grim but sound.

The Government, no doubt, would like to extend the time in which many of the large public works in course of construction should be completed and so cut down the annual expenditure. It has been unable to do so because of the fear of unemployment. The Prime Minister stated when introducing the budget that "for the past year unemployment has been virtually eliminated". In 1935, state employees, excluding school teachers and members of the police and defence forces, numbered 45,313; in 1939, 77,939, an increase of 32,626. The number of workers, other than clerical staff, engaged on public works was 8,725 in 1935, and 21,656 in 1939, an increase of 12,928. Any serious diminution of the public works would have resulted, not only in the dismissal of large numbers of workers but of clerical members of the public service as well.

IV. WAR FINANCE

THE Minister of Finance informed Parliament on September 15 that the outbreak of war would necessitate serious alterations to the budget estimates, first, by decreases in receipts from petrol and sales tax, customs duties and other items of revenue; secondly, by increases in expenditure for war purposes. He announced that the Government had decided to establish a "war expenses account" and to service it as far as possible from revenue, which meant additional taxation. "All must share in the war effort," he said, "some by personal service in the armed forces and the remainder by paying the maintenance of those forces."

In introducing the Government's war finance measures on September 26 the Minister estimated that war expendi-

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ture in New Zealand, for the year ending March 31, 1940, would be £9,750,000, made up as follows:

	£
Army	5,000,000
Air Force	3,500,000
Navy	1,250,000

Of this amount, £3,200,000 has already been provided for in the ordinary budget under the "defence" vote; £2,408,000 is to be obtained by additional taxation, and the balance, £4,142,000, from the proceeds of loans to be raised. The extra taxation is to come from the following sources:

- Income tax: a general increase of 15 per cent. on existing rates.
- Death duties: a general increase of 33½ per cent. on existing rates.
- Beer duty: an increase of 3d. a gallon.
- Wine and spirit duty: an increase of 15 per cent. on present duty.
- Tobacco duty: an increase of 25 per cent. on present duty.
- Gold duty: a special tax of 75 per cent. of the difference between the price of gold on August 24, 1939, and its actual selling price is to be levied.
- Postal rates: a surcharge of 1d. is to be imposed on all letters; several other rates have been increased.

The following table sets out the estimated returns from the additional taxes for the remainder of the financial year:

	£
Income tax	1,440,000
Death duties	175,000
Beer duty	100,000
Wine and spirit duty	60,000
Tobacco duty	273,000
Gold duty	110,000
Postal rates	250,000
	<u>£2,408,000</u>

Although £4,142,000 is the estimated amount of the loan moneys required for the present year, the Government has

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taken authority to borrow £10,000,000. Provision for the larger sum has been made to enable the money required for the upkeep of the proposed expeditionary force after it has left New Zealand, to be borrowed from the United Kingdom Government. Referring to the loan money to be raised in the Dominion, the Minister said,

It is proposed to see if some can be raised by loan, and in addition where it was necessary, all the money required for war purposes would be obtained from the Reserve Bank. There would be an amendment to the Reserve Bank Act later on to enable that to be done, as the Dominion could not afford to be short of money at any time during the war. Normally, we can only borrow what has been saved, but we cannot afford not to go on with the war because the necessary money has not been saved. We have to provide credit and use all our available resources to that end. . . . I think it may cost us £20,000,000 or £30,000,000 next year if the present circumstances continue. I am sorry we have to talk of long periods, but whatever it costs, we have to find it, and go right through with it to the end.

The Opposition criticised the proposals on the ground that the Government seemed unwilling to face up to the responsibility of cutting down any part of its peace time expenditure on public works. The Minister replied that the Government would, wherever possible, transfer state employees from non-essential work to the primary and secondary industries, and that all savings on estimated expenditure would be transferred to the war expenses account. He made no provision for possible decreases in estimated revenue to which he referred on September 15 but on September 28 he stated that, as the extra tax of 4d. on petrol had been imposed for defence expenditure, the yield of it would be paid into the war expenses account.

V. MR. NASH'S MISSION

THE Minister of Finance (Mr. Nash), during his recent visit to London, arranged that the £17,000,000 which falls due on January 1, 1940, would be reduced to £16,000,000,

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on due date, and the balance repaid in half-yearly sums amounting to £2,000,000 in 1940-41 and £3,500,000 in each of the four succeeding years, less any amounts the bond-holders elect to convert. He also arranged a loan of £5,000,000 from the United Kingdom Government for defence and other public purposes; also an export credit of £4,000,000.

Although expressions of gratitude for the assistance given by the United Kingdom Government have been made in many quarters, serious doubts have been raised as to whether the temporary relief afforded will enable New Zealand to weather the financial storm into which she has sailed.

It is generally recognised that unless there is a sharp rise in the price of primary products, New Zealand will have to make a stern effort of national self-denial in order to meet the capital repayments and also find the £12,000,000 annually required to pay overseas interest, freights and other obligations. Commenting on this the *New Zealand Herald* stated:

If New Zealand is to keep the bargain made by Mr. Nash—and there can be no question about that—she will have to accustom herself to a much stricter régime. She has to find the difference between the excess of £1,351,000 earned in the last twelve months and the £16,000,000 that will be required annually in the next five years. The task is difficult, but not impossible. It means self denial and harder work. If New Zealand still possesses some of the self-reliant pioneer spirit, if she takes a true pride in her good name, if she is really intent to build a nation, then she will face the consequences of her own improvidence and be the richer in equity, in experience, and in national morale at the end of it. The immediate business, however, entails thinking out the ways and means of meeting commitments in a practical way.

A sensation was caused during the budget debate by Mr. J. A. Lee, who is regarded as the leader of the Left wing of the parliamentary Labour party.* In effect, he pointed out that it would be impossible for the Dominion to repay

* See THE ROUND TABLE, No. 116, September 1939, p. 873.

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future overseas loans if similar terms were imposed, and suggested that the whole overseas indebtedness be funded at a low rate of interest, and repaid by annual instalments over a long period of years. He went further. He attacked the loan system in principle and embarked on an extravagant denunciation of money-lending institutions in general and the Governor of the Bank of England in particular. Mr. Lee's statement that, if it came to a choice between the people of New Zealand going without the necessities of life and meeting our overseas commitments, he would provide for our own people first was seized upon by the Opposition as a declaration in favour of repudiation. Mr. G. W. Forbes thereupon interposed with a motion calling upon the Government to dissociate itself from Mr. Lee's speech and its implications. The acting Prime Minister quickly reasserted the Government's determination to meet each and every obligation of the Dominion, and denounced the Opposition for drawing an unjustified inference from Mr. Lee's speech. This unequivocal assertion of the Government's policy was accepted by the Opposition and the motion was withdrawn. It was apparent, however, that a number of Government members were far from satisfied with the arrangements made by Mr. Nash, and further developments were expected after his return to New Zealand. Mr. Nash returned on the day following the declaration of war, and the consequent change in the situation has postponed or rendered unlikely any such developments.

VI. THE PRIME MINISTER

MR. SAVAGE underwent a serious operation on August 4. Although he is now convalescent, it is not known when he will be able to resume his duties. Sympathy for him and hopes for a speedy recovery were expressed throughout the Dominion. Probably no Prime Minister of New Zealand has enjoyed the respect and affec-

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tion, not only of the followers and supporters of his party, but of the people as a whole, to a greater extent than Mr. Savage. His inherent honesty, devotion to duty and humanitarian ideals compel admiration even by those who are bitterly opposed to his policy. The way he accomplished the arduous task of delivering the budget on the evening before he had to enter hospital, and the telling appeal to the people to stand shoulder to shoulder with Great Britain which he broadcast on September 6, will long be remembered.

New Zealand,
October 1939.

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1. The Empire Air Training Scheme.

Sir Kingsley Wood, Secretary of State for Air, described the scheme in the House of Commons on October 10, as follows:

The Dominions have already signified their intention of making a great and powerful contribution to the common cause in relation to air defence. In the last Great War the Dominions gave us large numbers of skilful and courageous pilots and crews. Again to-day in the air the whole strength of the Empire is being marshalled, and there is no doubt that the great Dominion effort of 25 years ago will be largely exceeded in the present conflict.

In this connection, I am glad to be able to announce a development of great importance which I can confidently say is destined to make a most effective contribution to the successful prosecution of the war.

His Majesty's Government in the United Kingdom put forward last month for the consideration of His Majesty's Governments in Canada, the Commonwealth of Australia and New Zealand an outline of arrangements for the rapid expansion on a co-operative basis of the training organisation for pilots, observers and air gunners required, first, for the considerable enlargement, and then for the maintenance on the enlarged basis, of the Air Forces of the respective countries, this to be combined with an expansion of the production of aircraft in the Dominions concerned.

The Dominion Governments concerned have signified their ready agreement in principle to these arrangements, and as a result they and we have ensured that the many facilities and great natural advantages for the training of pilots and other personnel and the production of aircraft which the Dominions offer, in areas comparatively free from the risk of enemy interference will be utilized to the fullest extent and to the best advantage.

Training schools will be established and maintained in each of these Dominions. The more comprehensive and technical facilities required for advanced training, apart from those available and to be made available here, will in the main be concentrated in Canada. Personnel from the elementary training schools in

Australia and New Zealand, as well as a substantial proportion of the young men passing-out of similar establishments in this country, will proceed to Canada to receive there, with similar personnel from Canadian schools, the advanced training which will fit them for service in the line. The young men so trained will join either Air Force squadrons maintained by the respective Dominion Governments in the theatre of operations or our own Royal Air Force units; while those from this country who get their final training in Canada will, of course, come back to join the Royal Air Force squadrons in the field.

The undertaking is one of great magnitude. Its development will result in a very great and rapid increase in the number of training schools, already large, and achieve an increased output of first-line pilots, observers and air gunners which, combined with our home effort, will ensure that the greatly increased requirements in trained personnel are fully met. The aim, in short, is to achieve by co-operative effort Air Forces of overwhelming strength.

2. Speech by the Marquess of Lothian at the Pilgrims' Dinner in New York on October 25, 1939.

I FEEL the welcome that you have given me to-night is also a testimony to the remarkable men who preceded me in my present office—Lord Bryce, the writer of what I suppose is still the most authoritative work on the American Commonwealth; Sir Cecil Spring Rice, who was here during most of the World War; Sir Edward Grey and Lord Balfour, who were Ambassadors for short periods during and after the war; Lord Reading; Sir Auckland Geddes; Sir Esme Howard, who passed away only a few days before I sailed; and last, but by no means least, Sir Ronald Lindsay, who for nine years represented my country with such wisdom, steadfastness, dignity and strength in Washington. They set a high standard and will be a hard company to follow.

I am glad to think that the mutual comprehension between our two countries is much better than it used to be. There is certainly far greater knowledge of the United States in my country. That is partly because the reading of American history now has a definite place in our colleges and schools; partly because we have become much more American in our mode of life than most of you realise. I think you on your side came to realise how greatly our life

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had been democratised from the formalism of the Victorian era when you saw our King and Queen only four months ago. Both they and we are immensely grateful to you for the wonderful welcome you gave them. You rapidly came to recognise the simplicity of character, genuine humanity and the spirit of public service which have endeared Their Majesties in so short a period to their own subjects.

In some ways I regret that I have to speak to you at all to-night. It is very difficult for a belligerent to address a neutral without saying something that may be misunderstood as an attempt to interfere. But it is an old-established custom that shortly after his arrival at his post every new American Ambassador has to address the Pilgrims in London, and that every new British Ambassador has to address the Pilgrims in New York. So I am here. And being here it is not possible for me not to talk about the subject which is uppermost in the minds of everybody throughout the whole world to-day—the war—what it is about, how it will end, how it can be prevented from recurring.

This war is a far more portentous thing than the last. It is likely to leave the world far more deeply transformed, for better or for worse, than the war of 1914. The ideological conflicts go deeper. The armaments are more gigantic. There is far less confidence than there was twenty years ago in the strength of our western institutions and in democracy, as we have known it, as the simple specific for all our governmental ills. Immense as were the changes wrought by the years 1914–18, the present war, if it lasts as long, is likely to end in transformations far more profound.

I have been told that, if I talk about so dangerous a subject as the war, I shall be accused of propaganda. You are quite rightly suspicious of propaganda. May I say just this about it? There is all the difference in the world between the publicity characteristic of the democracies and the propaganda of totalitarian states. The very basis of democracy is faith in the capacity of the individual for responsible decisions. The success of democracy, in the long run, depends upon the wisdom, the public spirit and the self control of the individual citizen. A democracy invites publicity. It wants to hear all sides; it must hear all sides, for unless it does it cannot judge properly. The great difficulty about democracy is that the citizen is expected to arrive at conclusions about public affairs, not in the calm of the library or the courtroom, but amid the clamour of opposing parties, the propaganda of selfish and vested interests, and constant appeals by politicians of the baser sort to

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selfishness and greed. But it is precisely the capacity to think for himself and herself which is absent among those who have only to obey the command of authority. As a fellow democracy, therefore, we feel we have the right, indeed the duty, to tell you our story, to explain to you and all other democracies what we are doing and why we are doing it. But having done that we feel it is for you and you alone to form your own judgment about ourselves and about the war. That, of course, is your inalienable right.

That is what we mean by saying that the British Government conducts no propaganda in this country. We want to tell you the facts as we know them, and our point of view about them, from London. But having done so, by our own democratic principles we are bound to leave you perfectly free to form your own judgments.

The propaganda of totalitarian states is necessarily on a different basis. For by the law of their own being they do not entrust the final decisions on public policy to their own citizens. They set out to manage their thinking for them, as they think, in their own interest, through official control of the schools, the universities, the press, the radio and the movies. It is a central purpose of totalitarian countries to manipulate opinion at home. And that fact, I think, necessarily colours the purpose of their foreign propaganda also.

So I am going to brave the critics and talk to you about the war. If we British and you Americans, indeed all the free peoples, cannot speak frankly to one another about what is deepest in our hearts, and what most affects the future of the world, then there is no possibility of arriving at a sane policy for peace. I believe that you want us to talk to you frankly and honestly about these vital things, as we certainly want you to do to us.

This war, of course, is the outcome of the mistakes of the past. All wars are. There has been endless discussion about who is responsible for this war. We can all draw convincing pictures of how our neighbours have contributed to the reappearance of world war, just twenty years after the conclusion of the war which was to have ended all wars. My country must certainly bear its share of blame. But, if we are to see the picture clearly, I think we must admit that no nation and no statesman can establish a clear alibi for what is now happening. A little humility, sometimes, does not do any harm—for, as Christianity makes clear, humility is one of the portals to the discernment of the truth.

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I want, in the first place, to say a word about the Treaty of Versailles. It has become the fashion—Dr. Goebbels has made it the fashion—to attribute every evil to that unfortunate Treaty. There were certainly defects enough in it. But it is absurd to attribute all our troubles to it. A very distinguished German democrat only a few weeks ago said that the rise of National Socialism was due, 30 per cent. to the Treaty of Versailles, 30 per cent. to the inexperience of Germany in democracy, and 30 per cent. to the great depression which in your country began in 1929. I would put it somewhat differently. Hitlerism is the child of bolshevism out of universal economic nationalism. But do not let us lose sight of the ideals which moved us in those remarkable days from 1914 to 1920. We then entered an epoch in which an old world began to die and a new world began to be born. Before 1914 the old diplomacy governed international relations. It was regarded as being natural and right that every nation should think only of its own interests and should feel no responsibility for anyone else. But in 1914 the democracies, which had previously concerned themselves almost entirely with their internal affairs, began to take charge of international relations. Democracy, as Thomas Mann has so brilliantly said in his great address "The Coming Triumph of Democracy", by the law of its being, inevitably gives its allegiance not to dreams of power but to moral ideals. It may not always live up to these ideals. It certainly does not. But they are the stars by which it guides its life. And so, immediately the democracies became actively concerned with international affairs they proclaimed their own ideals about them. Mankind is a community. War is fratricide. Nations as well as individuals have the right to life, liberty and happiness. Backward people have the right to security against exploitation and to be guided towards self-government. The status of all nations, great and small, should be equal before the law. And the establishment of a true reign of law between the nations is the only remedy for war. Those were the ideals which underlay the war and the Paris Peace Conference of 1919. They are, I believe, eternally true. And they were expressed with immortal eloquence by your own President Wilson.

But the democracies had not thought out what the establishment of this new world implied. They did not realise that the new world was incompatible with universal national sovereignty or with many other features of the old order. That is not the only

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reason, but it is one reason why the war has returned; and why it is still in doubt whether the break-up of the old order is going to end in a new advance to freedom or another plunge back towards barbarism. But the victorious democracies, in 1919, in the Versailles Treaty, did apply their principles to the territorial settlement of Europe. They did give every nation the right to a separate autonomous existence, and they did try to give protection to minorities, and they did set up the mandate system to give protection to backward peoples. The number of free nations in Europe rose from seventeen to twenty-six, including the terribly delayed freedom of Ireland. People criticise the frontiers drawn at Paris. Admittedly some of them were not very good. But at the worst they were only a few miles wrong. What Herr Hitler is challenging at bottom is not the frontiers made at Versailles but the whole democratic conception of international life. His remedy for frontier mistakes is not to correct them but to annihilate Austria, Czechoslovakia and Poland by violence, in order to establish a Nazi Empire, controlled by a secret police, which destroys not only national but individual freedom within it, and gives minorities no rights at all.

So I beg you not to be misled by this ceaseless attack upon the Treaty of Versailles. The greatest mistakes made at the Peace Conference were not political but economic. Few people seemed to realise the inevitable consequence of dividing Europe, or, for that matter, the world, into watertight economic compartments and then of imposing on these States fantastic reparations and other forms of inter-governmental indebtedness which it was quite impossible to pay across these economic frontiers without disaster for all.

Fundamentally, the British are fighting to-day for the preservation of some of these new values, which the democracies declared during the last war. I am not sure that our ultimate goal is yet visible, any more than we were able to see in 1914 what we came to see, largely under American leadership, in 1918. But there are, we feel, two points which are clear. The first is that there can be no basis for a lasting peace which does not give to all the nations of Europe their right to autonomous freedom and until the Gestapo is cleared out from among them. The second is that we should establish some security against constantly renewed wars of aggression and against the situation in which Hitler has been able to annex a new country by war or by threat of war every six months. We feel that an armistice now would

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simply play into his hands. That would give him months in which to decide where his next attack is to be made, to reorganise his preparations in the right direction, to get the democracies demobilised, so that the initiative in attack passes back to him and he can make his next pounce before they are ready to meet it. No true peace can be made on that basis.

I am sure there is no desire in my country to impose another dictated peace on a prostrate Germany, or to take from her any lawful rights. On the contrary, I think there is a clear conviction that only through a peace negotiated with a Government they can trust can Germany, and all other nations also, obtain their legitimate place in Europe and the world which is the only possible basis for a lasting peace.

But let there be no mistake. We feel that to-day we are fighting for some of the vital principles upon which a civilised world alone can rest—a world in which the individual and the nation will be free to live their own lives in their own way, secure from sudden attack and destruction. There we stand; we can do no other. And unless I misjudge my fellow countrymen, there we shall stand until that purpose is achieved.

But you constantly ask, What are our ultimate peace aims, what are our ideas about the kind of world we want to see established if we win the victory? We can understand that request because the way the war will end will affect you as well as us. To-day the war in Europe is our concern as a belligerent and not yours. We understand your attitude of non-intervention better perhaps than you think, because for many long years "splendid isolation" was our own attitude to the constant wars and struggles of Europe—so long as the Channel was as wide as the Atlantic and so long as nobody threatened to be able to dominate Europe and so cross it.

I have told you our views so far as they have been formulated up to the present. But we think we are entitled to ask you the same question. What do *you* think should be the settlement we should aim at after the war, the kind of settlement which will end the risk of another world war in another twenty years? At bottom we are fighting a defensive war. We are trying to prevent the hordes of paganism and barbarism from destroying what is left of civilised Europe. We are putting every nerve into the task. We are up to our necks in action. But you are outside the maelstrom. You get more and better news than any country under censorship in Europe. Perhaps you can see things in a better perspective than we can. The war is following a different

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course from that which any of us expected and the peace to which it ought to lead is likely to be different from what we have expected also. As I always tell my fellow countrymen, it is inconceivable to me that the United States, which has already done such immeasurable things for the freedom of mankind, which has produced the greatest democratic leaders that the world has seen—Washington, Jefferson, Hamilton, Abraham Lincoln, Theodore Roosevelt and Woodrow Wilson—every fibre of whose tradition spells faith in the perfectibility of man, in his progress and freedom, should not have its own contribution to make to the solution of the greatest problem that has ever presented itself to the genius of man.

To-night, pending answers from you and France and Britain and elsewhere, I am going to venture, on my own responsibility, to make my own contribution to the discussion of the kind of world we want to see after the war. I am going to appeal not to theory but to experience. I would ask your consideration of certain remarkable facts about the nineteenth century.

The nineteenth century, or rather the century from 1815 to 1914, was a century without world war. That was a very striking and significant fact. It was the only such century since the break-up of the Roman Empire or, at least, of the medieval world. Three-quarters of your history as a nation have been spent in a totally unusual era—an era without world war. The eighteenth century, the seventeenth century, and the sixteenth century were periods of almost continuous world war. During the whole epoch from the first Spanish settlement, America, both North and South, was the scene and subject-matter of world war. Your own destiny turned upon the outcome of the Seven Years War in Europe from 1756 to 1763, on whether the British Navy was able to drive the French fleet off the seas and allow the British and colonial forces to take over Canada and free the Mississippi valley. And that victory was the prelude to that "incident", to use the now fashionable term for war, in which you drove King George III out of the United States because he unwisely insisted on trying to make you pay part of the cost of that war.

Even after that and during the Napoleonic Wars you were in constant danger, and in 1812 you were drawn once more into world war. But then the picture changed. For a century there was no external war in North and South America, and no world war. It was not till 1914 that the era of world war began again. It engulfed you in 1917, and now in 1939 it has already sucked in the British

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Commonwealth and has come near enough to you to make it one of your serious preoccupations how you are to avoid being sucked in yourselves also.

This era of world peace did not happen by accident. It was the result of definite policy and action. That is why I think it worth while to consider how the century of freedom from world war was achieved. The reason was because you and we, between us, created a rudimentary but, in the circumstances of the time, none the less effective system of world order. We did not attempt to prevent all war. But we prevented world war—and that was the essential thing. Local wars do only limited damage. It is world wars which destroy civilisation.

Your part in the system was the Monroe Doctrine. The underlying idea of the Monroe Doctrine was originally proposed by Canning as a joint Anglo-American policy. It was eventually proclaimed by President Monroe, quite rightly as I think, as a unilateral policy of the United States. The Monroe Doctrine was fundamentally a strategic doctrine. It aimed at preventing European political intervention in, and the transference of European wars to, North and South America, and it put the American Navy behind the independence of the American republics, as the sanction behind the Doctrine. The principle of the Monroe Doctrine is now, I am glad to see, becoming a Pan-American doctrine as well as a declaration of American policy.

But the Monroe Doctrine did not, in practice, stand alone. You and we each of us carried out independently our own share of the original Canning proposal. The Napoleonic Wars had taught Great Britain the value of sea power and that her own freedom and that of the whole overseas world in which she was interested depended upon her having an invulnerable base at home, a paramount navy, and naval bases all over the world. This meant that no European or Asiatic Power could cross the oceans and annex overseas territories against her will unless they had a navy large enough to challenge hers. We had a kind of Monroe system of our own, reinforcing yours, but extending it to overseas territories like South Africa, Australia and New Zealand, or countries like India which could not be easily reached overland. It was this double system which was the power basis of the nineteenth-century peace. So long as it was unchallenged not only were we and you safe from attack, but there could be no world war. There could be local wars. There was the Franco-Prussian War, the war for the unity of Italy, the Sino-Japanese and the Russo-Japanese

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Wars, your own Civil War, and other minor conflicts. But there was no world war until there arose in Europe a Power which was able to challenge Great Britain at sea, as Germany challenged it, by the building of the new German Navy at the beginning of this century.

But there was another element, an economic element, in the nineteenth-century system, which explains why it was a century of unexampled prosperity and why the industrial revolution was able to develop without world war. It consisted of three parts. The first was that there was, in effect, a world currency based on gold. This was initiated by the Bank of England in co-operation with other national central banks with which, in due course, the United States co-operated, and created a stable basis for world trade. The second was that during most of the period the world was either free trade or relatively low tariff. The conditions therefore existed for that free movement of capital and labour all over the world which was the secret of the prosperity of the Victorian age and which prevented much economic rivalry and friction. The third was that there was practically free immigration to the new world. This relieved those population pressures in Europe which, with present-day extravagant economic nationalism, have been, in my judgment, the main cause of the rise of the dictatorships. And in this, the United States, by opening its doors to millions of immigrants from Europe, played the principal part, and gave, in the melting-pot, the answer to the present racial doctrines of totalitarian Europe.

This nineteenth-century system of world peace can be criticised, of course, as being arbitrary and "dog in the manger". Europe, indeed, has frequently criticised the way in which the Monroe Doctrine reserved the vast areas and unexampled resources of the new world for the relatively small population which has been fortunate enough to live there. And the British Empire, as you all know, has been a target of ceaseless abuse as a purely selfish imperialistic concern, some of which no doubt is deserved. But the fact remains that while we both profited enormously from the nineteenth-century system, so did the rest of the world. Just consider the record of that remarkable, that most unusual century. Because world war was prevented, because the system was administered by two Powers which were on the whole liberal and democratic; because its economic policies were sound, it saw an unexampled expansion of human freedom and prosperity. The North and South American continents were left free to develop

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without external war and without liability for maintaining burdensome armaments or those restrictions on individual freedom which are inevitable when war comes near. The British Empire became transformed into a Commonwealth in which not only Canada, Australia, New Zealand and South Africa have taken their place as independent equal nations, but every other part, India, Ceylon, Burma, Jamaica and many other peoples are now far on the high road to self-government. During the century the system of individual economic initiative and private property, known as capitalism, raised the standard of living in the western world fourfold between 1815 and 1914. And towards the end of the century democracy was learning how to remedy, by old age pensions, graduated taxation, unemployment and health insurance and so forth, many of the evils which unrestricted capitalism had begun to bring forth. Yet naval power, which was the sanction behind it, because navies cannot move on land, made the system one of peace and freedom rather than of domination. The best proof that on the whole the system benefited the world was that at no time was there any serious thought by other nations of trying to upset it.

In 1914 this marvellous era came to an end. I cannot discuss to-night the reason. I would only say that one main reason was that Europe, during that century of world peace, failed to find any basis for its own federal union, as you and Canada and Australia had done.

But while, after a century of achievement, this rudimentary system of world order failed to prevent another world war, it did succeed in its primary purpose of protecting the liberties of North and South America and the British territories across the seas. At the end of the world war there was more political freedom and democracy in the world than there had been before. And to-day, early in the second great war of this century, it is precisely the future of this freedom which is at stake. If the barrier now erected by Britain and France goes, the victor will control the seas, the bases on which that control has rested will necessarily pass to him, and the system behind which you and we have lived, on the whole so freely and so prosperously, for 150 years will have disappeared.

I do not propose to-night to try to discuss why the League of Nations which, in 1919, was erected to replace the nineteenth-century system and which was based on the ambitious hope of giving security for national freedom everywhere, why the League

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of Nations, has so rapidly and, at the moment, so completely broken down. There are many reasons, some of which I have already mentioned. I would only add that one main reason was the failure to distinguish between world problems and the internal problems of Europe. Some form of economic federation, perhaps even of political federation, at any rate for part of Europe, is, I am sure, a necessary condition of any stable world order.

I have ventured to give you this brief retrospect of the history of the nineteenth century because I believe it contains lessons which are well worth our study to-day. Conditions, of course, are different to-day. It will not be possible to reconstruct the nineteenth-century system with its old forms; but, when at the end of this war we come to consider how world war, though not perhaps all war, can be prevented from happening again, I think it is worth while to consider the factors which underlay the successful experience of that century.

There has been a tendency among some writers in this country to regard this war as a struggle between Britain and France on the one hand and Germany on the other, with diplomatic manoeuvres going on in eastern Europe on the side. Repeatedly I see it said that this is a mere contest for power between rival imperialisms. I think this is to misunderstand what is at stake. It is a question of whether power is going to be behind a liberal and democratic world or a totalitarian world. One of the mistakes the democracies made after the last war was to think that peace would come in the main through disarmament. Disarmament on a large scale, of course, is necessary. But peace comes from there being overwhelming power behind law—as you found when you had to deal with the gangsters within your boundaries. The real issue in this war is whether there is going to be power behind the kind of world in which France and the British Commonwealth and the democracies of Scandinavia believe or far more relentless power behind the world in which National Socialism and Communism believe. That is the real conflict—not the conflict between rival imperialisms.

Let me give you another reason for thinking that this war is not a mere struggle between Britain or France and Germany. I have often besought my fellow countrymen to study the United States. I have found it a most fascinating and inspiring study. May I urge you to study the modern British Commonwealth? I think you will find it equally fascinating. It is somewhat quite different from what most Americans believe. It is

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no longer an empire in the old sense of the word. It is a vast system of international relationships, containing nearly 450,000,000 people, of many different races, religions and colours, yet living together under conditions of order and with ever-increasing freedom and responsibility. It is full of problems. India is the greatest of them. The root difficulty in India is how to find a stable form of responsible self-government for a sub-continent containing nearly 400 million people, speaking several languages, with grave Hindu-Moslem tension reminiscent of the Protestant-Catholic struggles in Europe, and with a third of the country governed by historic medieval princedoms. These things cannot be settled in a day, and, while there is no doubt that opinion in India is wholly on the side of the Allies and against the totalitarians—Mahatma Gandhi has made that clear—there are difficulties about the share of responsibility which the Indian parties are to have for the conduct of the war, difficulties which I believe will be adjusted by common sense and good will.

The attitude of the independent nations of the Commonwealth—Canada, Australia, South Africa, New Zealand and Ireland—has been made clear by their own Prime Ministers and Parliaments, free from all interference by Great Britain. The record is there for all to read, both of their decision and of what they propose to do. It is exactly the same with the colonial peoples. Legislative Councils, native rulers and representative bodies everywhere have declared their support of the Allies' cause. It is a striking tribute to their confidence in the modern Commonwealth system—the essence of which is that the innumerable problems which arise within it, problems of race and colour and civilisation, of self-government and responsibility, must be settled by free discussion round a table, by compromise, and not by resort to violence or by the domination of one race over all the rest. And as such it bears a clear analogy to your own Pan-American Union. It is by no means a perfect system, but it is on the right road; and for years it has been developing towards greater freedom. All these peoples, scattered all over the world, have now taken the same fundamental attitude to the great issue which is at stake in Europe. That, I think, is a remarkable thing—and it shows the immense gulf between British Imperialism, as it is sometimes called, and the imperialism of the totalitarian world.

In this war we are confident that our cause is going to prevail. We have no doubt about it. It may take time, as it took time in

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1914. It took even longer in the days of Napoleon. And our confidence is not based only upon a calculation of the vast human and material resources which, with ever increasing speed, are being mobilised to fling into the struggle (you have seen only a few days ago how the flying youth of the Commonwealth is to be trained in Canada)—it is even more because they are convinced that the right is now on their side. And if you are prepared to make sacrifices for it, the right always does win, because nothing lasting can be constructed on force alone, for underneath us all are the everlasting arms of justice, mercy and love.

I think we feel something more. In all the great crises of history the issue is between a great advance or a great setback. Crises mean that the old order is perishing and that something new must be born. Though we do not see the way clearly yet, we believe, all of us, Frenchmen, Canadians, Australians, New Zealanders and South Africans, and peoples from many other lands, that something greater and more noble in order and freedom, and not something brutal and vile, must be born out of the sacrifices of this time. At any rate, that is the hope and faith in which they are prepared to lay down their lives. The early years of the last war were years of defeat and failure and disaster. Yet in those days was written a poem which represented very well the hopes of that terrible time. It represents very well also, I think, the spirit of the Allied Armies to-day.

You that have faith to look with fearless eyes
Beyond the tragedy of a world at strife
And trust that out of night and death shall rise
The dawn of ampler life:

Rejoice, whatever anguish rend your heart,
That God has given you, for a priceless dower,
To live in these great times and have your part
In Freedom's crowning hour;

That you may tell your sons who see the light
High in the heaven, their heritage to take:
"I saw the powers of darkness put to flight!
I saw the morning break!"

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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 ISSUE

I

SOME wars have had no result except waste of wealth, happiness and life; others have made such diversion or delay in the course of history as a patch of harder soil in a valley makes in the flow of its river; a few have been watersheds determining the direction of civilisation. These latter are the wars in which two distinct cultures or two totally different views of life have met and clashed—as when Persia and Greece met in the fifth century B.C., or Rome and Carthage two hundred and fifty years later. Such is the war in which we are engaged. If Xerxes or Hannibal had been victorious, the course not only of history, but of civilisation, would have been changed. If Germany won this war, the same would be true. It is not two peoples or two empires that face each other in the North Sea and across the Maginot Line; two views of life are struggling for the control of the future.

In days before the word ideology was coined, when England and Germany seemed merely rivals for influence and trade, Lord Acton discerned the coming issue. After describing the rise of Russia and Prussia in the eighteenth century, Lord Acton continues:

They have made their choice, as we must do. Those who remember with honour men like Hampden and Washington, regard with a corresponding aversion Peter the Great and Frederick William I. That which arose in Northern Europe about the time of our revolution settlement was a new form of practical absolutism. Theological monarchy had done its time, and was now followed by military monarchy. Church and State had oppressed mankind together; henceforth the State oppressed for its own sake. And this was the genuine idea which came in with the

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Renaissance, according to which the State alone governs, and all other things obey. . . . Government so understood is the intellectual guide of the nation, the promoter of wealth, the teacher of knowledge, the guardian of morality, the mainspring of the ascending power of man. That is the tremendous power, supported by millions of bayonets, which grew up in the days of which I have been speaking at Petersburg, and was developed, by much abler minds, chiefly at Berlin; and it is the greatest danger that remains to be encountered by the Anglo-Saxon race.*

One cannot admire too much the insight and philosophic depth of this prophecy, which, in 1901, passed unnoticed. Now the Anglo-Saxon world—or a part of it—knows what Lord Acton meant. This is one of the rare wars in history when the stake is not merely national or imperial power, but the future development of mankind. For our part, if we lose this war, we shall cease to be a Great Power. Our links with the overseas world will be cut, and we shall be obliged for the future to do the will of Germany; for our insular position and dependence on food from abroad puts us utterly at the mercy of any Power that commands the seas. But our own downfall will be only part of a worldwide tragedy. A new ideal will determine the future development of Europe and of much, if not all, beyond Europe—for how many centuries who can tell?

Acton defined this ideal, doing it every justice, as one according to which the State alone governs, and all other things obey. To-day, when all veils of decency have been thrown aside, we can see what this means in practice. Let the actual facts speak for themselves and show what exactly the world is facing.

II

MODERN Germany, under Hitler's guidance, stands for an idea—the natural supremacy of a certain "race".

* *Lectures in Modern History*, p. 289.

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If we divide mankind into three categories—founders of culture, bearers of culture and destroyers of culture—the Aryan alone can be regarded as representing the first category.*

On this planet of ours human culture and civilisation are indissolubly bound up with the presence of the Aryan. If he should be exterminated or subjugated, then the dark shroud of a new barbarian era would enfold the earth.†

From this we pass easily to the conclusion that a particular branch of this "race" should rule the world.

Anyone who sincerely wishes that the pacifist idea should prevail in this world ought to do all he is capable of doing to help the Germans conquer the world. . . . The pacifist-humanitarian idea may indeed become an excellent one when the most superior type of manhood will have succeeded in subjugating the world to such an extent that this type is then sole master of the earth. . . . So, first of all, the fight, and then pacifism.‡

Dr. Rauschning, a Nazi who broke away from the system, summarises it thus:

The ultimate aim is the maximum of power and dominion. The means is general subversion, the destruction of the existing order, so as to have a free hand for the building of a new and greater dominion. . . . This whole policy breaks with all customary standards: the political categories of the past are no longer relevant to it. It is idle, indeed, to try to give a rational interpretation to an irrational urge to active interference in every country of the world.§

What may the rest of mankind, who are not Germans, expect from Germany under its present rulers? Peace, certainly; but what sort of peace?

If in its historical development the German people had possessed the unity of herd instinct by which other peoples have so much benefited, then the German Reich would probably be mistress of the globe to-day. World history would have taken another course and in this case no man can tell if what many blinded pacifists hope to attain by petitioning, whining and crying,

* *Mein Kampf* (English edition, 1939), p. 243.

† *Ib.*, p. 321.

‡ *Ib.*, p. 241.

§ Rauschning, *Germany's Revolution of Destruction*, p. 281.

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may not have been reached in this way; namely, a peace which would not be based upon the waving of olive branches and tearful misery-mongering of pacifist old women, but a peace that would be guaranteed by the triumphant sword of a people endowed with the power to master the world and administer it in the service of a higher civilisation.*

All other peoples, it is assumed, are inferior to the one master people. This, for instance, is the judgment on the peoples of America:

History shows, with startling clarity, that whenever Aryans have mingled their blood with that of an inferior race the result has been the downfall of the people who were the standard-bearers of a higher culture. In North America, where the population is prevalently Teutonic, and where those elements intermingled with the inferior race only to a very small degree, we have a quality of mankind and a civilisation which are different from those of Central and South America.†

And this on the peoples of Asia:

Only by adopting these achievements [i.e. the scientific and technical achievements of Aryan peoples] as the foundation of their own progress can the various nations of the Orient take a place in contemporary world progress.‡

And this is Hitler's attitude to the peoples of Africa:

From time to time our illustrated papers publish the news that in some quarter or other of the globe a Negro has become a lawyer, a teacher, a pastor, even a grand opera tenor. It does not dawn on the murky bourgeois mind that the fact which is published for him is a sin against reason itself, that it is an act of criminal insanity to train a being who is only a half-ape by birth until the pretence can be made that he has been turned into a lawyer.§

Hitler's attitude to the Jews and their terrible fate at his hands are too well known to need emphasis.

Here, finally, are the concrete terms into which the Führer's doctrine is translated by one of his most highly

* *Mein Kampf*, pp. 332-3.

† *Ib.*, p. 243.

‡ *Ib.*, p. 240.

§ *Ib.*, p. 359.

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placed and influential henchmen, Dr. Robert Ley, Head of the Labour Front.

A lower race needs less room, less clothing, less food and less culture than a higher race. The German cannot live on the same lines as the Pole and the Jew.*

Thus Nazism rejects all belief in the brotherhood of man. Humanity consists of one ruling race and a number of other races naturally and eternally inferior.

Nazism also rejects every idea of inter-state morality. That deliberate and systematic lying is to be the law of international relations has been manifested to the world on several critical occasions. It will suffice to recall the last three.

(1) I do not want to leave any doubt as to the following: We look upon Bolshevism as upon an intolerable danger to the world; we shall try to keep this danger away from the German people by every means at our command; we are therefore endeavouring to make the German people as immune as possible from this contagion. For this it is necessary that we should avoid all close contacts with the bearers of these poisonous bacilli. . . . Any treaty links between Germany and present-day Bolshevik Russia would be without any value whatsoever. (January 30, 1937).

I refuse most emphatically to be joined with those whose programme is the destruction of Europe (September 14, 1937).

On August 21, 1939, the Russo-German Pact was signed.

(2) The Sudetenland is the last territorial claim which I have to make in Europe. . . . I have assured Mr. Chamberlain, and I emphasise it now, that when this problem is solved Germany has no more territorial problems in Europe. (September 26, 1938.)

On March 15, 1939, Germany seized the rest of Czechoslovakia.

(3) Germany has concluded a non-aggression pact with Poland . . . and she will adhere to it unconditionally (May 21, 1939). I may say that since the League of Nations has abandoned

* *Angriff*, Jan. 31, 1940.

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its continuous attempts at disturbance in Danzig and since the advent of the new Commissioner this most dangerous place for European peace has entirely lost its menace. (February 20, 1938.)

Mr. Roosevelt believes that the "tide of events" is once more bringing the threat of arms. . . . As far as Germany is concerned I know nothing of this kind of threat to other nations. . . . All States bordering on Germany have received much more binding assurances, and above all proposals, than Mr. Roosevelt has asked from me in his curious telegram. (April 28, 1939.)

On September 1, 1939 Germany invaded Poland.

Such is Germany, when she negotiates with independent peoples. The fate of Czechoslovakia and Poland show how she treats a people when she has it in her power.

In March 1939, having already through the Munich Agreement absorbed the German districts of Czechoslovakia, Hitler seized its remaining territories, and established a protectorate over them. He deprived the new Czech State, in which there were $6\frac{1}{2}$ million Czechs and $\frac{1}{4}$ million Germans, of political independence, but in his Proclamation of March 16 he guaranteed the autonomous development of its national life.

This is how the promise has been kept. All State property has been confiscated without compensation. All Jewish property has been similarly confiscated: if there was one Jew among the board of management of any business, the business was regarded as Jewish, even if all the other members of the board were Czech. The extensive estates and forests of the State have been transferred to a German Department for introducing German settlers into the country. (The object is to coerce the Czechs: the effect is to foster that mixture of races which has already been a fruitful cause of war in Eastern Europe.) Municipal councils have been replaced by German Commissars. Special lawcourts have been set up for Germans with the power to annul a decision by a Czech court. The aim is to denationalise the economic and administrative life of the country.

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That, however, was not enough. Having destroyed the body of the State, Hitler attacked its soul. The German language is given priority in all districts, whether there are Germans there or not. Even at international scientific and learned congresses Czechs must speak only German. School-books are revised, patriotic plays and music controlled and censored. The two Czech Universities and the other eight Czech institutions of University rank have been closed for three years, and their laboratories and libraries plundered. One University is left in the country, the German University at Prague, but no Czech is allowed to attend this or any other University in the Reich. The general effect of the German occupation on the life of the nation may be judged by the fact that, since it took place, more than 2,000 periodicals have ceased to appear: many of those who wrote them—journalists, men of letters, professors and artists—are in concentration camps.

After this it seems hardly worth mentioning the outrages and persecutions which have taken place all over the country, or even the atrocities of last November, in which over 100 students and professors were killed in Prague, and 4,000 deported to concentration camps already crowded with their compatriots.

Hitler's object is much more than military conquest or even economic control. It is to destroy the spiritual and intellectual life of the country by seeing that there is no one to carry it on. He is doing that more rapidly in Poland, but he is doing it persistently in the Czech State. To close the universities of a country is to kill its higher cultural life: without them it cannot train thinkers, doctors, scientists, engineers, technical experts or even teachers. That is the way to kill a nation. You can destroy its traditions, its intellectual life, its ablest people. A nation so treated is like a man whose higher nerve centres have been cut—a living thing which cannot think.

The same methods are applied in Poland with even grosser

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cruelty. The provinces of Pomorze and Posen with a belt of country to the east have been incorporated in the Reich, but not their populations. "The Poles and Jews, &c., must leave for the Governor-Generalship"* (Central Poland), it was declared, and wholesale deportations have taken place. A district near Lublin has been reserved for Jews deported from Austria, Czechoslovakia and Germany itself as well as Polish Jews. The abandoned homes are seized for the incoming German settlers. The entire property of the Polish State has been confiscated, and private businesses expropriated and given over to German trustees. The country has been systematically looted, and so much food has been taken away to Germany that famine seems inevitable. Terrorism is universal. Thousands of Poles have been shot, not only in so-called reprisal for guerrilla action since the war, but also for atrocities alleged to have been committed against the German minority just before the war or during its first few days. As in Czechoslovakia it is the educated class that suffers most. It is estimated that more than 15,000 of the religious, social and intellectual leaders have been executed. The 165 professors of Cracow University were taken to a concentration camp, where some of them have died. The libraries, laboratories and scientific institutes have been plundered and their contents sent to Germany.

That is what nations in the power of Nazi Germany may expect.

III

NOW turn to Hitler's own country. Nazism has a single ideal and aim—the race, the greatness of the race, the power of the race. There are to be no checks, no counterweight, no opposition. All human activities are concentrated behind this tremendous battering-ram; every energy is directed to driving it. Hence, in the first place, the Principle of

* Dr. Stephan, a high official in the Ministry of Propaganda, in the *Berliner Börsen-Zeitung*, cited in the *Manchester Guardian*, Dec. 18, 1939.

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Leadership (*Führerprinzip*), according to which, in Hitler's words, "full authority over his subordinates must be invested in each leader and he must be responsible to those above him".* This principle works right down the hierarchy of leaders, from the highest to the lowest, and it excludes all representative government, all group decisions by majority vote, and all collective bargaining about the conditions of labour. Political assemblies or councils must, therefore, be advisory only, and trade unions cannot be allowed to exist. In the Führer State all who are not "leaders" are "followers". Next to the *Führerprinzip* and bound up with it is the doctrine of *Gleichschaltung*—"the method which secures, at first perhaps only outwardly, a political homogeneity of public life"; its justification is "the necessity for removing all conflicting social and political forces which may, in the slightest degree, impair the domination of the unified Executive".† Among such "forces" which are "removed" are Justice, Mercy, Liberty, Truth. Let the facts again speak for themselves.

Justice is the first achievement and the basis of a civilised society. The following extracts show how Nazi Germany understands the word.

Theoretical equality in the eyes of the law cannot be extended to the toleration on an equal basis of those who scorn the laws on principle, or indeed to surrendering the nation's freedom to them on the basis of democratic doctrines. But the Government will accord equality in the eyes of the law to all those who take their stand on the line adopted by the nation and behind the national interests and who do not deny their support to the Government.‡

* *Mein Kampf*, p. 375. "Authority from above, derived from a leadership conscious of its responsibilities, trust and discipline from below: these characteristics of what is ultimately a soldier's attitude of mind are the distinguishing marks of the Führer State of to-day." Otto Koelreutter, *Grundriss der allgemeinen Staatslehre* (1933), p. 168.

† Wolf, *Die neue Regierungsform des Deutschen Reichs*, p. 37; Koelreutter, *Vom Sinn und Wesen der Nationalen Revolution*, p. 7.

‡ Hitler (Reichstag Speech, March 23, 1933).

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Or, in plain language, only supporters of the Government can count on equal justice.

Every German lawyer is compelled to join the Union of German National-Socialist Jurists. The following instructions were given to this body by the Reich Law Leader, Dr. Hans Frank, at its 1936 Conference.

Say to yourselves at every decision which you make: How would the Führer decide in my place? In every decision to which you are obliged ask yourselves: Is this decision compatible with the national socialist conscience of the German people? . . . The Party Programme is the line of evolution of German life. Every member of the legal profession must keep to this line in thought and action.

It is due to the German people that it should have a German law; and a pure law can only proceed from a pure race.*

Right is what is in the interests of the German people, wrong is what harms it.†

But if the judge ignores these instructions, it makes no difference. The secret police can take the matter in hand.

Dr. Niemöller has been sentenced to seven months' confinement in a fortress and fines totalling Rm. 2,000 . . . In the ordinary way Dr. Niemöller would have been released on payment of the fine; but I learn that Dr. Niemöller was taken into protective custody by the secret police.‡

Dr. Niemöller is still in prison. The Courts admit, indeed, that "political acts" are outside their jurisdiction.§

So much for Justice. What of Mercy? The following description of a concentration camp is from a report of the British Consul-General at Frankfort-on-Main (December 14, 1938).

The camp at Buchenwald was at that time under construction. No water was laid on and there were no latrines. The prisoners

* Dr. Frick, Minister of the Interior. *Frankfurter Zeitung*, Oct. 2, 1933.

† Nicolai, *Die rassengesetzliche Rechtslehre*, p. 19. Prescribed as a text-book in German law schools.

‡ Sir N. Henderson to Lord Halifax (March 3, 1938).

§ *Juristische Wochenschrift*, vol. 64, p. 2398, 1935.

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were given no water to drink the first day and never any water for washing. On the second day my informant was given a drink of hot water, flavoured to represent coffee, and some bread. The prisoners by then were half crazy with thirst and hunger.

During the first night guards came in and picked out men at random and took them outside to be flogged. Fixed on the ground were two footplates to which the man's feet were strapped. He was then bent over a pole and his head was secured between two horizontal bars. Men were given up to fifty strokes, except in the case of promiscuous flogging inflicted for sport. Flogging was ordered for trifling offences such as not jumping to attention quickly or not obeying an order. A rabbi was flogged because he refused to sign his name on the Sabbath. . . . Some died stretched between the poles. Those who survived were kicked back into the shed. In the day-time the floggings took place in public as a warning to the others. Some went mad. They were then chained up and a sack tied round their heads to stifle their shouts.

When the prisoners were released they were first examined by the camp doctor and none with open wounds were allowed to depart. The others were shaved and then reported to the political officers, who warned them that if they divulged anything they had seen in the camp, they would do so at their peril. He added that the party would be able to strike them down even after they left Germany.*

It would be painfully easy to quote descriptions no less horrible of these dreaded camps where Social Democrats, Liberals, opponents and critics of the régime, as well as Jews, are confined.

Turn now to those allied ideals, Liberty and Truth. In Germany men may not speak or even know anything but what the Government permits. Its rulers lie to their own people as well as to foreigners, and lie not accidentally or under urgent stress or exceptional temptation, but habitually and on principle. "He lies too much," said Napoleon. "One may very well lie sometimes; but always is too much."

Of the uses of the lie Hitler is well aware. He steadily practices the technique which in the following passage he attributes to the Jews.

* White Paper, Cmd. 6120, pp. 22-3.

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In the big lie there is always a certain force of credibility; because the broad masses of a nation are always more easily corrupted in the deepest strata of their emotional nature than consciously or voluntarily, and thus in the primitive simplicity of their minds they more readily fall victims to the big lie than the small lie, since they themselves often tell small lies in little matters but would be ashamed to resort to large-scale falsehood. It would never come into their heads to fabricate colossal untruths, and they would not believe that others could have the impudence to distort the truth so infamously. Even though the facts which prove this to be so may be brought clearly to their minds, they will still doubt and waver and will continue to think that there may be some other explanation. For the grossly impudent lie always leaves traces behind it, even after it has been nailed down, a fact which is known to all expert liars in this world and to all who conspire together in the art of lying.*

Dr. Goebbels has put on record the pragmatic principles by which such conspiracies should be guided.

Whether propaganda has been good, is shown when it has had the chance of working for a certain time on the type of people whom it aims at inspiring and winning for its idea. . . . So no one can say; your propaganda is too crude, too vulgar or too brutal, or it is not respectable enough: for these are not characteristic indications of its specific nature. It is not its business to be respectable or mild or tender or humble: its business is to lead to a result.†

The German Press and Radio are completely controlled. Every journalist must be registered and, if struck off the register, cannot practise. Editors and reporters can be dismissed by the President of the Press Chamber without reason given. All wireless stations are owned by the Post Office and their programmes and personnel controlled by Dr. Goebbels. In other countries the opportunity of having different points of view gives people a chance of getting at truth and forming their own opinions. In Germany there is only one point of view and it is illegal to try to hear any other.

* *Mein Kampf*, pp. 198-9. † Goebbels, *Signale der neuen Zeit*, p. 29.

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On January 20, 1940, a man and his wife were sentenced at Scheidemühl to five years' and one year's imprisonment respectively for listening to a foreign broadcast. For communicating information thus obtained the penalty in serious cases may be death.

Even Religion, the highest range of the spiritual being of man, loses its independence and is *gleichgeschaltet*. Christianity, if not discarded, must show no dissent from Nazi doctrine. So the Sermon on the Mount is rewritten—not by some fantastic and irresponsible fanatic, but by a *Reichsbischof* appointed by the Government.* “Blessed are the meek: for they shall inherit the earth” becomes “Happy is he who is always a good comrade: he will make his way in the world”. Instead of “Blessed are the peacemakers” we read “Happy are they who keep peace with their fellow-countrymen”.

Turn to education, where the Führer himself has laid down the guiding principles.

The whole organisation of education and training which the People's State is to build up must take as its crowning task the work of instilling into the hearts and brains of the youth entrusted to it the racial instinct and understanding of the racial idea. No boy or girl must leave school without having attained a clear insight into the meaning of racial purity.‡

The teaching should be so orientated that the boy or girl, after leaving school, will not be a semi-pacifist, a democrat or something else of this kind, but a whole-hearted German.‡

The masses of the people are filled with a stronger sense of mental security by a teaching that brooks no rival than by a teaching which offers them a liberal choice.§

So Truth ceases to be a guiding spirit, either in the higher ranges of learning and science, where she is the oxygen without which intellectual life faints and dies, or in the school, where the growing mind may be either enlightened or corrupted for life. The university must teach the accepted

* The late Reichsbischof, L. Müller, *Deutsche Gottesworte*.

† *Mein Kampf*, p. 357.

‡ *Ib.*, p. 356.

§ *Ib.*, p. 48.

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creed and be staffed by men prepared to teach it without question. There is no room for Jews or Liberals or even critics, and so more than 1,800 university teachers have lost their posts. The famous German *Lern-Freiheit* and *Lehr-Freiheit* are no more.

The same propagandist spirit permeates all education. Some of the history text-books are unbelievable, but even a very competent and sober text-book for elementary teachers says:

The present book . . . indicates the mental attitude with which we must approach history . . . In the arrangement and treatment of material, what is of value in the old has been fused with what is useful in the new to form a single whole. Every detail fits into the great aim of political education.

The duty of the school is to train the children to be champions of the maintenance and increase of the German national consciousness.*

An educational journal puts it more bluntly:

The children of to-day are the fighters of tomorrow; their hardening and preparation is a task as important as that of the armaments industry.†

Now see this interpreted in fact. The following extracts are from *Aufbruch der Nation*, a text-book written for teachers in Bavarian elementary schools and recommended by the Nazi Minister of Education in Bavaria.‡

The French in Germany

How they occupied the German schools; how they were friendly with rogues and criminals; how the people were controlled, often by negroes who could not even read or write; how they made everything dirty; how they imprisoned teachers and priests; how they ill-treated the German police; how the Germans had to greet the French officers.

* Rödiger, *Geschichte: Ziel, Stoff und Weg*, pp. 7-9.

† *Schul-Rundfunk*, quoted in the *Börsen-Zeitung*, Jan. 13, 1940.

‡ *A Nazi School History textbook*: Friends of Europe pamphlet No. 11, with a foreword by Prof. Ernest Barker.

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The Period of Inflation

Here a few words about inflation-swindlers and Jewish profiteers. What a good time the foreigners (Eastern Jews) had; how they bought German land.

The Rise of Hitler

The lower elements succeeded and the Jews triumphed. . . . The hatred against the traitors worked in Hitler like a holy flame. . . . Nobody will be forgotten. Everyone will get his share. Some will get the cross of honour and others—the axe.

Can there be any worse offence than to steep the defenceless mind of a child in hatred and the belief in violence?

The following is from an article on anti-Semitism in German secondary schools by a teacher, Dr. Walter Scharrer.*

The young teacher, consumed with zeal, unsheathes his sword and calls a spade a spade. He quotes the Talmud, he refers to the stories about the Bible Patriarchs, seizes every opportunity for emphasising the criminal rôle played by Jews in politics, he posts up pictures from the *Stürmer*, and combats the legend of the so-called "decent Jew". He misses no chance of instilling into the hearts of his children hatred and contempt for the foreign parasite. All this he does, and yet, unless he is gifted with exceptional powers of carrying conviction, the result may too easily be exactly the opposite of what he intended. For at the farthest and hindmost desk sits a little Jewish urchin, the helpless target of all the attacks on World Jewry. He can make no defence, but sits there clenching his fists, and biting back his tears. Such a spectacle revolts the ever-chivalrous German spirit, and it may well be not the worst of his class comrades, who for this reason feel moved to champion the cause of the persecuted.

We arrive, therefore, at the conclusion that when a Jewish child is in the class a teacher must not go farther in his attacks than his pupils are prepared to follow him.

What a world! Could there be a worse corruption of a great people's intelligence and strength? It is this corruption that we—and the world—have to face.

* *Der Weltkampf*, June 1936.

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IV

IF Germany won the war, the power that uses these methods as a constant and deliberate instrument of policy would control Europe; since the invasion of Finland we know that her one possible rival, Russia, would be at her mercy. She would control India, whose steady evolution to self-government would end abruptly just as it had neared its climax. She would take what she chose of the present French and British colonies and so determine the future development of most of the tropical world and especially of Africa, the one continent still for the most part *in statu pupillari*, where, with the experience of the past to guide them, the white races have the chance of helping the free growth of native society till its members become "full citizens of the modern world". No more would be heard of "trusteeship for native interests" or "self-government based on representative institutions".* These are not the policies of a *Herrenvolk*. Nor, the step once taken, would there be any turning back. Modern armaments secure a government in possession, and by their use a ruthless and determined nation can control its neighbours as easily as its own population. It has only to disarm them, to forbid rearmament, to maintain its bombing aeroplanes and use them without hesitation, and its defeated opponents are permanently at its mercy. Once Germany is in the saddle, no horse will throw her. Democracies may waver through conscience or indecision, but nothing in German history leads us to expect such irresolution from her. For us, for France, for Europe—and beyond Europe—a German victory would have no morrow.

The German ideal is nothing new. It is an atavism, a reversion, made possible, like other characteristic vices of modern civilisation, by the weakening of those ideals which Europe has professed for 1,500 years. We are back at something which Greece and Christianity and the great

* Hailey, *An African Survey*, p. 1639.

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religions of Asia did much to tame. But barbarism is not so terrible when it is the savagery of Goth and Hun and Tartar. Then it is brutal and destructive, but primitive and unselfconscious. Graft it on a highly intellectual stock, with all the resources of science and civilisation, and turn it from a primitive instinct into a theory of life, and it becomes infinitely more terrible and dangerous.

How is it to be met? Partly with the weapons by which, when it comes to war, all disputes must be decided. It is an armed force, to be met by arms. But it is also an ideal, to be met and conquered by the ideal which it challenges, and it is the more important to be clear what we are standing for. Our ideal is a belief in certain values and also in a certain political régime. Greece created this ideal; Palestine enriched, deepened and fortified it, and European civilisation has been called Christian in virtue of it. Plato knew it, and its opposite, when he condemned that Dorian conception of the State which is the ancestor of Prussianism.

You maintain that the good statesman must devise all his institutions with an eye to war; but I urge that to do this is to legislate with a view to one single virtue out of four (concentrating on courage, and ignoring justice, reasonableness and wisdom). The statesman should keep all the virtues in view, and chiefly and in the first place that virtue which brings the rest in its train—I mean wisdom and the ardent aspirations that accompany it.*

Or, as St. Augustine said eight hundred years later, more trenchantly and severely: *remota itaque iustitia, quid sunt regna nisi magna latrocinia*: "banish justice, and what are empires but brigandage on a large scale?"† Christian and Greek and the philosophers of Asia are here agreed. Power is not enough. The State is not enough. Above

* *Laws*, 688.

† *De Civitate Dei*, iv. 4.

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the State are higher laws by which both States and individuals are judged. That is our creed; but it is not Hitler's.

With this belief in certain spiritual values has gone a belief in a certain political régime, in which two of them at least, justice and liberty, are most likely to be achieved. The belief in liberal democracy is as old as the 5th century B.C., when the first and perhaps the best statement of its ideal was made.

Our constitution is called a democracy, because it is in the hands not of the few but of the many. But our laws secure equal justice for all in their private disputes, and our public opinion welcomes and honours talent in every branch of achievement, not for partisan reasons but on grounds of excellence alone. As we give free play to all in our public life, so we carry the same spirit into our daily relations with each other. Open and friendly in our private intercourse, in our public acts we keep strictly within the control of law. We are obedient to those in authority and to the laws, especially those which offer protection to the oppressed.*

That also is our creed, but it is not Hitler's.

The essence of liberal democracy is respect for human personality, for the intelligent and the stupid, the forceful and the inert, the healthy and the sick, even for the knave and criminal, for members of every race and nation, white or coloured, British, French, Jewish, Czech, Polish, German, or Russian: the sense that the meanest of human beings is still a human being with rights of which nothing can deprive him, capacities of which something can be made, and obligations towards his fellows which he can be trained to fulfil. This belief in the rights and duties of man, first divined by Greek thinkers, was confirmed, enriched and deepened by Christianity. Though the word democracy does not occur in the New Testament, its essence is in the superb saying that not a bird is forgotten in the presence of God. The great intellectual bulwarks of democracy are the rational doctrine of the Stoics that all men are

* Thucydides, ii. 38.

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citizens of "the commonwealth in which gods and men are comprised",* and the religious doctrine of the New Testament that they are sons of a Divine Father.

These ideals are far more difficult of achievement than those of totalitarianism. Anyone with sufficient intelligence and power can tyrannise over the bodies and minds of men. Democracy demands both of political leaders and of the ordinary man virtues not needed under an autocracy and indeed out of place there—fairmindedness, fair play, restraint, compromise over cherished aims. It lives in a perpetual dilemma between putting too much or too little faith in the individual's sense of responsibility. It is exposed to defects incidental to its nature—short sight, ineffectiveness, irresolution, plausible selfishness. And all the time it has to fight with the intractable nature of man, with his brutality, pride, ambition, acquisitiveness, his instinct to assert himself and have his own way. To work democracy, or to take democratic ideals as a principle of action, is a discouraging task. It is easy to talk about justice but hard to practise it. The obstacles are many: the general distrust between nations and governments; the feeling that concessions will be taken advantage of, and that one's neighbour is ready to ask but not to give in return; the way human beings have of demanding in the name of justice something to which they are not entitled, or which they are incapable of using, or which can only be granted to the detriment of more vital and essential good. How tempting to regard a difficult task as hopeless, to say that morals have no place in politics and to desert the cause of human civilisation! And yet it has not been deserted. For more than 2,000 years, slowly and with many checks and reverses, a spirit has been at work imposing on Europe and in the New World a political order resting on something other than force and with a higher aim than power to dominate and exploit. Now it is struggling for its life. If it were to

* Seneca, *De Otio*, iv. 31.

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fail, how fatal for humanity! How shameful if those who believe in it were not prepared to fight for it to the end!

V

OUR business is to fight for our ideal; but also to blow it into a flame in our own hearts. One great need at the moment is to use our full military and economic strength, another need is to remember our cause. Separated, each will be ineffective, for though the idea without the act is powerless, it is ideas that produce acts; if we did not know that, the recent history of Russia, Germany and Italy would have taught us.

We need the sense of our cause for many reasons. To make our effort and win the war, the resolution and drive and self-sacrifice are required which only the sense of a great cause can sustain. "We can endure four months of hunger for the Republic", said the Paris workmen in 1848, and we have something greater than a Republic to fight for. We need it so that when the end of the war confronts us with problems as great as the war itself, encumbered finances, disordered economy and the eternal problem of clashing interests and social justice, we can attack them with the confidence that comes from a clear and lofty purpose. We need it to keep our minds sweet, when offences against international law and against human decency, personal losses, the grinding hardship and inhumanity of war turn them bitter. We need it, because even the completest victory is not enough unless after it we can convert the Germans. We have two aims: to win the war and then to win the after-war. We have to create security for ourselves, for France and for the many peoples threatened by the Nazi régime. This aim takes the precedence of any others. Till it is secured, no one can be safe. We cannot afford a repetition of 1864 and 1866 and 1870 and 1914 and 1938 and 1939. But when that first aim is secured, there is our

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second aim to be achieved—the foundation of a new order in which Germany resumes her place in European civilisation. This will be impossible unless she is prepared to meet us on a common ground which is higher than national interests. The ground on which we might combine is the belief in the unity of human civilisation and an attempt to achieve in it more justice, mercy, truth and liberty.

It may seem absurd at the moment to contemplate a fellowship of mind and spirit with our enemy. But an unsuccessful war must produce a strong reaction in the German mind which will give civilisation its chance in that country and elsewhere. The Germans have a greater capacity for mass idealism than any other people, and the devotion which, to the disaster of the world, has been given for a false ideal may after the war be given for a true one. It might have happened ten years ago, if Germany had produced a Masaryk instead of a Hitler. It may happen yet.

Indeed it is a paradox that the present age should have produced the purblind egotism of Nazism. For the world is trembling on the edge of one of the great transformations of history, to which the evolution of time has brought it. Applied science, annihilating space, has antiquated the economic, if not the political, organisation of the past; it has made war infinitely more disastrous and insane than before; and to men who will readjust themselves to the new order it offers limitless material, and even spiritual, advance. The moment has come for a co-operative human civilisation. There have been great chances before in history, which have been lost because men were not big enough to take them, but there has never been a chance like this. Behind and beyond the war the question is: Will the transition be made from the old world to the new? The children are come to the birth. Is there strength to bring them forth?

The new world will be born if there is an ideal great enough to lift up our minds and hearts, to enlarge our imagination and steel our temper. What is loosely called

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Christian civilisation is such an ideal. Not less will be enough.

Political democracy is on its trial. Can it stand up morally and spiritually, as well as militarily, to the totalitarian states? Can it show the endurance, enterprise and self-sacrifice which they have shown? Are the taunts of the dictators true? Was Hitler right when he said to Dr. Rauschning that "there were no convictions in democracies, real convictions for which men would stake their existence. . . . Fear or the hope of gain would sooner or later bring capitulation in every case".* Is democracy only another *sacro egoismo*, disguised in fine phrases; at the lowest "a social order in which a degenerate mass has no other care than to enjoy the ignoble pleasures of vulgar men"†; at a higher level concerned with its own comfort and prosperity, praising liberty and justice and leaving them to look after themselves? Are we capable of what is a conversion of the spirit—from the easy ways and random standards of a prosperous community to the belief that "a man's life consisteth not in the abundance of his possessions", but lies elsewhere? Can we rise to the view that the task of a people is not merely to secure itself in peace and comfort, but to bring into the world more justice, more truth, more opportunity for all men, whatever the difficulties and disappointments? Are we willing to share with others the advantages and privileges of our position in the world in order to achieve a true international society? Are we able to define liberty not only as the assertion of our individual rights, but as the "service which is perfect freedom"?‡ The coming years will answer.

An Englishman in another great war saw a vision of a people "not degenerated nor drooping to a fatal decay,

* Rauschning, op. cit., p. 263.

† Mussolini, quoting Renan: M. Oakeshott, *The Social and Political Doctrines of Contemporary Europe*, p. 173.

‡ See the sermon by Dr. Emil Brunner, p. 469 below.

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but casting off the old and wrinkled skin of corruption to outlive these pangs and wax young again, entering the glorious ways of truth and prosperous virtue, destined to become great and honourable in these latter ages. Methinks I see in my mind a noble and puissant nation rousing herself, like a strong man after sleep and shaking her invincible locks." Those who have seen English and French of all classes ready for their ideals to resign comfort, occupation, income and life, have seen such a democracy as Milton conceived. Why should not this spirit, deepened and purified by the struggle, outlast the war?

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NOTHING illustrates the insularity of Englishmen more significantly than their ignorance of European affairs, particularly of the affairs of East European nations. In the case of Finland, for instance, it is not too much to say that until a few months ago the average Englishman knew nothing except that Sibelius the musician and Nurmi the runner came from that part of the world. To this were added hazy notions that the Finns are descended from Lapps or Mongols, that Finland was once a Russian province, and that there was a successful Fascist movement there in the nineteen-thirties.

All these historical notions are, of course, false. The Finns have no racial connection with any other people except the Estonians and the Magyars. Finland was never a Russian province: it was a more or less autonomous region within the Swedish Kingdom until 1809, when the Tsar's armies overran the country and Alexander I assumed the position hitherto held by the Swedish Kings. The Tsar became the Grand Duke of Finland, and the Finnish Grand Duchy enjoyed considerably more autonomy than any mere province of the Russian Empire, including the right to its own currency, army and Diet. As for the Fascist or Lapua movement of 1930, it had little more effect than to act as a sort of vigilance committee to watch over Communist activities. Finland continued in the 'thirties to be what she had been in the 'twenties—one of the most democratic nations, on any definition, in all Europe.

Foundations of Democracy

Political democracy in Finland dates from the beginning of this century, when attempts on the part of the Russian

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Government to whittle down Finnish liberties provoked the resistance of every class in the community. The first chance for collective action came when the Tsar's Government was shaken by the defeats on the Japanese front and by the abortive revolutions of 1905. The Finns' action took the form of passive resistance. A new party, the Social Democrats, proclaimed a general strike, and although the Social Democrats were comparatively unknown and counted no more than 15,000 members, their strike was taken up by the whole country, from police to railwaymen, from telegraphists to tradesmen. It is perhaps the only example in history of a successful general strike. The Tsar's Ministers gave in on every point, and the Diet was summoned to devise a new constitution. This constitution vested the legislative power in Finland in a single House of Representatives to be elected by the votes of every citizen, female as well as male. The Finnish Parliament thus became the most democratic legislative assembly in the world.

At the first elections under the new system, held in 1907, the Social Democratic party won 80 out of the 200 seats. They were then by far the biggest single party—a position which they were to maintain at every one of the seventeen general elections from that time to July 1939. It is impossible to understand Finland without understanding the Finnish Social Democratic party. It was not a Marxist party, though its inspiration was drawn from the Erfurt programme of the German Social Democrats' Congress of 1891. It was not an industrial workers' party, though most of the Finnish factory employees, then as now, belonged to no other. Social Democracy in Finland was both less ideological and less sectarian than in any other part of Europe. It was based on the support of the agricultural labourer and of the crofter even more than on that of the town worker. The demand for State aid for crofters came higher in its programme than the demand for an eight-hour day in the factories.

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There was nothing revolutionary about the reforms passed by the Parliament of 1907 (which included Acts establishing an eight-hour day for bakers, and equal-pay-for-equal-work as between men and women employed in State schools, post offices and railways), but there was quite enough to alarm the Tsar's Ministers. St. Petersburg reverted to its old game of whittling away Finnish liberties, and the cry "Finis Finlandiae!" resounded from the back benches of the Third Duma. The Finns then had the sympathy of the democratic world as they have to-day: *The Times* took up their cause in its leaders; a hundred French deputies and a hundred and twenty British M.P.s signed memorials of protest; crowded meetings were held in Trafalgar Square in 1910. But nothing effective was done to save Finland from the slow process of Russification, which went on until the Russian revolution of March 1917 swept away the Tsar and his régime.

The War of Independence

In the war of 1914-18 Finland was neutral. Russia made no call on her man-power, and the call that was made on her goods was made at fantastic prices. The result was to accentuate class divisions. Finnish peasants were drawn into the towns by the lure of high wages; Finnish capitalists made fortunes out of supplying the Russian war-markets. Then came the Russian military collapse and the end of the war orders. The Finnish workers found themselves unemployed for the first time in their history. They were in no mood to sympathise with their capitalists, who, though their source of profit had dried up, had made their pile. Fuel was added to their discontent by the presence of tens of thousands of Russian soldiers who had been sent to fortify Southern Finland. These soldiers spent the summer and autumn of 1917 in mutiny, slaying their officers and setting up soviets in the barracks. They made common cause with the unemployed Finnish workers in agitations of a new and ugly nature.

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There were thus all the elements of a revolutionary situation in Finland when the Bolsheviks came into power in Petrograd. The Finnish Parliament took the opportunity to proclaim Finland a sovereign independent State on December 6, 1917. All parties were in favour of this, but there was a deep cleavage of opinion on its interpretation. The Social Democrats, making the one major mistake of their career, trusted Lenin and looked to his protection for the new State. All other parties meant Finnish independence to put an end to the Russian connection, and looked to imperialist Germany rather than to Communist Russia for the protection which would be needed in the immediate future.

The outcome was civil war. On January 29, 1918, the Social Democrats proclaimed Finland to be a Socialist Republic. The Cabinet Ministers of the Right parties fled to Vaasa, where an army was being organized by Mannerheim, a Finn who had served as an officer in the Imperial Russian Army. Both sides appealed for help from abroad, the Reds taking arms and "volunteers" from Russia and the Whites from Sweden and Germany. Mannerheim was averse from asking Germany to send an official expeditionary force, but he was overborne by his political chiefs and in April the Germans landed at Hangö. By this time the Whites had won the major battle of the war, taking the industrial city of Tampere. The German army merely accelerated the final victory. By the end of the month the Reds were routed and the war was over.

What would have been the future of Finland if Germany had not been defeated on the Western Front no one can tell. Probably it would have become a German protectorate, for the Germans showed every intention of controlling Finnish trade, and in May the rump of a Parliament asked (or had to ask) the Kaiser to put one of his relatives forward as constitutional King of Finland. The fall of the German Empire, however, left Finland free, and the significant thing is the use which the Finns made of this freedom.

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The Whites had won an overwhelming victory: a White Terror and dictatorship were to be expected. Nothing of the sort followed. A few thousand Red prisoners died in jail of starvation, but many more civilians died of the same cause in the cities: the fault lay with the Allies' blockade of the Baltic rather than with the victors' cruelty. The Whites called municipal elections for December 1918, and general elections for the following April. At the latter 80 Social Democrats were returned to Parliament. The new constitution, which this Parliament ratified three months later, established liberal democracy in Finland. Instead of dictatorship Finland had parliamentary government, based on proportional representation, adult suffrage, liberty of speech, press and assembly, and parliamentary control of the central bank as well as of the executive. The President, whose powers were extensive, was to be elected separately at six-year intervals.

The Land Reform

Paper constitutions are notoriously misleading. The real nature of the new Finnish Republic can only be seen from the way in which it proceeded to treat its major social problems.

The greatest of these was the land question. The Finns are a nation of peasants, and the greatest ambition of every peasant is to own the land he works. The problem was how to give the peasant his land without injustice to the big landowners, who after all were loyal Finns like the rest and could not be expropriated on the ground of treasonable activities.

The solution was found in legislation called, after its author, the *Lex Kallio*. The reform was twofold. On the one hand, loans were made by the State to enable tenants to buy their land at fixed prices over a long term; on the other, advances were made to enable landless peasants to bring hitherto untilled land under cultivation. The result was to make Finland a nation of peasant proprietors. The number

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of landowners increased from 175,000 in 1910 to over 300,000; one family in every three in Finland to-day owns land. A few big proprietors remained, but to-day there are only 800 estates exceeding 100 hectares, and by far the largest of these are owned by the State and the municipalities.

It may be complained that small-holding is an essentially uneconomic system of agriculture, and that the *Lex Kallio* may have been egalitarian but can hardly have been productive. The answer is best given in figures: between 1917 and 1937 the rye crop increased twofold, the wheat crop thirty-fourfold and the eggs, butter and cheese output fivefold. To account for this economic triumph of small-holding we have to examine an institution which together with Social Democracy forms the basis of Finnish society.

Co-operation began in Finland as an agricultural movement. The farmers started by pooling their savings in Co-operative Credit Banks, thus securing their independence from the usurer and the private banking houses. They went on to form co-operative societies for buying tools, seeds, fertilisers and equipment. Then they developed societies for co-operative processing and selling—co-operative dairies, creameries, bacon factories and export organisations. (Over 93 per cent. of Finland's very considerable butter exports are normally handled by the Valio co-operative society.) Meanwhile a parallel movement had arisen in the towns, where consumers' co-operatives developed on the Swedish model. To-day over half the population of Finland are co-operators and between 25 and 30 per cent. of the retail trade is handled by the co-operative societies. In most Finnish villages there are no shops or clubs except the co-operatives: they are the focus of the commercial and the social life of the people. The training in managing their own affairs which co-operation has given to the Finns is one of the foundations of Finnish democracy.

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The Minority Problem

The land problem is not the only one that the Finnish Republic faced and solved during its early years. As in every other "new" nation of Europe, there was a minority problem which might have proved fatal to the young State if it had not been wisely handled. The ruling class in Finland before 1917 had been largely composed of Swedish-speaking people, the descendants of the Swedish conquerors of Finland together with the men who had adopted the Swedish language and culture as a means—indeed it was usually the only means—to self-advancement. This Swedish-speaking minority, which was by no means compact, but scattered over all the southern and western parts of the country, amounted to about 10 per cent. of the population. It would have been easy and understandable for the Finnish-speaking majority in the first fine careless rapture of triumphant nationalism to have persecuted the Swedo-Finns. In fact nothing of the sort was attempted. Swedish together with Finnish was made the official language of the country; we are expected to call the greater part of Ireland "Éire", but we may still call Finland by its Swedish name instead of the Finnish "Suomi". An Act of 1922 provided that in every administrative district with a language-minority of 10 per cent. or over, the public authority must use the language of the citizen with whom it happened to be dealing. In one district, Åland, the language became compulsorily Swedish.

There were elements in the Swedish-speaking minority which were not satisfied with these concessions; having monopolised for so long the ruling positions in the country, they were inclined to resent the competition of Finnish-speaking upstarts. But the Government was wise enough never to give them grounds for complaining that this competition was, according to democratic principles, unfair. There was complete equality of opportunity for all posts as between Swedish and Finnish speakers. Indeed it might

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be argued that the minority were unduly favoured, for the Government spent more money on the education in Swedish of each Swedo-Finn than on the education in Finnish of each member of the majority. The same generosity shows itself in the State grants to secondary education, when the 10 per cent. minority receives 20 per cent. of the total grant. In university education, too, there are no valid grounds for complaint. The chief university, at Helsinki, is inevitably largely Finnish, and Finnish speakers tend to monopolise the professorial chairs, but Swedish-speaking students are numerous and well organised; and at Turku there is a special Swedish University (the Åbo Akademi).

Education for Democracy

Perhaps the greatest achievements of the Finnish Republic are in the educational field. There would be every excuse for a State in which so many people live in isolated farmsteads, separated by lakes (there are 60,000 of them in Finland) and snowed under for half the year, to neglect elementary education. The problem of providing schools in rural areas, and still more the problem of getting the children to school, must have appalled the most enthusiastic administrator. Yet for some reason the Finns have always considered education as the first duty of the State. The Parliament of 1907 voted free compulsory schooling for all children between the ages of seven and thirteen, with free board and travelling expenses where necessary. Later the school-leaving age was raised to fifteen. To-day, in spite of the difficulties presented by lakes and climate, by the scattered dwellings of the peasants and by the 3,000 nomad Lapps of the north, not 1 per cent. of the population over the age of fifteen is illiterate. So much for the work in elementary education.

The fruits of secondary education are harder to assess, but two points are worth noting. The first is that all places in secondary schools are free, subject to a means test which

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affects only a small minority. The second is that 40 per cent. of the elementary school-leavers go on to secondary schools, a figure which must come near to establishing a European record. Tuition at the university is also free; and the proportion of undergraduates to the total population is one in four hundred and twenty. This is high by comparison with most other countries, but the Finns are always complaining of the difficulties of the entrance examination. It is clearly realised that the ruling positions in the Finnish Republic go to the aristocracy of learning, but not so clearly that there can be room only for a few at the top.

Schools and colleges are not the only means of measuring Finnish literary culture. In technical and adult education the Co-operative Movement has done almost as much as the State. The lecturers, pamphlets and newspapers sent out by the societies have given the stimulus to reading and discussion in the villages and has kept alive a public opinion constantly ready to criticise not only the actions but the principles of the Government. One single co-operative society provides some 1,400 lectures a year and has a weekly magazine with a circulation of 182,000 copies. (It must be remembered that the total population of Finland does not exceed 3,840,000.) Measured by the circulation of newspapers and books, the Finns are greater readers than any other European people. Measured by the number of their dramatic societies, they are also greater devotees of the theatre: there are twenty-three permanent theatres and about 4,000 play-producing societies.

Relation to Western Civilisation

The stimulus for all this educational work has undoubtedly been nationalism. Once the people became conscious of their nationality, in the later part of the nineteenth century, their abiding desire came to be to overthrow the Swedish ruling class by equipping themselves to read and write in their own language. Yet there is nothing exclusively

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nationalist about Finnish culture. The village of a thousand inhabitants whose dramatic society produced plays by Ibsen, Strindberg, Tolstoi and Molière in a single season cannot be accused of chauvinism. The nation whose greatest aesthetic development has been in music, the least national of the arts, cannot be accused of cultural jingoism.

The great educational effort of the Finns has been to establish their spoken language as a vehicle of literary expression and to train themselves to read and write in it. That done, their task has been to merge themselves in the stream of European culture. To the Finn, European culture means Scandinavian, German and British, in that order. History has given them a literature, an architecture and a social system that are Swedish. If that same history kept them apart from Sweden in the years immediately following their independence, they showed no disinclination to learn from Sweden once they had established their identity. The most superficial observer to-day would have no hesitation in calling Finland a Scandinavian country, and he would be fundamentally right. The new buildings are strongly reminiscent of modern Scandinavian architecture, though Saarinen and Aalto have improved upon most of the best that can be seen in Stockholm. The novelists, such as Sillanpää and Linnankoski, though they write in a language which has no connection with Swedish, are markedly Swedish in their subject-matter and treatment. Finland is Scandinavian, but with a difference that no imitation can overlay.

Finland's cultural connection with Germany is more difficult to analyse. It dates from the establishment of the Lutheran Church by Finns who had studied at Wittenberg. In the late nineteenth century it received a new impetus from Germany's industrial predominance in the Baltic. Finnish Social Democracy and Finnish Co-operation owed much to German models; Finnish nationalist leaders, from Snellman downwards, studied in Germany. The part played

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by German troops in removing the Russian menace in 1918 increased the Germanophil sympathies of the Finns. It was only after the Nazi revolution that the sympathy waned and Anglophilism took its place, and for years after that there were Finns who looked to Germany for an example of efficiency and organizing ability. Only with the signing of the German-Soviet pact in August 1939 did all pro-German feeling in Finland die down. No power that courts Russia's friendship can ever have the sympathy of the Finnish people. Their hatred is based on fear—fear induced by Russian invasions from prehistoric days to the times of Peter the Great and Alexander, fear kept alive by the Tsarist invasion of 1808, by the Russification campaigns of Pobiedonostseff and Stolypin, and by the Communist invasion of 1918. The fear is based on dissimilarity, for with the Russians the Finns have nothing in common, no bond of race, language or institutions. Tsarism was acceptable to Russians, who knew the Tartar invasions; to the Finns, who knew only the benevolent rule of the Vasas, it was anathema. Communism was acceptable to Russians, whose own unit was the *mir*; to the Finns, whose unit was the family farmstead, it was the mark of the beast. The Finns feel themselves to be part of Western civilisation. It is their misfortune rather than their fault if they happen to live on the borders of Russia.

Foreign Policy

Both the democratic civilisation and the Western culture of the Finns have been reflected in the tendencies of their Government's foreign policy. The first stand taken by the Finnish Government when the war of independence was over was to refuse to be drawn into intervention in Russia. In 1918 both the Germans and the British wanted the Finns to join the campaign to drive the Bolsheviks out of Petrograd. The Government, under Svinhufvud, refused and accepted the resignation of the commander-in-chief, Mannerheim, rather than give way. This attitude paved the way

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for peace negotiations with Soviet Russia, and in October 1920 a treaty was signed at Dorpat. Finland recognized that the Finnish-speaking province of East Carelia should be part of Soviet Russia, together with the frontier parishes of Repola and Porajärvi. In return the Soviets gave up to Finland Petsamo and a narrow corridor to the Arctic Ocean and promised to accord the fullest rights of cultural autonomy to the East Carelians. This promise, incidentally, was never kept. East Carelia was constituted a republic of the R.S.F.S.R. with the resounding title of East Carelian Socialist Soviet Republic, but the people were deprived of their language and their civic rights and were put under agents of the Communist party sent from Moscow. Finland tried to bring their case before the Hague Court of International Justice in 1923, but the Soviets refused to appear.

Relations with Moscow thereafter were cool but officially correct. The Finnish Government consistently refused to be drawn into any league of Powers which might be construed by Moscow as antipathetic to Russian interests, particularly into an East Baltic *bloc* which Polish Governments from time to time attempted to form. In 1932 a Non-Aggression Pact was signed by Russia and Finland, under which any disputes that might in future arise were to be submitted to a conciliation commission composed of two representatives of each State. This pact was reaffirmed in 1934 for a further term of eleven years.

Meanwhile the Finns had made the League of Nations the basis of their foreign policy. Even before Finland was admitted to membership of the League a dispute concerning Finland was submitted to the decision of the Council. The question concerned the Åland Islands which were claimed by Sweden on strategical and racial grounds, though they had always formed a part of the Finnish Grand Duchy. The Council's decision, given in June 1921, was that the Åland Islands belonged lawfully to Finland but that definite rights of local autonomy should be granted under international

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guarantee. These rights were given and have never been withdrawn. A conference called at Geneva in October 1921 provided for the demilitarisation of the islands, thus allaying any fears that Sweden might have entertained of Finnish guns within reach of Stockholm.

Finland continued as she had begun, as a model member of the League. To people who regard the League as an instrument of Franco-British policy this may seem a doubtful recommendation, but it must be remembered that Finland's attitude to Great Britain at Geneva was anything but servile. In 1931 the Finnish Government brought before the Council a claim against the British Government in connection with ships used by the British during the Great War. The attempts of the British representatives to divert this claim from League jurisdiction, and the grounds on which they refused to accept the award of the arbitrator, make interesting reading.* The attitude of the Finnish representative, Rudolf Holsti, certainly disproves the charge of Finnish servility to Great Britain.

The rise of Nazism in Germany presented a new problem for Finnish statesmen. Germany's resignation from the League and the League's failure to deter Hitler's Italian friends from aggression against Abyssinia showed the small nations that they had little to hope for from Geneva. The Anglo-German naval pact of 1935 made the German fleet predominant in the Baltic. Finnish policy began to veer towards a Scandinavian *bloc*. Finland had joined the Oslo Group in 1931, but her political *rapprochement* with Sweden hardly began before 1935, nor did it reach any obvious cordiality until a "Finnish Week" was organised in Stockholm in April 1936. The Scandinavian Powers were now contracting out of their commitments to the League, but it should be noted that Finland did not renounce her liabilities under the Sanctions Article of the Covenant until 1938, two

* See the *Official Journal* of the League of Nations for November and December 1931, March 1932 and, especially, November 1934.

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years after the others. The foreign policy of Finland may be summed up as a League policy changing into a policy of Scandinavian solidarity only after the impotence of the League had been abundantly proved.

Economic Trends

The basis of the Finns' life is, as we have said, the small farm, but if small-holding is the foundation of their economic existence, the foundation of their prosperity is the timber industry. Finland's forests are by no means the largest in Europe, but they are the most accessible to water transport. The natural market for timber products was Petrograd, and in the years before 1918 Finland's foreign trade had been largely with Russia. The Soviet Government, however, put an end to all that, and Finland had to find a new market for her most valuable export commodity. That market was naturally Great Britain, where the post-war boom in the building trade created an enormous demand for timber, sawn-wood and ply-wood, and the boom in the paper industry for pulp, newsprint, cellulose and other wood products. Finland cashed in on this boom. Between 1922 and 1927 the amount of timber cut increased by 63 per cent., the capacity of home industries by 40.7 per cent., and the number of industrial workers by 19.8 per cent. Every class in the community benefited, the capitalists by high timber prices and increased profits, the industrial workers by higher wages and the agricultural workers by lucrative employment in the timber-camps during the winter months. The State benefited most of all, being the largest owner of forest land, the largest shareholder in the wood factories and the recipient of the increased yield of taxation.

But the boom in the wood industries placed Finland in a dangerous position. The nation had become dependent on its export trade, selling abroad about one-third of its total production, a proportion exceeded only by Switzerland and Denmark among European countries. Not only that:

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Finland relied on the export of one single commodity, wood and wood-products making up 86 per cent. of its exports in 1928. If a slump should come in the wood industry Finland would be hard hit.

The slump came in 1928 and was intensified in 1929 largely as a result of the dumping of Russian timber below cost price in Finland's foreign markets. By 1930 the value of Finland's foreign trade had dropped by 25 per cent. There were over 6,000 *registered* unemployed and no provision for unemployment insurance.

Such were the conditions out of which a "fascist" movement grew. It began among small farmers in the little market town of Lapua, farmers who had lost their timber market and their winter employment as a result of the slump, and who could see no cause for it beyond the unfair competition of the Soviets and the Moscow-subsidised agitation of the Finnish Communist party. That party had broken away from the Social Democrats after the civil war, had been proscribed in 1923 and had continued its existence under another name, holding twenty-three seats in Parliament at the time of the Lapua affair in 1930. It had announced a general strike early in the previous November (which the Finnish workers, incidentally, had ignored completely) and staged a number of impudent red-flag demonstrations in conservative country towns, including Lapua. The demands of the Lapua farmers, which were soon taken up all over the country-side, were that the Communist party should be finally outlawed, that the press should be closed to subversive propaganda and that the Government should be empowered to deal with emergencies by ordinance. They were taken up by certain heads of timber firms who saw in the Lapua movement a means of bringing down wages in the wood factories and of bringing the pressure of business men to bear upon the State.

The Government, under the conservative Svinhufvud, would have had no objection to passing the Lapuan laws,

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but such legislation involved an amendment of the Constitution for which a two-thirds majority in Parliament was necessary, and this the Social Democrats with their 59 and the Communists with their 23 votes made impossible. There was nothing for it but to hold a general election, which did not pass off without terrorist activities on the part of the Lapuans. In spite of these the Left got 66 seats—only one too few to block the anti-Communist legislation. The three Lapuan demands passed into law but Finland did not "go fascist". The only change in Finnish life was that Moscow propaganda disappeared. An attempted Lapuan *coup d'état* in 1932 proved by its farcical failure that there was now no popular support for attempts against democratic institutions. The Lapua movement dwindled to a little group of fanatical anti-Russians. Being led by Lutheran pastors, they never became pro-Nazi; and even "fascist" is a bad word to describe their particular brand of conservatism. They adopted parliamentary methods and actually won 14 seats at the elections of 1933, a number which dropped by half at the elections of July 1939.

Meanwhile Finland had recovered from the economic crisis. Recovery took the form of a closer commercial connection with Great Britain. Finland followed Britain off gold and pegged her mark to sterling. She increased her exports to the United Kingdom till they reached 47 per cent. of her total export trade, by value, in 1932 (in 1928 they had been only 35 per cent.). The problem now was how to maintain her place in the British market, and the only way to feel sure of this was to buy more from Great Britain. In September 1935 Finland undertook to buy 75 per cent. of her coal from the United Kingdom—instead of the 47 per cent. which she had taken in 1930.

How far this commercial *rapprochement* with Great Britain involved an unfriendly action towards Germany is still a moot point. The traditional practice of Finland was to spend in Germany a great deal of the money obtained from

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Finnish exports to England. But Germany's new commercial policy and the blocked mark had put an end to that. Hitler was refusing to buy from Finland, and Finland was finding it difficult to buy economically from Germany. The Reich's share in Finland's foreign trade dwindled, though it remained second to that of Great Britain. At the same time Germany's share in Finland's cultural and political sympathies declined, and Finland's pro-British period began. From this it must not be imagined that the relations of the Finnish Government with Germany were unfriendly. Indeed, the British press was constantly pointing out that the connection between the Finnish General Staff and the Reichswehr was far too close and that the sale to Germany of the entire output of Finland's principal copper-mine in 1938-39 showed an excessive interest in Hitler's rearmament programme.

One other point is to be noticed in connection with Finland's economic recovery. A conscious effort was made to avoid dependence in the future on fluctuations in world prices of crude and sawn timber. The policy now was to increase exports in manufactured products at the expense of raw materials, and the nineteen-thirties saw a remarkable development in the sulphate and sulphite-cellulose, cardboard and paper industries. At the same time an effort was made to increase the country's self-sufficiency in foodstuffs. Only 60 per cent. of the foodstuffs consumed were produced at home in the mid-'twenties; by the mid-'thirties the percentage had increased to 81.

Finland's recovery from the economic crisis was complete, and to contemplate it makes the events that overcame the country in November 1939 seem all the more tragic. In every aspect of their economic life from 1932 onwards the Finns showed steady progress. By 1937 farms and factories were prosperous, unemployment was virtually non-existent, foreign trade rose above the pre-crisis record high level, foreign debts were halved and the budget showed a surplus

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of revenue over expenditure. The Government was devoting more and more money to social services, particularly to hospitals and maternity clinics, in spite of the increasing allocations to the military departments made necessary by the deterioration of the international situation. In May 1937 President Kallio gave his signature to the most far-reaching social legislation since the land reform of 1923: it was an Act providing for old age and disablement pensions which was to come into operation at the beginning of—it is hard to write the date—1940.

The Russian Case

Readers of THE ROUND TABLE will not need to be reminded of the course of the negotiations which led up to the sudden denunciation by Russia of her Pact of Non-Aggression with Finland on November 28 and to the invasion of Finland by Russian armies and bombing planes thirty-six hours later; nor is this the place to describe the resistance offered by the Finnish people in arms during the dark months that followed. The Russian case against Finland must, however, be clearly understood. It was based on two grounds. The first was that Finland's independence constituted a danger to Russia inasmuch as her territory might be used for a flank attack on the Soviet Union by some Great Power. This, of course, may be true, as it may be true of the independence of any small State edging on the borders of any Great Power, but it cannot constitute grounds for invasion, least of all on the part of one member of the League of Nations against another or of one signatory to a Non-Aggression Pact against its co-signatory.

The second ground on which Russia based her invasion of Finland is more interesting. It was the contention that Finland's Government in no way represented the Finnish people and that these people would welcome liberation at the hands of Soviet soldiers. One is tempted to brush this aside as Hitlerian eyewash, yet there is some reason to

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suppose that the Russian leaders really believed something of what they were saying. On no other hypothesis can the feebleness of the first Russian attacks be explained, still less the nature of the promises by which the Soviets tried to tempt the Finnish people.

These promises were made in a "Declaration to the Finnish People" signed by Otto Kuusinen, the head of the puppet Government which was set up behind the Russian lines at Terijoki, and issued at the beginning of December in the form of broadcasts, leaflets dropped over Finland and telegrams sent to the press of the whole world. It consisted of nine points or promises: (1) the creation of a People's Army in Finland, (2) State control over banks and large industrial enterprises, (3) reduction of the working day to eight hours, (4) complete elimination of unemployment (5) confiscation of lands belonging to big private owners (6) exemption of peasants from income-tax arrears, (7) State assistance to poor peasants, (8) democratisation of the State organisation and administration of the Courts, (9) enhancement of State subsidies for cultural needs, the reorganisation of schools and the development of public education, science, literature and the arts in a progressive spirit.

Now the surprising thing is that these promises, which were intended to tempt the Finns to desert their lawful Government, described exactly conditions that the Finns already enjoyed under that Government. There was no single point that promised any real change in existing conditions. And so far from the lawful Government of Finland being one that was likely to minimise social reforms it was one of the most progressive and most Left Governments that Finland had ever had. The President was Kyösti Kallio, a peasant born and bred. The Cabinet represented a coalition of Social Democrats, Agrarians and Progressives in which the offices of Premier and Foreign Minister were held by Progressives (Left Liberals) and that of Minister of

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Finance by Väinö Tanner, the leader of the Social Democrats. (Tanner, incidentally, is the President of the International Co-operative Alliance, and was supported for that office by Soviet votes. He had stood for the Presidency of the Finnish Republic in 1937, at which time a manifesto urging Finns to vote for him was issued from Moscow under the signature of Otto Kuusinen.) The support of the Finnish people for their Government had been reaffirmed as recently as July 1939, when each of the Government parties gained slightly at the polls at the expense of the Swedish People's Party and of the I.K.L. (Lapuan).

It appears that the Russian leaders believed that all Liberals and Agrarians were "capitalist oppressors" and that all Socialist politicians since Ramsay MacDonald must needs be betrayers of the party which had put them into office. How else are we to explain the Russian belief that personal attacks on Kallio, Cajander and Tanner would meet with approval among the Finnish people?

The Russians made a shocking miscalculation in their invasion of Finland. The basis of this error was not so much military as political: Stalin failed to understand what the attitude of the Finnish working people would be. For this two excuses may be found. The first is that Lenin himself frequently made the same mistake of believing that proletarians outside Russia were on the point of revolt. The second is that the ignorance of Russians about conditions in Finland was not much less than that which prevailed among English-speaking people until this trouble began.

THE STRATEGY OF THE WAR. II

IN the last number of THE ROUND TABLE* the general strategic situation was discussed under four main headings. The first gave a brief narrative of the preliminary phase of the resumed German War from the military occupation of the Rhineland to the annihilation of the Polish Army, as affording a useful illustration both of Hitler's political strategy and of the methods of the German General Staff in the application of the *Blitzkrieg* or lightning war. The second summarised such limited operations by sea, air or land as had taken place between the major combatants in the first three months of war. The remaining two discussed the strategic problem confronting Germany on the one hand and the Allies on the other. It will be convenient to follow the same general method on this occasion, subject to the omission of the section dealing with the strategic problem presented to the Allies, which has undergone no major change since it was last discussed. Special treatment, on the other hand, must be given to the second, hitherto isolated, campaign of the war, the Russian *Blitzkrieg manqué* in Finland, whose military lessons and political repercussions bear so closely upon the strategic problem from both the German and the Allied standpoint.

I. THE WAR UNDER AND OVER THE SEA

WHILE the Allies have been at war with Germany since September 3, neither side has, in fact—apart from the minor operations preceding the adjustment of the front between the Siegfried and Maginot Lines in October—waged war upon each other on land or over land. On

* THE ROUND TABLE, December 1939: "The Strategy of the War."

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both sides the armies have been busy strengthening and prolonging their defensive lines, so far as execrable weather conditions have permitted. If the expenditure on ammunition has been negligible, that on cement has been profuse, and the spade has been much busier than the bayonet. There has, in fact, been no fighting beyond such little raids as each side has thought sufficient for the purposes of contact and intelligence. In the air both sides have been active reconnoitring and photographing each other's lines, and some vigorous air scrapping has from time to time been provoked. High flying general reconnaissances have extended farther into enemy territory, the Germans once flying as far as Liverpool, while British planes have done night flights over Berlin, Prague and Vienna, dropping innocuous leaflets, but no doubt also acquiring useful experience of atmospheric conditions. On both sides the airmen have been rigidly forbidden to drop bombs on any target, military or otherwise, on land outside the immediate zone of the armies. To suggest that the Germans have done this from humanitarian considerations would be absurd. It may be presumed that it suits them, not only because they have no civilians at sea upon whom we could retaliate, but for other reasons. But the *pros* and *cons* of the present tacit air truce over land may have to be discussed in a later article.

Meanwhile the war has been anything but quiescent over and on and under the surface of the waters. Here the relentless stranglehold of blockade and desperate thrust of counter-blockade have been at grips unceasingly and unrestingly through all the fierce storms and icy cold of these dark winter months. No work more testing of nerve and of physical endurance, no work more truly heroic, can be imagined than that of the officers and men of the Royal Navy, of the Merchant Marine and of our fishing craft, patrolling, escorting, mine-sweeping or carrying on their ordinary business avocations under these conditions, and

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facing at any moment sudden death from mine or torpedo, from shell, bomb or machine gun, or from the icy waters. It is now known that the whole Fleet has been at sea on an average 25 days out of each month since the outbreak of war. One cruiser steamed over 28,000 miles of the stormy North Atlantic in three months, at an average speed of 17½ knots. Nothing, indeed, has been more remarkable, in contrast to the experience of the last war, than the amazing state of efficiency in which the engine-room personnel of the Navy had kept their ships before the war and in which they have maintained them throughout the strain of these months. At the time of the River Plate battle H.M.S. *Exeter* was a year overdue for her periodical refit, and H.M.S. *Achilles* had steamed 124,000 miles since she had last been in a dockyard.

The sea war began with an immediate previously arranged U-boat offensive against our merchant shipping. Over 130,000 tons were sunk in a fortnight, but the figure dropped rapidly as soon as the convoy system got to work and as the ships fitted with anti-submarine detectors got busy in pursuit. In the fourth week the loss was down to 5,000 tons. After less than three months the U-boats had lost fully a third of their total strength of sixty or so, and largely withdrew from the contest. This was, no doubt, in part for the purpose of training crews for the new submarines which are being built in feverish haste, though it would seem as if Mr. Churchill's original estimate of two a week was much too favourable to German shipbuilding capacity. The submarine attack is certain to be renewed before long, and with increased numbers. But there is nothing as yet to suggest that we cannot cope with it.

Even more disappointing, so far, from the German point of view has been the record of the much vaunted pocket-battleships which, outgunning our cruisers and outrunning our battleships, were to have swept our commerce off the seas. It was noted in the last article that the two known to

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be on the high seas had between them inflicted far less damage than the *Emden* and *Karlsruhe* in the last war. In the North Atlantic the *Deutschland*, after sinking a British and a Norwegian ship early in October, and capturing the American *City of Flint* (since released), seems to have lain low for a month before she encountered, on November 23, our merchant cruiser the *Rawalpindi* off Iceland and, helped by another German cruiser, sank her and escaped through our patrol. The gallant fight put up by Captain Kennedy and his men against hopeless odds was worthy of the finest traditions of the Royal Navy. The *Deutschland* has not been heard of since, but Hitler's decision to transfer her name to a new battleship has given credence to the report that she may have been seriously damaged by a mine or even have been one of the two German warships torpedoed by our submarine *Salmon* three weeks later.

The other pocket-battleship, the *Admiral Graf Spee*, after sinking the Booth liner *Clement* off the Brazil coast on September 30 and another 40,000 tons or so of shipping round the coasts of Southern Africa, came to her sorry end off Montevideo. Early in the morning of December 13 she ran into Commodore (now Rear-Admiral Sir Henry) Harwood's little squadron of three cruisers off the mouth of the River Plate. With her 11-inch guns she enjoyed an enormous advantage both in range and weight of metal over *Exeter*, with her 8-inch guns, and *Ajax* and *Achilles*, with only 6-inch guns. The full tactical lessons of the subsequent battle will, no doubt, be known presently. Captain Langsdorff's own handling of his ship seems to have been uncertain, and he seems to have been completely upset both by the stubborn resistance of *Exeter* and still more by the "inconceivable audacity" and manœuvring skill of the light cruisers which pushed right in on him through his smoke screen, inflicting severe damage on his lightly armed ship and heavy loss of life on a crew which, so subsequent reports suggest, may have been none too steady.

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Shadowed by the light cruisers, with *Exeter* limping behind, he escaped to Montevideo. There, on December 17, he scuttled the pride of the German Navy in full view of the sight-seeing public of the Uruguayan capital. He still enjoyed a great superiority of fighting power over his immediate opponents, for the damaged *Lixeter* had only been relieved by another 8-inch cruiser, the *Cumberland*, and *Repulse* and *Ark Royal* were still 1,000 miles away. That this ignominious decision was directly ordered by Hitler would seem to be confirmed by Captain Langsdorff's subsequent suicide. It can only be explained by Hitler's complete ignorance of naval tradition, and was possibly influenced by a false analogy from the scuttling of German merchant ships for which there are obvious good reasons.

During these same mid-December days two of our submarines, *Salmon* and *Ursula*, took the sea war into German home waters. The former, after sinking a U-boat, and rightly refusing to try to torpedo the liner *Bremen*, successfully torpedoed two German cruisers (possibly one of them the *Deutschland*) in the middle of the German fleet. The latter sank a 6,000 ton cruiser of the *Köln* class. A repetition of the same bold venture by our submarines *Starfish*, *Seahorse* and *Undine* resulted in the loss of all three vessels, apparently by being entangled in German nets, as many of their crews seem to have been saved.

As the German submarine attack on our commerce temporarily eased off, its place was taken by intensive and indiscriminate mine laying. That this was contrary to the express provisions of The Hague Convention of 1907 and to Admiral Raeder's categorical assurances in September is only a minor item in the general catalogue of German disregard of the rules of civilised warfare. A novel, but not wholly unexpected feature in this was the dropping, by submarines or from the air, of magnetic mines in our estuaries and other shallow waters. These are mines laid loose

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on the bottom and detonated not by contact but by the magnetic action of a ship passing overhead. The immediate result was a marked increase in losses, including those of the destroyers *Exmouth* and *Grenville* in the second half of January. Here again our counter measures, some already foreseen, others devised after examination of a stranded magnetic mine, would seem to be increasingly capable of coping with the mischief.

The fourth phase of the German attack on our shipping has been the intensive air attack upon our trawlers, coasting traffic, fishermen and even lightships by bombing and machine gunning from the air. This was greatly intensified in the opening days of February, though not with conspicuous success. Not least significant as evidence, not only of German temper but also of German policy in the counter-blockade, has been the deliberate sinking of neutrals, not merely when proceeding to or from this country, but even when carrying non-contraband cargo between neutral ports. Neutrals have no doubt contrasted the merciless cruelty of these sinkings with the mild inconveniences caused by the British blockade. The underlying motive is clear enough. It is the general destruction of all shipping in North Atlantic waters, whatever its nationality, in order both to starve us out and to isolate the smaller European neutrals and compel them to do most of their trade with Germany. This time such a policy has no reason to fear American intervention, while it is hoped that Italian and Japanese shipping will find more profitable services elsewhere, as well as be considerably hindered by us.

So far the losses inflicted, whether upon the Allied navies or merchant fleets, while serious, have not been sufficient to suggest any doubts as to our ability to continue to keep open our sea routes. The losses of the Royal Navy up to February 1 were 83,000 tons out of some 1,300,000. Those of the French Navy, whose high state of efficiency and success in dealing with the U-boats should be a source of

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legitimate pride to our Allies, have been under 6,000 tons out of 500,000. Our mercantile losses up to February 9 have been 542,000 tons out of an available mercantile marine of some 15,000,000 tons* or about $3\frac{1}{2}$ per cent. When, however, we set against this an almost equivalent tonnage completed and put in the water in British shipyards and some 88,000 tons of captured German shipping, our position may be said to have actually improved. French mercantile losses have been some 76,000 tons out of 2,880,000 or not much over 2 per cent. Neutral losses have amounted to some 360,000 tons.

The sea war on and under the surface has been accompanied by a corresponding air war over the sea, both against surface vessels and submarines and between the aircraft on both sides. As regards air attacks upon ships of war the experience of subsequent months has done nothing to modify the conclusion expressed in the last article that, at any rate against attack by relatively small numbers, the surface warship in motion has little to fear from the air. On the other hand the aeroplane has certainly proved effective not only in detecting but also in destroying the submarine, which is not equipped to meet it by anti-aircraft fire and cannot always dive quickly enough to escape. Sir Kingsley Wood in his statement of December 12 expressed the view that of 57 air attacks on enemy submarines at least 19 had certainly inflicted substantial damage, if they had not actually destroyed their targets.

So far as fighting between aircraft on both sides is concerned the Germans have enjoyed a great advantage in the fact that, while the whole North Sea affords them targets on the water, they present us with very few, and that our airmen are forbidden to bomb objectives on land, even on purely military sites like Heligoland or the island air-base of Sylt, over which we flew in December and January to

* Total British Empire tonnage at September 1, 20,719,000 tons, but much of this is not really available for this country's purposes.

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attack ships or aeroplanes. Our bombers have consequently been mainly used defensively as security patrols to intercept enemy mine-laying and bombing craft, thus necessarily coming in range of enemy fighters and having to act as fighters themselves. In this capacity they have acquitted themselves most gallantly and with no small measure of success, as for instance in the fight over the Heligoland Bight on December 18 when they brought down twelve Messerschmidts, though not without suffering some casualties. But aircraft are highly specialised weapons, and their full efficiency can only be secured when used for the purpose for which they are designed. Where the Germans have come within the immediate range of our own fighters, as in some of the early raids and in the opening days of February, they have lost pretty heavily. So far nothing has occurred to affect the conclusion expressed in the last article that decisive air attack against this country, or even against its shipping in ports or on the coast, is likely to be postponed to the occupation of a more advanced position in Belgium or Holland from which bombers could be escorted by fighters.

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IT was, no doubt, an implied, if not an explicit part of the Ribbentrop-Stalin agreement of August 21 that Russia, besides picking up eastern Poland, should have a free hand to reassert her authority in any of her pre-1914 possessions. The helpless minor States of the Baltic littoral saw no alternative to immediate submission to the demand for the virtual establishment of a Russian protectorate. The Finns, while ready to make considerable concessions, were determined not to yield anything that would mean the beginning of the end of their dearly won independence. On November 30 Stalin, losing patience, set in motion the armies which he had moved up during the course of nearly two months of

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negotiation, and sent his aeroplanes to bomb Helsinki, the Finnish capital. There was no declaration of war, but a puppet government under a Finnish Communist, Kuusinen, was set up in a frontier townlet, and the Russian troops marched in, ostensibly to save the Finnish "workers" from their "White Guard" rulers. Stalin may have expected the Finns to abandon the hopeless contest after a formal show of resistance. If not, he was prepared to show them and the world that Germany was not the only Power that could wage a lightning war against an inferior opponent.

On paper, at any rate, the odds were far greater than the two to one, approximately, which Germany brought into the field against Poland. The Finnish Army consisted in peace of one Army Corps of three divisions, plus enough equipment to mobilise some 220,000 men. It comprised no mechanised forces and at most 100 combatant aeroplanes. The Russian Army had a peace establishment of 100 divisions, with a very high proportion of mechanised equipment, thousands of tanks and thousands of aeroplanes. The Russian Navy commanded the sea, so that Finland was completely encircled except for the narrow stretch of land frontier with Sweden and Norway. Behind the armed forces stood the resources, on the one side, of an empire of some 180,000,000 people and, on the other, a little democracy of 3,840,000.

But Providence is not always with the "big battalions". As against this almost incredible quantitative disproportion the Finns had on their side factors, human and physical, which have, so far, more than redressed the odds. For one thing the only direct approach to Finland over relatively easy ground and furnished with abundant rail and road facilities lies across the Karelian Isthmus, less than 60 miles wide, between the Gulf of Finland and Lake Ladoga, and this had been fortified with consummate skill by one of the great soldiers of the age, Marshal Mannerheim. Beyond Lake Ladoga there is another strip of 20 miles or so of open

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ground before the endless succession of lakes, of low granite ridges, and of dense almost roadless forest, which constitute the whole eastern frontier of Finland up to the open downs of Finnish Lapland. Along the whole of this 800 miles long eastern sector the Russian attack had to rely on the single-line railway to Murmansk, 150 miles or more from the frontier over most of its length, though approaching to within 50 miles of it at Kandalaksha and Murmansk at its northern end. The Finnish railway system, on the other hand, is well developed and has proved itself in skilled hands admirably adapted to strategic movement on interior lines.

More important even than these advantages were those enjoyed by the Finns in the enormously higher individual quality of their officers and men. Marshal Mannerheim has already been mentioned. In General Wallenius, the present commander-in-chief, and in his subordinates he had trained a corps of officers with whom the Russians, weakened and demoralised by repeated political purges, could stand no comparison. The Russian peasant, brave but ignorant, and completely without initiative, is a good soldier only when well led. The Finns are one of the best educated and physically developed, as well as one of the most passionately patriotic nations in the world, and Mannerheim had ever since 1920 trained them in every exercise that could make them fitter to defend their country. Last but not least, work and sport alike had given them supreme mastery of snowcraft. And the snow from heaven began to come down upon Finland as soon as the Russian hosts began their advance, and covered the Finnish final mobilisation from Russian air attack.

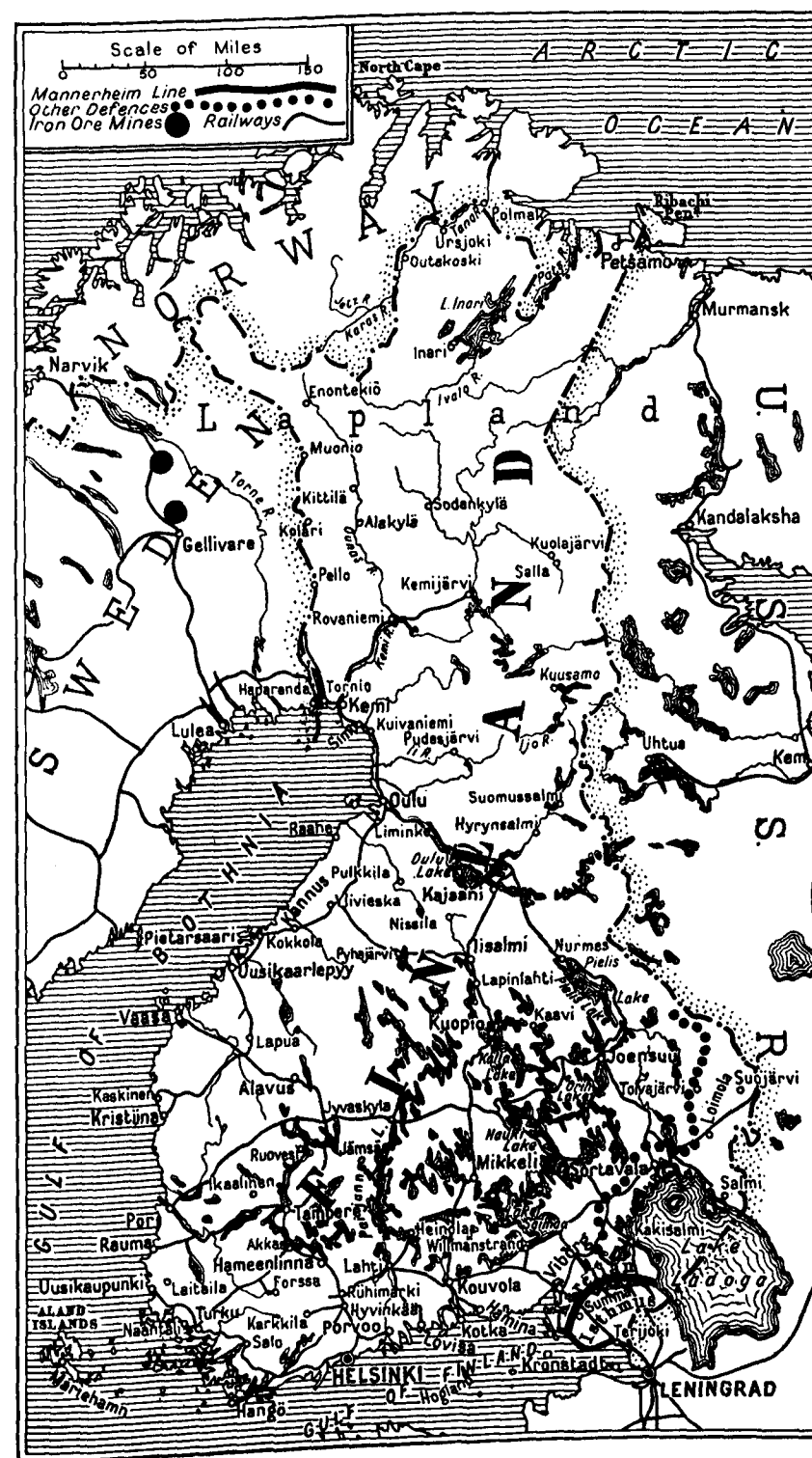
In a general article there is no room to describe in detail the story of two months of the Snow War. The main Russian advance, some six divisions strong, came into touch with the Mannerheim line and was repulsed after a series of attacks between December 6 and 9. Since then the attack

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has been repeated at intervals with ever increasing numbers but with no greater success. The heaviest attack of all was begun on February 1 and has been continued without intermission for nearly a fortnight, the Russians so far having gained a little ground at one or two points at the cost of over 30,000 casualties.

Meanwhile, the converging attack was carried out on four other main lines. North of Lake Ladoga the Finns allowed the Russians to advance some 40 miles into Finnish territory before driving them back with heavy loss from Tolvajärvi. The attack on this line was renewed in mid-January and again disastrously defeated. According to the last reports a whole Russian division is now in process of being rounded up by the Finns in this same area. North of this, smaller forces invading in the direction of Pielis and Kuhmo, seem to have been easily held. The next main line of attack, and in some ways the most dangerous, was launched from Uhtua through Suomussalmi against the narrow waist of Finland at Oulu barely 100 miles distant. Here, towards the end of December, the leading Russian division, the 163rd, was held up and completely destroyed, the same fate overtaking the 44th Division slowly moving to its relief a week later, while a third division was driven back over the frontier.

Still farther north a powerful Russian force based on Kandalaksha advanced through Salla and Kuolajarvi to the Finnish railhead at Kemijarvi. Reinforced after a heavy defeat at Salla in mid-December, they advanced again to Kemijarvi, but were once more driven back to Salla a month later. In the extreme north the Russian forces, based on Murmansk, were able, after stiff fighting, to occupy Petsamo and the important nickel mines (destroyed by the Finns) and to advance some distance over the open Lapland plateau. In all something like thirty Russian divisions seem to have come into action up to date. Three or four, at least, of these have been completely wiped out. The total



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Russian casualties have been well over 150,000. Most of them must be returned as killed, since most of the wounded and of the fugitives who scattered into the woods were frozen to death, while thousands died of starvation and exposure.

The Russian Air Force seems, in spite of overwhelming numbers, to have been singularly ineffective at the outset. More recently, perhaps owing to more settled weather, it has set about systematically destroying Finnish towns and villages and inflicted terrible hardship, but relatively little loss of life. The little Finnish Air Force, on the other hand, has held its own skilfully, and latterly, reinforced by modern machines from this country and elsewhere, it has successfully taken the offensive, bombing the Russian warships frozen up in Kronstadt harbour as well as important railway junctions. Altogether the Finns claim to have brought down 240 Russian planes to a loss of 15 of their own. If only more help can be given Finland from the air, it is possible that the Finns might secure a real ascendancy over the relatively obsolete Russian Air Force by the spring. But even this will not be enough unless the exhausted little Finnish Army can receive reinforcement in men to hold the Mannerheim line and to counterbalance the loss in Finnish mobility and fighting power when the snow has melted.

Whatever else may still happen, Finland in these weeks has won imperishable glory for herself and has reminded the world of certain elementary facts about war which were in danger of being forgotten. The first of these is that in war individual quality is still the supremely important factor. The accounts of some of the exploits of little bands of Finnish marksmen gliding through the ghostly Arctic twilight, rounding up whole battalions of Russians like sheepdogs rounding up a flock of sheep, cutting off whole supply columns, and wrecking railways far away in Russian territory, should afford endless material to stir the imagina-

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tion. When we hear of individual Finnish soldiers destroying tanks by lying in wait in pits from which to throw hand grenades at them, or even climbing on to them and breaking their machine guns with wooden clubs, we are afforded a glimpse of what sheer human daring can still achieve against the machine. When we read of a Finnish sergeant mentioned for having shot down over forty Russians advancing across an open field in front of the Finnish line, we are reminded that accuracy of fire is, in the last resort, still far more important than volume, even where targets are relatively dense.

The Finnish strategy everywhere, except on the Mannerheim Line where retreat is precluded, has throughout been the same. Their main troops have retreated slowly in front of each Russian advance while their mobile ski detachments have worked round and behind the Russian columns, not only outflanking them but cutting off their supplies, and finally closing in upon them on every side and drawing the deadly net of accurate fire closer and closer while hunger and cold did the rest. In each case, too, it would seem that numerical inferiority was compensated not only by individual skill, but also by the rapid movement of reserves from one scene of action to another. Incidentally, too, the Finns have made short work of the heresy that only overwhelming numbers can sustain an offensive. In defence of their country they have attacked or counter-attacked all the time, and there is nothing to suggest that their style of warfare would not be equally successful if carried across the border into Karelia.

In discussing the overwhelming success of the German mechanised divisions in the Polish War, opportunity was taken in the previous article* to add a warning against overestimating the value of highly mechanised forces except under topographical and other conditions favourable to their use. From that point of view no more valuable

* THE ROUND TABLE, No. 117, December 1939, p. 33.

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corrective could have been afforded to some of the deductions drawn from the last war and apparently so completely confirmed by the Polish campaign than that of the Russian failure in Finland. The Russians relied wholeheartedly on their crushing superiority in tanks and mechanised equipment as against the Finns who had made no similar preparation on even a small scale. But they neither knew how to use them nor where to use them. In the first attacks on the Mannerheim Line vast masses of tanks were sent forward without artillery preparation to roll over the line while the infantry followed, and were held up by prepared obstacles or knocked out by the accurate fire of the Finnish anti-tank gunners. More recently, the Russians have used armoured sledges equipped with machine guns pushed in front of the tanks, as well as monster tanks of 70 tons, and have covered their attacks with heavy preliminary bombardment, but apparently with little greater success. In all, the Finns claim to have destroyed or captured over 700 tanks.

If the mechanised weapons were ill handled against the Mannerheim Line it was sheer folly to attempt to use armoured troops at all on the rest of the front with deep snow and dense forest on each side of the few roads. The Finns on their skis and with light pony-drawn sleighs could move about everywhere. The Russians were invariably strung out in immensely long columns which could be completely paralysed by a single breakdown in front. In the first Suomussalmi fighting *The Times* correspondent described how he saw a whole mechanised battalion destroyed as it stood held up by a broken-down tank in front. On this occasion the highly armoured Russian 163rd Division was annihilated by Finnish troops who used no artillery, only their rifles and machine guns. In the second Suomussalmi battle the whole 44th armoured Division was destroyed, telescoped together over four miles of road. In the conditions of a Finnish winter a pair of skis, two narrow strips of wood, have proved a far more formidable instru-

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ment of war than all the motor lorries, tanks and artillery yet devised.

The fact is that in land warfare—as distinct from sea and air warfare which are carried on in homogeneous media—the nature of the ground is everything, and in organising an army it is far more important to think in terms of the ground on which it is going to fight than in terms of any standard equipment, one's own or the enemy's. It is not merely that warfare differs accordingly as it is conducted among mountains or on plains, in arid deserts or in forests buried in snow, but its whole tactical and strategical character is affected by the numbers of the forces engaged relative to the field of operations. The system of mechanised warfare evolved from the lessons of the Western Front in the last war postulates not only roads and railways capable of supporting the immense volume of munitions required to plaster certain areas with shells, but an enemy sufficiently crowded to be worth plastering.

For us, above all, who may have to fight anywhere in the world, it is important not to be dominated by the idea of a sealed pattern division only useful for Western Europe. We should make our organisation and training flexible enough to provide forces capable of waging war successfully in any theatre of operations. We should have our nucleus of ski experts, of mountaineering experts, of desert experts, of landing and coast defence experts, of officers knowledgeable in dealing with mules and camels, as well as of experts in mechanical warfare, and our cadres and establishments should be such as to make it easy to build up forces of whatever size and composition any particular area demands.

III. THE PROBLEM BEFORE GERMANY

IN the previous article, written before winter had definitely set in, the view was expressed that on the whole Germany was likely to sit down to a winter of intensive military,

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economic and political preparation with a view to striking out in the spring in whatever direction might seem to offer the best prospects. It was suggested that the months would be used to create and equip new divisions, to strengthen Germany's economic and political position in South-Eastern Europe, and to reorganize her own ethnic frontiers with a view to the eventual peace settlement. All this programme would seem to have been carried out with immense vigour. Germany is covered with the training camps for new divisions which, even if lacking in cadres of officers good enough for the fighting line, may be quite good enough for garrison work in Poland and Czechoslovakia or for the more secure sectors of the Western Front. The expropriation of Poles and Czechs in the areas intended to be Germanised is being carried out with ferocious thoroughness. The pressure on Rumania and other Balkan countries is being steadily kept up. What else of preparation, of new and unforeseen weapons Germany may have up her sleeve, we cannot say. But when Hitler declares that more has been done in these five months than in the whole previous seven years, we should not dismiss his statement as mere idle boasting.

There was, indeed, one operation which, it was suggested, Hitler might have ventured on without prejudice to a general policy of intensive preparation and military inactivity during the winter. That was the seizure of Holland as an advanced position for the air and submarine war against this country and as a hostage in the eventual discussion of peace terms. This conjecture was justified in so far as it appears that all preparations for the invasion of Holland were timed for about November 11 or 12. The plan seems to have been based on the information then available as to the absolute decision of Belgium to remain neutral in all circumstances, thus most conveniently protecting the German left flank against any interference by the Allies. When, at the last moment, the German authori-

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ties learnt that the Belgian Government had changed its mind, the plan was incontinently abandoned or at any rate postponed. At one moment in the middle of January German troop movements and concentrations opposite the Dutch and Belgian frontiers seemed to indicate the immediate resumption of the plan, probably on a wider scale, so as to include northern Belgium as well. Whether some such operation was really considered and then dropped by the German High Command, or whether the whole affair was merely a piece of bluff intended to try neutral and Allied nerves is, at present, quite uncertain.

In the absence of any clearer indication of the projected German plan of operations we can only base our conjectures on a general consideration of German war aims and of the geographical, economic and psychological factors which may exercise their influence on German strategy. What, to begin with, are Germany's war aims? Her major or ultimate aim, undoubtedly, is nothing less than an immense enlargement of Germany itself, the domination of Europe and the destruction of the British Empire or at least its displacement by Germany as the dominant Power in Africa. It is an aim which can only be secured by absolute victory. To achieve it Germany will have to bring us to our knees by crushing defeat in the field or by a submarine and air attack that will compel our surrender. Short of that major aim, however, she has a minor and more immediate aim with which she can well afford to rest content if the major aim should be beyond her present strength. That is to retain the fruits of the last two years of aggression, plus any further territory that she may be able to seize and defend in the course of the war.

Such a result would not only justify Hitlerism in German eyes and maintain its prestige in neighbouring countries, but would give the Nazi system a solid territorial basis from which, after a period of recuperation, the pursuit of the major aim could be resumed with fresh vigour and increased

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hope of success. A military stalemate ending in a negotiated *status quo* peace would, therefore, from the German point of view, be a good enough second-best conclusion to the war. For us it would be disaster; for it would only mean the postponement of the final struggle to a later date of Germany's choosing, under conditions which might well prove fatal to inter-Allied unity or to the internal stability of the Allied democracies. For the Allies, just because they are politically and spiritually on the defensive, there can be no tolerable end to the war that does not dispose once for all of the menace to European peace and Western civilization of the Prussian-Nazi tradition. And that can only be disposed of by the decisive, total defeat of Germany.

There is much, therefore, to be said, on general political grounds, for a purely defensive policy on Germany's part. On the other hand, there are many considerations which are likely to lead to at any rate some modification of a purely defensive policy. On the political side there will be the desire to have some additional bargaining power at any peace conference in the shape of occupied territory held as hostage. If other Powers could be induced to join in any such occupation or partitioning of Germany's neighbours and so get committed to supporting Germany in the peace discussions, so much the better. Then there are domestic considerations. The German public may have to be fed on at any rate some victories if it is kept short in every other respect. The German Army has always been deeply imbued with the doctrine of the offensive. Hitler himself is obsessed with the idea that England, the arch-enemy, must be punished.

Then there is the economic factor. So far as food goes, Germany is in a much stronger position than in the last war. She has large reserves of cereals and can draw upon a wide belt of neutral agricultural production. The shortage of animal fats may prove unpleasant, but there is no prospect of Germany being starved out, however long the

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war may last. On the contrary, Hitler and his associates may well think that time is on their side in a war of economic endurance. In Germany the whole political, financial, industrial and social life of the nation has for years been organised for totalitarian war. In our case they may hope that the unaccustomed strain of readjusting our life may prove too much for us, and end by breaking our will to victory. The weak point in the German economic armour is not food, but certain raw materials essential to the conduct of war, more particularly oil and iron ore. Shortage of these is, on the one hand, an argument for keeping the war quiescent for as long intervals as possible between the decisive strokes from which major results may be expected. It may, on the other hand, also be an argument for military action against neighbours whose resources might be made more available by direct occupation.

There are also tactical factors affecting the decision of the German leaders. They enjoy at the present moment an immense initial preponderance in heavy armoured and mechanised divisions as well as in the air. If the combination of the two is to be used, as it was in Poland, it should be used this year, and on the whole the earlier the better. Taking these various considerations together, one might fairly conclude that the German strategy will be one aiming, in the main, at a defensive war of mutual endurance against mutual blockade, but preceded or varied by one or more short decisive campaigns intended to improve the tactical or economic situation during the war itself or to furnish bargaining material for subsequent negotiations.

Where then are we to expect the next instalment of *Blitzkrieg*? From the tactical point of view the most attractive area undoubtedly is the Low Countries. It is an area upon which the German mechanised forces could be most easily concentrated and in which they could operate most effectively. A German occupation of Holland, and preferably of the Belgian coast as well, would be of great

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assistance to the attack upon our shipping as well as to a more direct air attack upon this country. So, notwithstanding the absence of any strong economic advantage, we are inclined to believe that the first German move will be in this direction. The Germans have this great advantage, that their opponents, in this case, have never worked out a common defensive policy, but will each fall back upon their own defensive lines, the Dutch behind the inundations covering the centre of Holland, the Belgians behind the Albert Canal, leaving between them a broad open lane all the way to Flushing and Antwerp. Into this the German armies could make their way almost unmolested. They could then ignore the Dutch and endeavour to force the Belgian defences before French and British troops came up. If successful, they might then hope to catch our armies on the move and drive them back on the Franco-Belgian frontier. Alternatively they might content themselves with mopping up Holland and remain on the defensive on the Belgian side.

The other area of probable German action is South-Eastern Europe. To secure the bulk of Rumania's oil production as well as the unimpeded passage of Russian oil across the Black Sea and Rumania is obviously a vital necessity for Germany. The necessity might be met, without recourse to military operations, if Rumania were prepared, in return for a German guarantee of her territorial integrity, to make herself completely subservient to German economic policy. Failing that, the obvious German policy is to enlist Russian, Magyar and Bulgarian aid in the occupation and partition of Rumania, a policy which would not only afford the most complete control of Rumanian resources, without necessity for any payment, but also secure the maximum of support at the conference table afterwards. A similar policy of partition may also possibly be contemplated against Yugoslavia. In this case not only Hungary and Bulgaria but, more important still,



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Italy might be tempted to join in and so be at least committed to the German side in any peace settlement.

The Low Countries and the Balkans are the only directions in which Germany is likely to move of her own accord. But she may be forced to consider other possibilities. The importance to her of iron ore has been referred to. From that point of view nothing has suited Germany better than the existing neutrality of the Scandinavian countries, which enables her to draw freely upon the vast ore deposits of Northern Sweden, not only across the Baltic but even, in winter, along Norwegian territorial waters all the way round from Narvik. That she should rely on Norway continuing to extend her this favour while she is indiscriminately destroying Norwegian ships and crews on the high seas, and on our acquiescence in this traffic, is, indeed, typical of the contrast between the attitude and methods of the two belligerents. From that point of view the heroic resistance of the Finns and the increasing urge for active intervention on their behalf by Sweden and Norway is becoming a growing embarrassment to Germany. She fears that the Scandinavian countries may thus become so closely associated with the Allies, who are also pledged to help Finland, that they may presently make difficulties over the ore traffic, even if they did not join the Allies outright. The last thing Germany wishes to do is to become committed to waging war in Scandinavia, and the campaign of menace in the German press against the Scandinavian countries bears witness to this anxiety. The possibility of German action in this direction cannot, however, be excluded in certain contingencies.

Finland's resistance is inconvenient to Germany in other directions as well. It involves a strain on the whole Russian organisation and especially on the very defective transport organisation, which adds seriously to the difficulty of securing Russian supplies. It has greatly lowered Russian prestige in the Balkans, and so encouraged the Balkan

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States to draw together instead of looking to Russian as well as German intervention to satisfy their individual ambitions. It has still further weakened the Berlin-Rome Axis. If only Hitler had never joined up with Russia, he might now be able to take up the part of Finland's defender. As it is, the best he can hope for is that Finland should collapse quickly and that he may be able to figure as a mediator at the last moment, and that meanwhile Stalin's realisation of Russian weakness may make him more inclined to accept German help in the organisation of Russian industry.

It will be noted that nothing has been said about the possibility of a direct attack on the Maginot Line or its extensions, in other words of a German attempt to gain a total victory by the destruction of the main Allied armies. We can but repeat the view expressed in the previous article that this will only happen if the German leaders are convinced that they have some new secret weapon against which our present defences are worthless. Reference was then made to the possible use of poison gas on an altogether unprecedented scale. There have been rumours of fleets of super-tanks running up to 500 tons in weight and capable of crashing through every obstacle as well as of mining operations on a gigantic scale. Nothing is impossible in war. The most we can do is to reiterate the opinion that, on general as well as on more strictly military grounds, Germany is not likely to attempt so costly and so problematic an enterprise as an attempt to break through our main western defence.

SHARING THE COST

I. THE NEED FOR A COMPREHENSIVE REVIEW

THE subject of how the war is to be paid for, and by whom, is one which cannot be treated simply as a question of "public finance" in the ordinary text-book sense of the word. If our analysis stops short at a discussion of what taxes are to be imposed, what loans issued, and so on, then it is likely to be useless or even misleading.

Two examples will make this clear. However we may define "excess", a policy of raising large sums by means of an excess profits tax sounds like a policy of placing the burden largely on the rich. So indeed, *taken by itself*, it is; given that the excess profits have been made, it is clearly in the interests of the poorer classes that the Government should tax most of them away and use the money to pay for the war, instead of borrowing it, or, worse still, allowing it to increase the consumption of the rich. Yet, if we take a wider view of the question, it is equally clear that the emergence of excess profits on a large enough scale to yield a really substantial revenue must mean that the capitalist class has gained at the expense of the others through an inflationary rise of prices. A high *rate* of Excess Profits tax is indeed desirable, both as a safeguard to secure for the Exchequer a large share in the booty should we fail to avoid inflation, and also to prevent particular companies gaining too largely as a result of a war-time demand for their products. But a really high *yield* from it would mean that the Government's policy, taken as a whole, had been at least moderately favourable to the rich.

At the other extreme, a tax on sugar is normally and rightly regarded as falling very heavily on the poor. Yet,

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if war-time conditions lead to the adoption in numerous industries of a policy of adjusting wage-rates according to the cost of living, then the workers in these industries will bear little if any of the burden.

It is essential, in this as in so many war-time problems, to view the system as a whole; separate examination of the parts, with a *ceteris paribus* clause implied if not expressed, is about as helpful as studying the movements in the numerator of a fraction without looking at the denominator. In particular we must study the forces affecting the division of the national income if we are to solve the problem of securing a large part of it equitably and efficiently for the Government. And both topics must be considered in close relationship with the more fundamental questions of production.

II. THE PROBLEM FOR THE NATION

(a) Qualitative

THE simplest method is indeed to start with production, and consider the problem first in "real" or physical terms, without worrying about the internal relationships within the nation, whether between one individual and another or between the public and the Treasury. As the problem was considered from this angle in the last number of THE ROUND TABLE,* only a brief summary is required here.

The outbreak of war imposes two distinct burdens on the nation: first, the need to devote a large part of our productive resources to the services of the Government, getting no consumable output in return, and secondly, what may be called the rise in "real costs" as a result of the black-out, the convoy system and war-time disturbances generally. We include in the latter category everything which is paid for by industry and so raises costs, instead of being done at the expense of the Government. One very important

* No. 117, December 1939, p. 71.

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item is the adverse movement in the terms on which we exchange our products for those of other countries, since this, like reductions in the efficiency of our production, means that we obtain less goods and services per unit of resources employed.

Now the nation as a whole can adopt five main expedients to offset the disastrous effect which these two factors must otherwise have on the supply of goods available for its consumption. (a) It can make use of the services of people at present unemployed, including those who did not want to enter the labour market in peace-time; (b) it can increase the average number of hours worked per week by each person; (c) it can strive to increase the effectiveness of its work; (d) it can, at least for a time, reduce the amount of its resources employed in maintaining or increasing its fixed capital, and use up part of its stock of working capital; (e) similarly it can use up its external capital, or incur external debt, to obtain excess imports.

This is a very complex programme to carry out simultaneously with a general redistribution of our productive resources according to a war-time pattern, and it is inevitable that anomalies should arise as between the fortunes of one individual and of another. We must not weaken our war effort by undue concern for the individual hard cases which any method of procedure will produce. But at the same time the risk of causing gross inequities between whole classes is serious when such sweeping changes are required, and we shall not secure the necessary physical adjustments in production and consumption if our arrangements—whether taxes, loans, rationing, price-controls, requisitioning, inflation or what-not—are such as to evoke a widespread feeling of social injustice.

(b) *Quantitative*

In the December issue an attempt was made to translate the various possibilities into quantitative terms, and the

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conclusion was reached that a cut in consumption of some £950 millions per annum would be needed when our war effort had reached the necessary level. It was pointed out, however, that this figure overstated the effect of the cut on the standard of life of the population as the present wastage of consumers' goods and the value of work performed in households are not included in the money estimates of the national income. Hence a better utilisation of the goods purchased and an increase in the work performed at home could go some way in offsetting the deleterious effects of war on the real standard of life. To these factors should be added a third: the number of 'civilians' will shrink by the number of those who are mobilised. That part of the civilian pre-war consumption of these new soldiers and of their dependants which ceases after their mobilisation (or is paid for by the Government as part of the war budget) automatically provides more for the remaining civilians, because it has been included in the expenditure covered by the budget which has already been taken into account. If this part of their pre-war consumption is smaller than what is now borne by the Government, then the total available for the present civilian population will be reduced by the difference. If, on the other hand, their consumption was greater, then the opposite is true. If they still receive part of their pre-war income and spend it, that also must be counted as part of the civilian income and consumption. Considering that younger people, whose previous consumption has not been very high, will be mobilised first and that many of the Territorials continue to receive their pre-war income, it would not be prudent to put this *automatic* shrinkage of civilian consumption at a higher figure than, say, £300-400 millions. Hence the shrinkage of consumption which has to be enforced on the civilian population proper will only be some £550-650 millions, as against the earlier estimate of £950 millions (the budgetary problem of course, remaining undiminished).

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The above calculation is based on the assumption that military expenditure rises to £2,000 millions. But the intensification of German rearmament (partly on the basis of a ruthless oppression of Poland and Czechoslovakia) has made that figure seem insufficient. Some £2,500 millions now appears to be needed. This would increase the cut in the consumption of the then civilian wage-earners above the original £950 millions. It would need much too optimistic assumptions to reduce the cut to zero, unless we are to secure a temporary relief by spending our capital at a most imprudent rate.

The really essential point to note, however, is that this calculation is concerned with the consumption of the nation *as a whole*. Even if the cut were reduced to zero, or to such an amount as could be imposed on the rich, yet the established wage-earner would have to consume less in order that the new entrants to industry should obtain a share. The latter will not do their work for nothing, and will spend at least part of their wages.

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AT this stage we may usefully emphasise the difference between the problem for the nation as a whole and the problem for the Government. We have started with an analysis from the point of view of the nation as a whole because this shows what sacrifices (in the way of increased exertion and reduced consumption) must be made by somebody, *however* the war is paid for. Since we may assume that the Government, with the aid if need be of requisitioning, conscription and inflation, will somehow procure for itself the necessary physical resources, it follows that at least these sacrifices must be made, whatever we may do; we may increase them by poor organisation, we may shift the balance between increased exertion and reduced consumption, we may divide them more or less equitably—but avoid them we cannot.

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There remains, however, the question of how best to secure for the Government the command over productive resources almost all of which belong to individuals, who will expect to be paid. This will need not only the fruits of the five expedients discussed in section II, or their equivalent, but also a substantial amount of the resources previously engaged in providing for the nation's ordinary consumption. We may start by seeing how much benefit will automatically be derived from the adoption of the five expedients.

(a) *Automatic Gains*

The fruits of the first—employing more people—do not gravitate at all naturally towards the Exchequer. Where the newly employed were previously receiving unemployment benefit or assistance there will be a certain reduction in outgoings—we may presume that the prosperous state of the insurance fund will be used to accumulate a surplus for use after the war, and this would be lent to the Government. In the majority of cases, however, this will not apply, and the new entrants will pay little or nothing in direct taxes; their exertions help the nation to carry on the war without reducing its *total* consumption, but it is their own share in this consumption which derives the benefit, and the Treasury gets nothing more than a slight rise in the yield of indirect taxation.

The same is clearly true of the second expedient—increasing the number of hours worked. This will add a certain amount to the income of a large number of people, and again the Chancellor will receive little of it in taxation. There is more hope here, however, of obtaining a substantial proportion in subscriptions to savings certificates.

The case of the third expedient—harder and more efficient work—is more complicated. If piece-rates are paid it is equivalent to the second, but with time-rates the benefit accrues in the first instance to the employer. With our

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system of price-controls it should not be difficult to make him pass on most of it, especially as costs are only too likely to rise in other directions, so that we shall not usually have to enforce price-reductions, but only to prevent price increases. From the narrow budgetary point of view, however, this passing-on is only beneficial where the Government is the purchaser; otherwise it distributes what would have been a highly taxable profit as an addition to the real income of all consumers. Nevertheless social justice clearly demands that the employer should not reap the benefit of his workers' extra exertions, even if the Treasury would have shared in the loot. The process may not contribute much to the direct task of paying for the war, but it does help to offset the war-time rise in real costs and reduces the danger of a vicious spiral.

The outlook becomes a little rosier for the Chancellor when we consider the fourth and fifth expedients, which provide him with a natural source of non-inflationary loans amounting (on the figures given in December) to some £750 millions. What is required is that the proceeds from the liquidation of our internal stocks or our external assets, plus the sums that would otherwise be used for maintaining and extending our capital equipment (i.e. "depreciation allowances" and "normal savings"), should all be directly or indirectly lent to the Government. In some cases the process is straightforward, as when the gold in the Exchange Equalisation Account is replaced by treasury bills so that it may be used to pay for excess imports. But so long as we control the outlets for funds, whether to other countries or for internal development, then we need not worry much about what the owners of the funds do with them in the first instance; all roads will lead to the Treasury. Thus we need not compel companies to lend their depreciation funds to the Government directly: it is virtually as good if they buy existing securities, or pay off their overdrafts, and leave it to someone else to complete

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chain. The only danger is that they will spend them hitherto on their own equipment, and this can best be kept in check by control of materials.

(b) The Need for Further Measures

The analysis of the last section shows clearly that the sacrifices which the Government must demand from its citizens are far larger than the cut in total consumption might suggest—using the word sacrifice in the sense of the sacrifice in their incomes which it must procure for its own use. Some people will meet such demands, if made on them, very easily, because the war will have brought them work and wages for the first time; they will actually be able to consume more than in peace. But this "war prosperity" contributes little towards the budgetary cost of the war. Even the revenue gained by taxing the swollen profits in industries where output expands should be largely offset by the amount lost where output and profits contract. Judging both by the last war and by the analysis given in the December issue, it is clear that the output of private enterprise will, on balance, increase very little, if at all, so that the total amount of taxable profits will only rise substantially where there is inflation or profiteering. The Government must make heavier calls on its citizens, and these will be addressed only in very small part to those whose incomes have increased.

Let us look at the problem once more from the point of view of consumption. We are to have a vast new army of men-workers—four millions has been suggested, though this is almost certainly a serious over-estimate—all drawing their pay for the first time; we are also to have more men in receipt of incomes; and on top of this many of the existing incomes are to be increased through working longer hours. From all this extra purchasing-power the Exchequer will receive, as things stand, little in taxation and an uncertain amount in voluntary savings. Mr. Keynes has estimated

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that the increase in purchasing-power available to people with less than £10 a week, even without any rise in wage-rates, will be some £500 millions per annum; if the four million women materialize this can hardly be called an exaggeration. Yet the total supply of goods and services available for these people to buy can hardly be increased, even if we restrict the consumption of the rich very drastically; it is highly likely to be reduced, if only because of the rise in the real costs of production. Clearly, therefore, one element in our problem is to transfer the use of this extra money to the Government.

A word of warning is perhaps necessary about the value of sacrifices by the richer classes. That these people should be subjected to drastic levies is essential on grounds of social justice, but both quantitative and qualitative considerations show that this will only provide a partial solution. The total amount spent on consumption by the 850,000 or so of people with incomes of over £500 has been estimated at rather over £1,000 millions for the fiscal year 1938-39. At the lower end of this range we must allow a man's consumption to rise considerably with income to supply the necessary incentive, and there are families to be remembered. Plain arithmetic suggests that the consumption of this class can hardly be reduced by even the £550 millions cut needed for the nation as a whole. The problem of the £500 millions of extra wages will remain.

This conclusion is reinforced by qualitative considerations. It would do little good, either to the poor or to the military authorities, if the rich reduced many types of their consumption. The productive resources "released" when the plutocrat gives up his Mayfair flat or cuts down the number of his clubs, or even when middle-class parents can no longer afford to pay school fees, are mostly too specific to be of much use for other purposes. If we screw up the level of taxation the income-tax payer must retrench largely on these "luxuries"; from this point of view rationing is

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more helpful, although it brings in no revenue, but the excess consumption of rationable goods by the rich is not large, since their expenditure is largely on the employment of others. Alternatively of course the rich may decide to maintain their standard of living and sell securities to pay their taxes, thus living on their capital. This helps to keep down the national debt—the Treasury receives the money as revenue instead of borrowing it from the man who buys the securities—but it makes no contribution to the war effort or to the problem of the consumption of the wage-earners.

(c) *The Field Surveyed*

Now if it were not for administrative difficulties the obvious way out of our dilemma would be to have a general levy on all incomes which would both pay for the war and restrict consumption at the same time. There need then be no general rise in prices, except such as was needed to cover the increase in real costs. Rationing would doubtless be used to deal with particular cases of acute shortage of some essentials, but in the main the supply of goods would be adequate to satisfy the reduced amount of purchasing-power. The levy need not be a flat-rate one—it could be graduated, and take account of family circumstances. But it would have to fall sufficiently heavily on the lower incomes to cancel out the increase in their volume.

Failing this, the next most obvious solution is to have a general *indirect* levy in the shape of a tax on everything the consumer buys. This would mean a general rise in prices by the amount of the tax, and would be very similar in its effects to the first, with one vital exception—it would not be graduated according to income or family circumstances. Some help may well be obtained from this source, either by making the rate higher on non-essentials as a rough form of graduation, or by combining a low general sales-tax with some other levy which can be made more

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flexible; but the clash between equity and efficiency robs this device of much of its attraction.

Apart from these there are really only three possibilities—voluntary saving, which may be stimulated by propaganda and perhaps by rationing more and more goods which people would like to buy, but which can hardly solve more than part of the problem; or compulsory saving; or inflation, which in this context means increasing effective demand so that prices rise faster than wages, thus enriching the entrepreneurs, who in turn hand over most of the booty to the Government either in taxes or loans.

We do well to take a good look at this last possibility, because it is the last in two other senses: the last we should choose on grounds of equity, and the last resort which will inevitably be seized if, and to the extent that, we do not solve the problem by other means. We see the futility of rejecting positive proposals, which would avert it, on the grounds of a few hard cases. Almost anything is better than giving the entrepreneurs a handsome commission for acting as the levers of a virtual sales-tax, and letting those groups in the community who are well-organized pass on as much of the burden as they can by charging ever higher prices for their services.

Any one who thinks that some proposal makes his contribution excessive should also remember the incomes lost by those who are really hard hit by the war—tradesmen in evacuation areas, garage proprietors, and so on, not to mention the men who have been called up from well-paid jobs. The war itself will produce far harder cases than the system of financing it.

IV. POSITIVE PROPOSALS

(a) *Taxation*

WITH so formidable a problem it is almost axiomatic to say that no one measure by itself will suffice. We have already mentioned the possibility of raising appreciable

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sums—perhaps £50 or £100 millions—by means of a sales tax, but the seriousness of its anomalies and the risk of encouraging evasion grow rapidly as we push up the rate.

The next proposal which one must clearly make is to stiffen up the income-tax and lower the limit for surtax. This may seem Draconian when the rates have been raised in September to heights which are not only unprecedented, but sound most formidable. The fact is, however, that our present system of combining a standard rate with allowances makes the plight of the average person sound far worse than it really is. “7s. 6d. in the £” has a most formidable ring about it, and to raise it to ten shillings might be considered virtual confiscation. Yet on a salary of £500 a married man with two children will now pay just over £25, or almost exactly 1s. in the £; this cannot possibly be regarded as a maximum, nor can the 3s. 4d. or so which he would pay on a salary of £1,000. If the wage-earner is to be asked for further sacrifices he can rightly demand that the salariat and the rentier shall do more than this.

There are various quite simple methods of giving the necessary twists to the screw, of which an increase in the standard rate is one of the worst. The personal allowances could be reduced, or they could be progressively withdrawn as the income rises—a practice adopted in many countries. Or we can scrap the standard rate system and replace it by a schedule. Or we can reduce the exemption limit. Somerset House can be relied upon to produce plenty of formulae if they are told what results are wanted.

In this field, however, perhaps more than any other, we are likely to be deterred from action on the really heroic scale by the fear of hard cases, if only because the results are more easily calculable. Moreover, the administrative problem will become ever more acute as we spread our net further down the income scale. We shall do well if we secure more than about £100 millions or so, over and above what the 1940–41 provisions would bring, without causing grave

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inequities. It will be very difficult to levy any substantial contribution from many households whose incomes have actually increased, for the newly employed members will be near the exemption line; we already treat the incomes of husband and wife as one, but we can hardly go any farther.

(b) *Compulsory Savings*

Considerations of equity between individuals make it very difficult to extend the effective field of income-tax very far, or to apply it very drastically. They present, however, a far less formidable obstacle to compulsory savings *à la* Keynes. It is a serious matter if the law compels one man to pay too much in taxation relatively to another; but we need hardly shed many tears for him if, in time of war, he is made to put rather more in the Post Office Savings Bank. Nor does it really matter very much if there is a certain amount of evasion. Both our basis of assessment and our system of collection can be far more rough and ready, and yet there will be less real injustice, and we can allow local hardship committees far more latitude to permit withdrawals than we could if it were a question of remitting taxation. These are the tremendous advantages which the use of this new weapon would bring, and they will not be lost even if its use is vigorous.

There is, in fact, no serious objection to the simplest of all systems—a flat-rate levy of, say, 10 per cent. on all incomes, deducted at the source wherever possible, with no exemptions whatsoever (except perhaps old age pensions, unemployment benefit and similar governmental payments), but with local hardship committees to authorise withdrawals. Besides their discretionary powers the latter would have certain published rules, dealing especially with dependent children, and under these permits could be given with a minimum of formality for a longish period. An appeal would, however, be made to the public not to avail itself of these “rights” unless the need were real. Without

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inflicting any real injustice the Government would thus get all the forces of inertia on its side, and could hope to take advantage of the great variety of individuals' circumstances.

Let us consider the advantages of this particular method of applying the compulsory saving principle. The absence of any exempt amount at the bottom might be justified on grounds of administrative simplicity alone, but it is also a recognition of the fact that this is the only effective way of touching what is in a sense the cause of our trouble—the earnings of the newly employed. These are an eminently appropriate target for a savings levy, though not for taxation. By making the levy apply in the first instance to all incomes, and putting the onus on the applicant to establish a case for exemption, we can in effect take account of household circumstances more successfully than by any other device.

The merit of the flat rate is almost wholly its simplicity. Thus it enables contributions to be collected from wages by means of “savings stamps”, similar to social insurance stamps, and the matter is then closed: there is no need for revisions at the end of the year to take account of fluctuating earnings, such as a graduated scale would require. The sums to be deducted can be rounded off to the nearest threepence or sixpence without serious loss of equity or receipts, so that the employer's task is not very complicated. For dividend and interest payments a separate cheque would be sent which could only be paid into the recipient's blocked account. Any income which could not be tapped at source would be returned by the recipient as in the case of income-tax; or for small incomes we might dispense with returns, and simply call upon people to make the deposits. The field is not large, and on grounds of equity a little evasion would be less serious than the evasion of customs duties by travellers who do not declare their dutiable articles.

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Nobody denies the advantages of the flat rate for purposes of administration. One has rather to defend it against two charges—that it is too hard on the very poor, and that it is unfair to the very rich. The former we have half-answered already—the general rules of the hardship committees could provide for the automatic issue of permits for total withdrawal where the income of a family was less than so much per head. We may add that inflation would hit most of the poor far harder than any scheme of compulsory saving, and that the flat rate is probably essential to make such a scheme workable.

The very rich may object to the flat rate on the ground that at the top of the scale 17s. is already taken out of every pound in excess of £50,000, so that a further 10 per cent. would leave them with practically nothing to show for this part of their income. It is a little hard to take this argument very seriously (though it is certain to be put forward) because the 10 per cent. will not be lost, but merely invested in a gilt-edged security. If the plutocrat really feels that the higher ranges of his income are of no use unless they enable him to consume more than his less wealthy neighbour (an idea which we certainly do not want to encourage), then he should sell a corresponding amount of his ordinary securities. Much more than three years of warfare would be needed for this process to exhaust the realisable assets of anybody fortunate enough to come into the highest surtax group!

The yield of such a scheme, even allowing for the withdrawals permitted, might well be over £400 millions a year. Of course this would not all be clear gain, for we must expect some falling off in voluntary saving as a result. But the rate could be raised if necessary, and we may fairly claim that the proposal has few rivals as a means of collecting large sums from the right people with a minimum of social injustice. It would bear far less hardly on the working-classes than inflation, even though it makes the burden

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more apparent. All that is needed is a clear understanding of the issues, a willingness to take the initiative, and a refusal to be stampeded by shibboleths about compulsion. If we have compulsory military service, not to mention compulsory taxation, then there can be nothing inherently wrong in compulsory saving.

V. SAFEGUARDING THE ESSENTIAL MINIMUM

IT has been freely recognised that the doctrine of universal sacrifice must not be pushed to the extreme of reducing the consumption of the poorest below the minimum necessary for subsistence. This quantity is, of course, a vague one—according to most definitions the consumption of many people is below it even in peace-time—but we all agree that care must be taken to look after those at the bottom of the scale.

In the last war we dealt with this problem mainly by granting increases in money wages as the cost of living rose in the form of flat-rate additions. Like all wage-increases these drove prices further upwards, but the unskilled gained somewhat at the expense of the skilled, and still more at the expense of people with fixed incomes. Besides this we had rationing and, since prices were too high for the poor even without any scramble for limited supplies, the Government granted a subsidy to keep down the price of bread. This was a particularly expensive method of giving relief, since all consumers shared in the benefit irrespective of need.

To produce a better system we must start by realizing that the main reason for a family being on or below the subsistence line is usually not the smallness of its income, but the number of children for whom that income must provide. No bachelor can claim that he has “no margin available for sacrifices” so long as a large family manages to exist somehow on the same income. Any attempt to safeguard the essential minimum which takes no account of

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family responsibilities must either be grossly inadequate or else impossibly expensive.

The Government has indeed recognized this principle in regulating its payments to the unemployed and to the fighting forces. In the latter case the scale of separation allowances shows a misplaced generosity towards the small family—a childless wife, who should be able to secure some employment, clearly needs less than one with children to look after—but it nevertheless enables the Government to eliminate major hardships far more effectively and far more cheaply than would be possible with “equal pay for equal work”.

Under our proposals a general advantage would be given to the large family in respect of its consumption by allowing its compulsory deposits to be withdrawn, and for income-tax payers the children's allowances should if anything be increased. But it is very doubtful whether this will suffice. Even in peace-time many wage-earners with large families were at or below the subsistence line. The war has brought a rise in real costs, especially in the cost of buying and transporting our imports, which is sufficient to raise the average price of the goods they purchase by 5 per cent. or more, quite apart from any rise due to higher money wages or higher taxation. The family man needs some positive help, not merely exemption from new burdens; and if it is granted to him, then we can feel far more comfortable about tightening up the screw.

In such a matter the simplest method is probably the best. The problem is a national one—it has nothing to do with the *nature* of the family man's income (e.g. wage or independent earnings), nor yet with the industry in which he works—and it can only be comprehensively and equitably dealt with on a national basis.

If the Government were to pay a “young-age pension” of 5s. a week for every dependent child in excess of three in a family the gross annual cost would be little over

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£5,000,000; if the third child were included this would be raised to perhaps £20,000,000. An income limit would not reduce these sums very much unless it were put undesirably low, but we might compromise by saying that no income-tax allowance could be claimed in respect of a child who drew a pension. A more important point is the saving on such things as unemployment benefits and separation allowances, since these would also be cancelled for children with pensions.

Opinion had been growing in favour of some such scheme before the war, as a desirable social service. We should not now reject it as a luxury which we can no longer afford, but rather welcome it as an essential part of our war-time arrangements. Without it the Government will be disastrously hampered in enforcing sacrifices by a very proper fear of inflicting an intolerable burden on some of its citizens. Its hesitancy will not avert the burdens, but rather cause them to be distributed inequitably by inflation. It is better to take positive measures to make the distribution both visible and fair.

VI. WAGES AND THE VICIOUS SPIRAL

IF the cost of the war is met by methods such as those outlined above, then there is no reason for an inflationary rise in prices. Particular prices may rise on account of special circumstances, and a sales-tax would naturally raise those of all articles to which it applied. But the effects of the war should otherwise be limited to such rise as is needed to cover the increase in real costs, and most of this has already taken place.

For this conclusion to hold good, however, it is essential that we should prevent producers of particular things from combining to enforce higher prices, and so stirring up other groups to do likewise and starting a vicious spiral from the costs end just when we have eliminated the danger from

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excess purchasing power. This is especially likely to happen unless people are made to understand that some rise in the cost of living was inevitable as a result of higher real costs—that it benefited nobody, and did not even contribute anything to the direct cost of carrying on the war. It is, of course, as necessary to control demands by entrepreneurs for higher profit margins as demands by workers for higher wages.

The methods of enforcing this control lie outside the scope of this article, but we may return to our starting point by insisting that it is an essential part of any equitable scheme of war finance. It is useless to make the amounts taken away from people's incomes fair if the incomes themselves can be arbitrarily altered.

INSIDE GERMANY

I

IN war as in peace the advantages of living on an island are to some extent offset by the disadvantages of insularity. Educated Frenchmen, Germans, and Italians are far better acquainted with each others' ways of life and thought than Englishmen with those of any of them. It is high time that we ceased to regard it as faintly humorous that this or that leading statesman of the last generation could not speak French or had never been in Germany or was as ignorant as Shakespeare was of Central European geography. For such lack of knowledge means lack of understanding, and misunderstanding of the Continent has been at least as much to blame as any other factor for the mistakes of British foreign policy in the last twenty years. The outbreak of the war has not, of course, exorcised that weakness, but at least it should have put us on our guard against it. We must beware, in particular, of the first inevitable result of an imperfect knowledge of other peoples—namely, to assume that they are much the same or even just the same as ourselves, that they react in the same way to similar conditions, that the language in which we formulate our ideals means precisely the same when it has been translated. It is not too much to say that the chief hope of a wise and lasting peace lies in such a closer sympathy between the British Commonwealth and France as can only come of a more intimate mutual understanding. To win the war, similarly, as fully and quickly as it should be won, we must realise what we are "up against" in Germany. We probably do not underestimate her military strength, but we probably do underestimate her moral strength through ignorance of the character and mentality of her people. It would be absurd to suggest

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that they are so unlike the British or the French that peaceful co-operation with them is impossible. They have played a great part in building up western civilization in the past. All the world hopes that one day they will do so again. But for the time being they have broken away from the communion of principles and traditions which still links together, however circumstances may divide them, the free peoples of the Old World and the New. Nor did this breach begin with the Nazi Revolution of 1933. It began last century, when the German people as a whole were first bewitched by the glamour of Prussian militarism.

One result of assuming that German habits of mind are much the same as our own is our tendency to differentiate the German people from their rulers. Before 1914 there were some Englishmen who imagined that the liberal forces in Germany were strong enough to prevent the Kaiser and the military caste from engaging in an unprovoked war without running an immediate risk of revolution. The event proved them quite mistaken. The Germans were united in the war, united even in the dreams of *Weltreich* which victory was to bring. When at last the revolution came, it was not the war that caused it, but defeat. There has been more excuse for differentiating between government and people since 1933. The methods of the Nazi régime as year by year they revealed themselves were so shocking that many Englishmen, mindful of German civilisation in the past, were forced to think that only a small minority of Germans countenanced such things and that the great majority, especially in the working classes, were only deterred from throwing off the evil yoke by fear of the rubber truncheon and the concentration camp. No doubt there are many Germans who hate Hitlerism as much as we do, or for personal reasons more, though most of the strongest-minded men among them are now dead or imprisoned or in exile and therefore cannot be reckoned in an estimate of German morale at the present time. No doubt, too, there

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are many other Germans who would be less enthusiastic about their Führer if they had been allowed to discover from a free press or free communication with the outer world all the things that he has done. But the main features of the new régime—the universal restriction of individual freedom and the savage repression of dissent—have been common knowledge; and there is nothing to show that the mass of the German people have disapproved. Yet British observers have tended to assume that they have for two reasons. In the first place they could not easily conceive how deeply the German people had been humiliated by their defeat and its results and how ardently their hearts went out to the man who restored their pride—who taught them that they had not really been beaten in the war, stood up to their old enemies, re-armed them and recovered most of their lost territories and annexed Austria as well, made Germany once more a danger to the rest of Europe. In the second place British observers could not help believing that Germans must needs resent being deprived of their freedom and dragooned by a dictator as much as Britons would. But do they? Their submissiveness to the veiled dictatorship of the Prussian system was evident enough before 1914, and most Germans, especially among the younger folk, are far more devoted to Hitler than they ever were to the Kaiser.

A striking illustration of this tendency to interpret German public opinion in accordance with British preconceptions was afforded by some of the comment passed on Mr. Chamberlain's visit to Munich. Unquestionably he was welcomed by the German crowd. That in itself was flattering to his fellow countrymen, and they were tempted to suppose that the contrast between the English statesman—so typically English in his appearance and manner and costume, so demonstrably preferring the umbrella to the sword—and the uniformed dictator with his gunmen about him had not been lost on Germans. Surely that was the kind of man they

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would choose to lead them if only they were free. A more probable explanation of the Munich demonstration would seem to be that the German people vehemently desired peace, knew that Mr. Chamberlain did not want war, and believed that he would come to terms with Hitler. If Germans, after all, are so like ourselves, they must be allowed at least a tincture of unregenerate national pride; and it is difficult to conceive the circumstances in which a British crowd would prefer a foreign statesman to one of their own.

II

WHEN war broke out, the belief that the German people were anxious to overthrow the Nazi system if only they were given the opportunity was immediately reflected in British propaganda. They were at once invited to distinguish between themselves and their leaders. They were told that Britain was at war, not with them, but with their leaders. They were reminded of the promises and undertakings which their leaders had broken or failed to respect, of the contradictions between their leaders' pronouncements in the past and their actions in the present. They were informed that there had been private speculation on the part of some at least of their leaders in the smuggling of fortunes abroad. Get rid of your leaders, was the obvious suggestion of all this propaganda. You will be better off, it was implied, if you do than if you don't.

There is a very old fable of a man who was surprised by another man in the act of beating his wife. The intruder, with the noblest motives, attempted to intervene, and was set upon by the wife as well as by the man. So it has been with the German people and British propaganda. There is little doubt that, broadly speaking, the result of the contents of the leaflets dropped by the R.A.F. and broadcasts on similar lines by the B.B.C. has been to draw the German people together and, if anything, to strengthen the hold which Hitler has on them.

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To expect a different result was to repeat the mistake about the Munich demonstration. Even supposing Germans to be as ready to criticize their Government as Englishmen, were they likely to be more impressed than Englishmen would be by foreign criticism, especially now that it had become enemy criticism? Moreover, it is necessarily much more difficult for such propaganda to succeed in this war because the Germans have been told it was so brilliantly successful at the end of the last. For twenty years they have had it dinned into their ears that, while their armies were still unbeaten in the field, the "home front" was undermined by the unscrupulous mendacity of Allied and especially British propaganda. Were they not promised generous treatment if only they would get rid of the Kaiser and his militarist advisers? And, when they had done so, what happened? The brutality, as they have been taught to think it, of Versailles. Nor should the effect on German minds of their own anti-British propaganda be forgotten. For many weeks now they have been told—and they are readier than most people to believe what they are told—a multitude of highly coloured and circumstantial stories of Britain's wickedness in the past and of her present intention, long and patiently matured, of wiping Germany off the face of Europe.

While it has failed in Germany, this first edition of British propaganda may well have puzzled our Allies and the neutrals. Did Britain, they must have asked themselves, properly understand her enemy? Did she think that the danger of Prussian militarism would evaporate with the removal of one or two men? No such mistake was or could have been made by the French. Happily something has been done to rectify it. On January 9 Mr. Chamberlain said: "The German people must realize that the responsibility for the prolongation of the war and the suffering it may bring in the coming year is theirs as well as that of the tyrants who stand over them"; and on February 3 Mr. Stanley,

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making his first platform speech as Secretary of State for War, while disclaiming any desire to destroy or subject or impoverish the German people, declared that "never again, under this leader or any other leader, under this régime or any other régime, must they have the power to inflict upon the world the misery and suffering which twice in our life they have done". None the less, there still lingers in many British minds the belief, so widely held at the outbreak of the war, that, sooner rather than later, under the strain of war conditions the split between the German people and their rulers will widen to breaking-point. Absolute certainty in such matters is doubtless unattainable; but all the evidence at our command suggests that that belief is an illusion and that to rid our minds of it is the necessary preliminary to forming a realistic judgment of the moral strength of Germany and her power to endure the brunt of the war she has made.

III

TO estimate the state of morale in Germany now is not an easy task. Our main source of evidence is the newspapers; and, while the German press is notoriously unreliable, the information given by neutral journalists working in Germany must be carefully weighed. The Germans have often boasted that there is no censorship restriction on foreign press correspondents in Germany. To give this untruth an appearance of verisimilitude they permit an American to broadcast from Berlin and to mention German hardships in his talks. In fact, however, foreign press correspondents in Germany are aware that, if their comments are unfavourable, they will not be allowed to continue their work. It appears, moreover, that attempts have been made to induce them to bring pressure to bear on their colleagues in their own countries by the threat that, if journalists outside Germany are anti-German in their reports and comments, the activities of those inside Germany will be curtailed.

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It must be understood that in the following account of what can be ascertained regarding conditions in Germany, there is no implication of unfavourable comparison with conditions in Great Britain. Many of the restrictions imposed upon Germans have their counterparts here: they must all be judged on their merits and their effects assessed in conjunction with the known characteristics of the people.

To take first the morale of the civilian population, there are a number of factors to consider. Some of these, although of the greatest importance, act only indirectly on the man in the street. The doubling of the floating debt, for instance, is such a factor. The state of export trade is another. German exports to Yugoslavia exceeded 300 million dinars in August 1939, but fell below 200 million in October; exports to Argentina fell from over 10 million pesos in July to 2 million in October, while over the same period exports to Japan dwindled from nearly 3 million yen to a bare 7,000. The position will, of course, get worse as the Allied blockade becomes accentuated. But these facts are still, so to speak, above the level of the German man in the street, except in so far as he is taught to blame England for all the hardships which he is called upon to suffer. The same is true of the internal financial situation. The average German did not study the Reichsbank return for the week ending November 15, 1939, which revealed that the holding of gold and foreign securities, at 77 million marks, was unchanged as compared with the last return before the war, and that the Reichsbank note circulation, which on August 31, 1938, was 6868.5 million marks, had risen to 10,346 million: nor, if he had known of this increase in the note circulation, would he have realised that it had been mainly due to the incorporation of new territories in the Reich. The man in the street is most likely to be affected by rumours of multiple printing of notes with identical numbers. He may have noticed that the banknotes issued by banks are nearly always new. There are indications that inflation is

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widely feared. For instance, Herr Funk has recently condemned the indiscriminate panic buying which had been taking place of such objects as baths and shaving brushes; and the German press has reprobated the demand made by some firms, who fear devaluation of the mark, to be paid in foreign currency. But the material conditions which affect the average German most at the present moment are, apart from the "black-out" which need not be discussed here, rationing of food and of clothing, high taxes, and conditions of work.

Food rationing affects milk, bread, butter, margarine, lard, cheese, meat, and sundry other foodstuffs, while beer is thinner in order to economise barley.

The rations of butter and margarine per person per week from September 25 to October 21 were 2.8 oz. and 4.4 oz. respectively, while lard was rationed at 2.2 oz. For the period from October 23 to November 18 it was announced with a flourish of trumpets that the butter ration was to be increased. So it was, from 2.8 oz. to 4 oz. But, at the same time, the margarine ration was reduced from 4.4 oz. to 3.3 oz., so that the total increase in fats allowed was 0.1 oz. From November 20 until January 14 the butter ration was still further increased, to 5.1 oz.; but the margarine ration was reduced to 2.8 oz. and the ration of lard to 1.6 oz. with the result that the total fat ration was unchanged in its calorific value, but its vitamin content was slightly increased.

The meat ration includes bones and sausages, and is 1 lb. 1.6 oz. per week. The usual allowance of eggs is 6 in 4 weeks but it varies with the seasons. The cheese ration is 2.2 oz., sugar 8.8 oz., and bread 3.3 lb. per week.

Coffee, cocoa and tea are unobtainable. "Ersatz" coffee is provided, based on over 200 ingredients, such as rye, chicory, malt and figs. Cocoa and chocolate powder substitutes are prepared from acorns. "Tea" is made from blackberry leaves, pips and apple peel. Full milk is obtainable only by children, invalids and expectant and nursing mothers.

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A question of equal importance to the rations allowed is that of the amounts of food available. Some foodstuffs are not rationed in amount, but in time. In most towns fish is available on two days in the week; the fishing grounds available for German trawlers are reduced to 25 per cent. Poultry is very scarce, and the average quantity obtainable by a small family in November was 1½ chickens per month.

Special rations are obtainable by persons working "long" hours and by night workers.

Pets fare very badly; no provision is made for the feeding of dogs below a certain size. The consumption of bird seed is to be cut down. Waste is to be avoided at all costs. It is expressly laid down that in using up scraps of food every effort must be made to ensure that it is not recognisable, "as people also eat with their eyes". This is to be effected by mincing and by adding spices and cheap wine and colouring matter.

The rationing of clothes is based on a system of coupons, the number allowed per person per year being 100. Various items of clothing are assessed as worth so many coupons, and there are restrictions governing the use of coupons within certain minimum limits of time.

The official clothes ration card for women bears the following suggested specimen outfit:

		<i>Coupons</i>
Nov./Dec.	1 pair stockings	4
	1 extra pair stockings	8
	1 pair panties (wool)	10
	1 corset belt	8
Jan./Feb.	1 pair stockings	4
Mar./Apr.	1 set underclothes	12
	1 pair cami-knickers	10
May/July	200 grams knitting material	14
Aug./Oct.	2 pairs stockings	8
	1 handkerchief	2
	1 skirt	20
		100

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The most "expensive" item in a woman's wardrobe is a costume, for which 45 coupons are required.

The sample outfit for a man is as follows:

		<i>Coupons</i>
Nov.	1 pair socks	5
Jan.	1 scarf	7
	1 pair gloves	7
Feb.	2 handkerchiefs	4
Mar.	1 pair socks	5
Apr.	1 shirt	20
May	2 collars	6
June/Aug.	2 sets underclothes (short)	25
Sep.	2 ties	6
Oct.	1 waistcoat	15
		100

An overcoat can no longer be obtained by a number of coupons. It requires a purchase permit, like a pair of shoes. With grim irony it is provided that mourning may be bought without coupons. This means a dress for a woman, but for a man only a black tie and a piece of crêpe.

Boots and shoes are obtainable only with permits, and proof of need must be given before the permits are delivered. Various leather substitutes are to be used for resoling. Offices have been opened where children's shoes are passed on to younger children when their owners have grown out of them. Children's shoes are also to be made out of old felt hats. Clogs are in use again, as in the last war.

The reason for this drastic rationing of clothes is, of course, that Germany's supplies of cotton are 40 per cent. short of her needs, and cotton is required for the manufacture of explosives.

A special grace was vouchsafed for Christmas. The meat ration could be anticipated by one week; and one tie and one pair of stockings could be bought over and above the normal clothing ration.

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Coal and fuel for domestic heating are difficult to obtain, and owners of flats and lodgings have been ordered to reduce the rents of tenants for whom they cannot provide adequate central heating. The tenants sit in overcoats in their rooms, or resort to "communal" heating in one room with fuel contributed by all the participants. There are reports that experiments in communal feeding on a large scale are taking place.

As regards soap, the ration card for November entitled the holder to a piece weighing 3 ounces; for December, half a pound of soapflakes or a double packet of washing material. It was officially announced that only 5 per cent. of the applications for galoshes could be entertained before the end of the year, and then first call would be given to postmen and messengers. Petrol is available only for drivers of vehicles engaged in work of vital importance, and then only if they cannot reach their destination by public conveyances. Berlin taxis carry a notice forbidding their use for pleasure purposes or to destinations beyond the limits of the Berlin police district. No cars may be driven on Sundays except in cases of imperative necessity.

Scarcely a day passes without news of some fresh measure by the German authorities to cut down the consumption of raw materials or the use of rolling-stock in transport. Gramophone records cannot be purchased without at the same time surrendering an equal number of old ones. Wherever possible, goods must be transported by river and not by rail. Waterways are being expanded. To speed up the circulation of trucks Sundays and holidays are to be reckoned as working days on the railways in computing time and demurrage. Goods must be cleared on the day of arrival to avoid storage and release rolling-stock. For short journeys the regulations governing loading of trucks may be disregarded; one extra ton may be loaded on each truck. Passenger train services have been heavily curtailed.

With the shortage of raw material making itself more and

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more acutely felt, and the purchasing power of the citizen reduced, many firms, and especially the smaller ones, are going to the wall. Courts have been instructed to make special arrangements to meet the cases of firms which, as a result of war conditions, are unable to meet their liabilities. Advertisements of firms offering to take on and adapt themselves to new lines of business are increasingly numerous.

The level of prices has been kept almost constant. There are reports of extra charges being made "because of difficulties of transport"; but, on the whole, in spite of a slight rise, price control appears to have been successful. On the other hand, incomes have been reduced by taxes and "voluntary" contributions, and wages have been lowered. On September 4, 1939, the eight-hour day was rescinded; holidays were stopped; wages were put back to the level of 1936, and overtime pay for night and Sunday work was abolished. Though the old conditions were presently said to have been restored, and though the Nazi propagandists have not failed to hail this as proof of the success of Nazi policy in ameliorating the worker's lot, the restoration was mainly nominal. Two hours above the eight-hour day may still be worked without overtime pay, and holidays may be commuted into money. The worker's life, indeed, is unquestionably a hard one. The strain of work is heavy and continuous. Wages are firmly controlled. And from those wages, however low, income tax and other taxes must be paid. To illustrate the incidence of taxation, the cases may be taken of a working man earning 50 marks a week as a bachelor, of a married man without children, and of a married man with two children. They have to pay (1) income (wages) tax, plus a 50 per cent. war increase, (2) municipal tax, (3) "Winter Help" contribution, (4) insurance (health, unemployment, old age), (5) Nazi party subscription, (6) A.R.P. charge. These impositions with other minor items mean that the three men are taxed roughly

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480.00 marks, 288.00 marks, and 192.00 marks per annum on a total income of 2,500 marks.*

It must be remembered that these material restrictions and discomforts are not a new experience for the German people. In more ways than one Hitler may be said to have begun his war some years ago, and his people have long been used to the idea that the salvation of Germany demands the sacrifice and fortitude of every German patriot. If the actual outbreak of fighting increased the sense of tension and deepened the anxiety as to what may happen to the nation or to individuals, at the same time it intensified the will to resist and endure. On the other hand, if the strain is not a new one, nor is the power to bear it fresh. The German people have entered the war a little stale. It is more like 1916 or 1917 than 1914.

Moral conditions, which are more decisive in the long run than material conditions, are harder to assess. The increase in spying and repression by the Gestapo suggests at least a measure of deterioration since war began. But, on the whole, the old troubles—the quarrel with the Churches, the weakening of family ties, the fear of what may happen to anyone any day—seem to have been overshadowed by the belief, so sedulously propagated, that the very existence of Germany is now at stake. Nor is there any evidence that new exhibitions of Nazi brutality have shocked the German public. They seem to have little, if any, compassion for its victims—for Jews or Czechs or Poles or even for the "repatriated" Balts. The only new development that has startled them has been the *entente* with Russia and the subsequent sacrifice of the Finns. Most Germans have been frankly bewildered by Hitler's alliance with the Bolshevism which he has so long taught them to execrate. Only the radical elements have welcomed it as an anti-capitalist move. Among aristocrats, big business men and "orthodox" Nazis

* Incomes below 2,401 marks are free from the 50% increase of income tax.

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there has been something like consternation. In general it can only be stomachied as a necessary war-measure to defeat the fabulous conspiracy of encirclement.

There is some evidence of opposition. Seditious posters are stuck up under cover of the "black-out". Leaflets, it is said, are secretly printed and locally circulated. The "Freedom" broadcasts continue their propaganda. The *Horst Wessel* song has been parodied. Jokes are made about Hitler, with a sting in some of them. The term *Parteibonzen* (party bosses) is in common use. Such slogans are current as "Wash without soap, live without food". But most of this kind of criticism was current before the war, and none of it amounts to much now. It does not mean that rebellion is afoot. And, of course, the Nazi leaders, who are not unaware of the weakness as well as the strength of their position, have done their best to counter discontent and disgruntlement. Broadcasts and newspapers exhort the people to enjoy themselves as much as possible, to go to theatres and concerts. Officials are expressly enjoined to be polite in dealing with applications for ration permits or tax reductions. Meantime all the organs of propaganda, undiluted by unsympathetic foreign newspapers which are unobtainable or by foreign broadcasts to which it may now be death to listen, reiterate the claim that all is well, inventing victories at need, minimising defeats that cannot be concealed. An interesting example of technique is the fixing of Russian labels to canned meat and margarine from Czechoslovakia before they enter the Reich proper so as to convince the German people of the material value of the deal with Stalin.

There is nothing to show that propaganda is beginning to lose its power. The reaction to drugs ought to grow weaker the longer they are used, but the only symptom of that so far is a tendency to regard all official war news as faked and even not to care overmuch about the news at all. Complaints appear from time to time in the German

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press that people in restaurants or other public places will not stop talking during important wireless announcements, thereby making the news bulletins inaudible and "showing a lamentable lack of interest". Most neutral travellers returning from Germany are agreed, indeed, in reporting that, except among the young hot-heads of the Party, there is no enthusiasm whatever for the war. It is almost as if the German people were suffering from a kind of premature war-weariness. As early as October last, the remarkable hoax played on the German wireless, when it was announced that a revolution had occurred in Britain and that the war was over, provoked almost hysterical demonstrations of delight; and there were similar scenes when the interruption of the "black-out", occasioned by the Munich explosion, set the rumour going that peace had come. Yet, as the months go by and peace does not come, the average well-schooled patriotic German does not revile his Government, still less connive at overthrowing it. In due course, he believes, his Führer will bring him the peace he longs for, his Führer who has never failed him yet.

To sum up, civilian morale in Germany, it may be said, is by no means breaking or near to breaking. But it is probably brittle, and one resounding military defeat might well bring the Nazi system down.

IV

SO much for the German "home front". Something must now be said about the morale of the armed forces. The German Army is a very good army. Till recently, it has kept itself as far as possible away from politics, but now the ban on attendance of soldiers at party political meetings has been lifted. There is no reason to doubt, however, that the general standard of its morale is high. It is true that certain Austrian units, whose pride was trampled on when they were incorporated in the German Army after the

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Anschluss and which seem to have had to bear an unfair share of the dirty work in the Polish campaign, have been reported as showing little eagerness for battle. There have been some desertions, and the fact that, while the troops are at the front, the S.S. stay at home, has provoked a certain amount of ill feeling. But as regards the bulk of the Army it must be realised not only that the Polish campaign was a triumph, but also that it was a most enjoyable expedition. The officers and men who took part in it found an outlet for their spirit of adventure which would otherwise have had to be contained within the limits of their garrison towns. It is also clear that the modern German officer, coming from more humble homes than in the days of the Kaiser, is living better in a state of war than under peace conditions. There is no reason, therefore, to suppose that the German Army has any desire that the war should stop now or that the government of the country should be changed.

Conditions in the German Navy are probably somewhat different. Inferior in strength to the Allied fleets, its activities are mostly restricted to submarine warfare and raider attacks on merchant shipping. The heavy toll which the Allies have already taken of German submarines is probably beginning to make itself felt.

The remarkable events which marked the end of the career of the pocket battleship *Admiral Graf Spee* have received many explanations. The official and doubtless true version was, of course, that the scuttling of the ship was ordered by Hitler himself. Reports that the crew refused to face another fight are unfounded. It consisted, it is true, of very young men who had been taught to believe that Germany was invincible and that their own ship could only be forced into action by the *Hood*, *Repulse*, or *Renown*. When, therefore, they came under punishing fire from comparatively small British cruisers, they were thoroughly surprised and shaken up—just as the youngsters

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of the sister pocket-battleship *Deutschland* were shaken up by quite unexpected bombs from Spanish Republican aircraft. But in neither case was there any question of insubordination or refusal of duty.

While there is reason to believe that among the senior officers of the Army the pact with Russia was not unwelcome, the same can hardly be said of senior German naval officers, whose work in safeguarding German maritime interests in the Baltic has been made infinitely more difficult by the pact.

There remains the difficult question of the relations between the heads of the Party and the chiefs of the fighting services. This is a field in which wishes have been particularly active in fathering thoughts. It has been supposed that the sentiments of honour of senior German officers would sooner or later rebel against the defiling of Germany's good name by Nazi excesses, and that their political sense would lead them to oppose the reckless adventures into which the Nazis are prepared to plunge their country. There have been numerous rumours—that General von Fritsch was murdered by the S.S., that General von Brauchitsch was in disgrace, that General Halder and Admiral Boehn had resigned, that Marshal von Blomberg and Generals von Hammerstein and Pogrell were in prison. None of these rumours has been confirmed. It is probable that von Fritsch met his death voluntarily in the face of the enemy. That there was no love lost between him and the Nazi chiefs is well known, especially after trumped up charges of immorality had been brought against him by Heydrich. But von Fritsch does not appear to have had much following among officers generally.

In considering the relations between the armed forces and the Nazi party three points must be borne in mind. First, the forces recognise that they owe their existence and enlargement to Hitler. Secondly, they have been taught that in 1918 the collapse of the "home front" was largely

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responsible for their defeat, and they look to the Nazi party to prevent such an occurrence on this occasion. Thirdly, the personal oath of allegiance to Hitler, sworn by German officers, weighs heavily even on those whose hearts are, or were, with the old tradition. For these reasons, a rift between the forces and Hitler is most unlikely, in spite of the dislike with which the senior officers may regard other members of the Nazi hierarchy. In other words, the military chiefs will turn against Hitler only if they are convinced that the execution of his policy would result in a military catastrophe.

AMERICA IN SUSPENSE

I

THE American people were, at the end of January, in an unhappy predicament. Their sympathies were all with Finland in its gallant struggle with the Soviet Union, and they had been cogently informed that a loan of \$60,000,000 by the American Government was the most essential assistance to the little republic's struggle for survival. But along with their fervent sympathy was their fear of "involvement" in the European war. The dilemma which has been incipient in American policy for several years had thus come to a head. Could a nation so earnestly un-neutral in sentiment remain "un-involved"? Was the proposal for a Finnish loan the real beginning of the slippery slope toward participation in the grim events of Europe?

The dilemma is apparently being resolved in traditional fashion: by compromise and by indirection. Instead of an outright loan which the Finnish Government could use for its most urgent needs, instead of the full sum of \$60,000,000, the American Congress is making ready to increase the lending resources of the Export-Import Bank so that a total of \$30,000,000 may now be advanced to Finland for "non-military" purposes. Instead of buying airplanes and high-octane airplane fuel and other necessities in the United States, Finland will have to engage in some hocus-pocus. Theoretically, it will apparently have to spend its credit for certain American surpluses, mostly agricultural. These will probably be sold in Europe—replacing other American exports, of course—and Finland can use the proceeds as it chooses, buying California-made planes and Texas petroleum.

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This is not the place to examine in clinical fashion the psychological imperatives of American public opinion. We have, of course, long behaved in this roundabout and somewhat absurd fashion. It is our way, perhaps, of "saving face". Maybe there is some merit in it. Possibly it is less likely to draw the country into conflict to lend money by various transparent dodges than to advance it directly. But more realistic counsels would say that the best way to avoid ultimate "involvement" would be to give Finland every possible aid—and the same might be true of Britain and France as well, although we have not reached that point yet.

Anyway, however awkwardly, the United States seems ready to do its duty toward Finland, it will probably have done so before this article sees type. The whole Finnish episode is most revealing of American public opinion and policy; it is probably one of the most important historical accidents or events of our time. Consider the situation last November. Then Congress had just passed the Neutrality Act. After an intense debate it had repealed the arms embargo and the way was open to essential shipments of war supplies to the Allies on a cash and carry basis. The wheels began to turn. The new law, strictly debarring American vessels from traffic with belligerents and from entering certain "combat areas", was applied to the war between Germany and the Allies. Britain and France, through their purchasing agents and their important commercial connexions here, adjusted themselves to the new situation with a minimum of difficulty. The United States had entered a period of "managed neutrality" according to a precise pattern newly laid down in law.

Then, within less than a month, Stalin decided to attack Finland. A "state of war" was announced by President Kallio of Finland and a very palpable, if undeclared, war broke out. To date, President Roosevelt has not "recognized" this war, as he was required to do in the Neutrality

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Law upon which the ink of his signature was scarcely blotted. And no important segment of American opinion protested. The same people, the same Congress, which had demanded a rigid statute of neutral conduct accepted quite happily a line of conduct quite at variance with the statute. The law required the President to recognize conflicts even when undeclared: he ignored this one. He did it because the nation—which had wanted the law passed a month before—now wanted it disregarded. Scarcely anybody has bothered even to point out this state of affairs.

Herbert Hoover, who had been sulking in distinctly isolationist tents for some time—and had fought the lifting of the arms embargo, declaring the European conflict to be simply the old struggle of power politics which Americans could well regard objectively—immediately became national chairman of the Finnish Relief Fund and outdid his energetic self in raising money for aid of the heroic Finns. Now few activities are more likely to break down neutrality, aloofness, and objectivity than the emotional appeals essential to a relief fund. Mr. Hoover, no doubt, would challenge this. Perhaps he does not see the connexion between his activities for the Belgians in the last war and the ultimate preparation of American public opinion for participation in that conflict. Yet the nexus then, the nexus now, seems entirely valid. "Violated Belgium" then, "violated Finland" now, were the slogans of emotional un-neutrality.

The Government itself officially plunged in. The debt payment made on December 15 by Finland—lone debtor nation to keep up service on its American obligations—was placed in a suspense account, ready for refunding. Certain war planes ordered for the United States itself were made available for Finnish purposes. A loan of \$10,000,000 was at once extended. Demands were made by the Republican Opposition—the same people who had insisted upon glacial impartiality a few weeks ago—that relations with the Soviet Union be severed. Mr. Hoover himself, who

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had previously declined to take over general European relief work, saw that he could remain aloof no longer. His Finnish Relief Committee has to date (January 26) raised just over \$1,000,000 and is going strong.

All the big drums of publicity are thumping for Finland. Committees are active in every city and state. Businessmen and women, sportsmen, actors and actresses—every sort of group—are pleading the Finnish cause. In a word, it is the story of Belgium all over again. The war correspondents in newspapers and over the radio have been sending the most graphic sort of material from the frozen North, day in and day out. American susceptibilities could scarcely be under more intense attack. The few defenders of the Soviet Union who survived news of the Nazi alliance in August are now driven to cover, derided and scorned. Earl Browder, the chairman of the American Communist party, has been sentenced to four years in jail for making a false declaration on a passport several years ago.

These are the principal consequences in the United States of the Russian attack on Finland. How vital it all may prove to be for the Allied cause! For while British and French propaganda in the United States had bogged down, while Americans continued—more or less—to maintain their desired aloofness toward the main war, they indulged in an emotional orgy over the Baltic sideshow. Of course, the contradiction in American thinking remains. Many, like Mr. Hoover, continue to ring the changes for Finland and pretend to objectivity toward the larger conflict between totalitarian aggression and the democratic ideal. But the contradiction has been rendered more insupportable than ever; the day of greater American participation in the struggle—if and when the need becomes acute—has become a great deal nearer. It is in this sense that the Soviet attack on Finland may be called one of the greatest historical “accidents” of our time.

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II

MEANWHILE, Americans are awaiting with some of the same suspense that prevails in Europe the Hitler decision on an offensive. Admiration for British stability and patience has been growing, off and on, bounding ahead with the *Graf Spee* sinking, slipping backward with the Hore-Belisha affair. Americans are always prone to believe the worst of British Conservatives—is it not a fact that Liberal or Leftist politics are always much more popular abroad than Conservatism?—and they are particularly wary of secrets and of Mr. Neville Chamberlain, who has never been solidly appreciated here. When anybody points a finger of scorn and says: “Aha! The brass hats again!” Americans are usually willing to believe the worst, and so they reacted toward the Cabinet change in Britain.

Yet the very qualities of persistence for which Conservatives are famous are the traits now coming to be admired by Americans in the conduct of the war. Even the disputes over the seizure of the mails and the delay of American shipping had not, in late January, particularly stirred the United States. Naturally, they did no good to the British cause, and explanations of the rather persuasive reasons for such interferences as usual made little impression, but, although Americans readily criticize what they regard as “British high-handedness”, they are prepared to admit that a war is in progress. The revelations of the volume of private exports of money and supplies from the United States to Germany astonished most people. There had been no external signs of a well-organized pro-German movement here. Indeed, the German-American community is sharply divided into pro- and anti-Nazi groups, with refugees and anti-Nazis much the more vocal. The evidence now seems indisputable, however, that friends of Germany have been very busy. And the very Americans who are contributing

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liberally to Finland are quite shocked at the aid for Germany that is thus exposed.

The Government has been doing what it can to help uncover and handicap such activities. Fritz Kuhn, leader of the German-American Bund, is also languishing in jail, convicted of misuse of funds. A number of Irish and German-Americans, who under the influence of Father Charles E. Coughlin had formed a "Christian Front" which was really pro-Nazi, have also been arrested. Once more it is clear that we are in the emotional climate not of 1914 but of 1917.

President Roosevelt, as was emphasized in the last issue of THE ROUND TABLE,* is constantly and alertly watching for an opportunity to launch a peace intervention. His Christmastide effort to work with the Vatican has borne no direct fruit, and it is recognized that the time is not now propitious. But Mr. Roosevelt remains as eager as ever to round out his historic career with a contribution to peace. Time draws short, too, for this is an election year and the President's authority may not be undiminished for long. Yet the President does not wish to have anything to do with a peace that will reward aggression, and he will not offer to mediate until he knows in advance that his offer will be acceptable. Since American relations with Germany have been strained for years, the Vatican approach was for the purpose of utilizing a back door into Central Europe. The Church, the President realizes, has channels which reach across frontiers and may occasionally be most serviceable for mediatory purposes. Yet he, like other informed persons, knows that more grim drama must unroll in Europe before a peace based on freedom can be negotiated.

At the turn of the year, Mr. Roosevelt urgently sent out feelers for peace—nothing happened. Before the possible spring offensive, he may be expected to repeat his initiative even more definitely. After that, events will, of course,

* No. 117, December 1939, p. 131.

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govern his efforts. But it cannot be over-emphasized that the White House is today all eyes and ears, watching for opportunity, talking over the bases of peace, preparing American public opinion for its contribution and seeking the chance for Mr. Roosevelt to use his leadership, his resource, his energy toward the solution of the greatest problem of the times.

III

SYNCHRONOUSLY, the trade treaty with Japan expired and the United States turned from words to acts in making its influence felt on the Far East. The American Government, it can be confidently recorded, is prepared to exert sustained and increasing economic pressure upon Japan as a final means of regaining American civil and commercial rights in China. While the immediate purpose is to rectify the American position in Asia, the broader effect may, of course, be to alter the whole Far Eastern situation. For the first time since Japan began its systematic invasion of the Asiatic mainland in 1931, the United States has put itself in a position where it can take swift and perhaps decisive measures to bring home to Tokyo the consequences of wholesale violation of the Nine Power Treaty and forceful suppression of American commercial interests.

Armed with the means of economic retaliation, the American Government resisted every effort of Japan to work out a *modus vivendi* and maintained an ominous silence. It can now make its future relations with Japan correspond to Japan's treatment of American interests throughout the Far East. With this development, relations between the two countries have obviously entered a critical stage. For once the tables are turned, and the United States is utilizing a moment of European crisis—when Japan cannot be sure of any help at all from its erstwhile or potential allies—to bring pressure of its own.

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It is the view in Washington that the decision to hold Japanese-American trade relations entirely in suspense is the most important external action in our Pacific policy since Japan undertook to close Asia to the rest of the world. Now the United States can withhold decisive war materials believed to be essential to Japan's continuance of the war in China; it would have to curtail its own exports in the process but it can also curb some of its imports. Conversely, it could bestow on Japan sufficient economic rewards to make worth while a fair adjustment in China. The United States is ready to retaliate or to co-operate—just as Japan chooses—and severe heart-searchings in Tokyo must be underway.

The United States has been supplying Japan in inordinate degree with the sinews of war. This country sends Japan 34 per cent. of its total imports and takes from 16 per cent. to 20 per cent. of all its exports. Japan has been importing 40 per cent. of its raw cotton from the United States, 40 per cent. of its metals, 70 per cent. of its scrap iron, 95 per cent. of its automobiles and parts, 65 per cent. of its petroleum and products, and 40 per cent. of its wood pulp. While precise information is lacking, it is felt in Washington that the strain and depletion of the still inconclusive war with China are showing their effects on Japan, and that its industrial structure cannot well stand continued sapping of its reserve strength. It is believed that Japan's resources are at rock bottom, that its domestic economy is out of gear to an extent that a rupture of business relations with the United States may wield a decisive influence. In short, it is felt that the time has come to strike, that the United States has waited long enough, and without fear of effective retaliation it is possible to shape the course of events in East Asia. At the same time, of course, the American Navy continues to be strengthened, strategic fortifications in the Pacific are under construction, the Chinese are still putting on a good show and the Japanese encounter continuing difficulties in

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setting up an amenable government in the areas they control.

Specifically, now that the commercial treaty is out of the way, the United States can do the following things, and may have done some of them before these words reach readers: It can impose an extra 10 per cent. duty on all Japanese exports to the United States; it can invoke entirely new duties up to 50 per cent.; it can boycott all imports from Japan; it can pass special legislation to embargo exports to Japan; it can take intermediate steps such as the imposition of countervailing duties calculated to counterbalance Japanese discriminations against American commerce in China; it can make things awkward in the daily operations of Japanese merchants and firms in the United States if it finds discrimination to exist in Asia.

In short, the United States is now ready to do its share in penalizing and curbing aggression in that part of the world which has come to be considered its special interest. American public opinion has finally come around to supporting strong measures as long as they are in the economic sphere. An historic experiment, therefore, is now beginning. It is a grave moment. If Japan retaliates with force, the United States will have the choice of redoubling its economic pressure or taking the forceful rebuff with patience, or of resorting to force itself. The last course now seems remote and unlikely. But in any case, a momentous dividing line was crossed on January 26, and the leaders of American foreign policy are pushing ahead into a *terra incognita* where their charts may or may not lead them to the high lands beyond.

IV

THERE is much of significance to say about internal economic conditions here. The war produced, indirectly at least, a stimulus along certain lines of manufacture and export and grievously depressed others. The net effect was

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that the economic curve continued slowly to rise until January and then—as expected—flattened out. A plateau and probably a dip are now contemplated for several months, and then a resumption of slowly rising industrial production. Generally speaking, business morale is in pretty good shape, for an election year. In December the Federal Reserve Board's adjusted index of industrial production stood at 128 compared with the previous all-time record of 125 in 1929, and production throughout the last quarter equalled the highest quarter of 1929. Despite the industrial acceleration there are today 8,000,000 more Americans unemployed than there were ten years ago. At the end of 1929 there were 47,000,000 persons engaged in gainful work in the United States, with about 1,000,000 unemployed. At the end of 1939, with industrial production higher, there were only 44,000,000 at work, with about 9,000,000 unemployed. The 9,000,000 unemployed workers would have had from 2,000,000 to 3,000,000 added to them had not the average work week been reduced from 50 hours in 1929 to 40 hours in 1939.

Thus, even if industrial production is reaching higher levels, the nation's great problem of unemployment remains. It is the gravest, grimmest epitaph to write on the Roosevelt Administration. Eight years of effort, and the nation is coming out just where it went in—or so it may seem to many citizens. Actually, one may believe that but for the New Deal efforts, unemployment might have been much worse; it may also be added that, had the Administration combined with its progressive reform measures an equal zeal to retain and stimulate business co-operation, unemployment might be much less than it is today. Anyway, the nation expects greater progress than has been achieved, and while the unemployed and the under-privileged may still retain sufficient political power to re-elect a New Dealer, it would be to the *obligato* of an urgent demand for progress toward solution of what is, after all, the nation's greatest internal problem.

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And so one comes to domestic politics. Nineteen-forty has at last come, and the reckoning day for President Roosevelt. To this hour no man can say with certainty whether or not he intends to seek a third term—and probably this stricture includes Mr. Roosevelt himself. The President's critics are, as ever, much louder than his defenders. They have been saying for some time that “of course” it was out of the question and fantastic to suppose that he would seek a third term—that he could secure neither the nomination nor the election. This is wishful judgment. Nobody can yet rule out Mr. Roosevelt's great popular hold on the rank-and-file voter, particularly if it were combined with his leadership in a tangible program for world peace. Thus today's apparent political outlook may be upset altogether by the events of months ahead. But it is accurate to record that Mr. Roosevelt seems to lean more and more toward retirement, certainly if he could do so on the heels of a successful peace initiative. The decision must be made by June or July at the latest, when the nominating conventions meet. It may come earlier, of course. Washington correspondents sleep nowadays with one ear cocked toward a possible White House sensation.

Latterly, the President's favor for a successor seems to incline toward Cordell Hull. The Secretary of State occupies a unique place in public opinion. There is a good deal of popular criticism of his trade agreements program from various producing interests, but a rather general admiration for Secretary Hull himself. He stands higher in character-esteem than any other politician. He would probably be the Democrat most difficult for the Republicans to beat. His position is that of the compromise candidate—a member of the Roosevelt Cabinet who is nevertheless not altogether committed to continuing New Deal reforms in their present shape. Indeed, a good deal of re-shaping on the conservative side would be almost certain to result. But continuity of foreign policy would be guaranteed, and

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failing a decisive turn in world affairs that is almost a necessity.

The Republicans, playing politics according to the rule that "the way to oppose is to oppose", will almost be forced to include an attack on Roosevelt foreign policies in their campaign. If the Administration leans still farther toward the interventionist line, such attacks might evoke considerable popular support. For it must not be forgotten that American isolationist sentiments are deep-seated and fervent, growing out of disillusionment toward Europe's wars, despair for the future, and concentration on doing better in the New World. Indeed, a failing diplomatic gamble by the Administration in either Europe or the Far East would almost certainly throw the election to the Republicans and result in a deep isolationist reaction.

The leading Republican candidates are the same three—Senators Taft and Vandenberg, and Thomas E. Dewey, the youthful prosecuting attorney in New York. Mr. Dewey, so to speak, is the Anthony Eden of American politics. He is 37, he is very suave and dexterous, his public techniques are expert. But he does not evoke quite the necessary confidence, he has not had quite enough experience. He may nevertheless be the Republican nominee because his is a fresh face, the Republicans are ready for a youth movement, and neither Senator Vandenberg nor Senator Taft has the Dewey energy and impact. Mr. Dewey's foreign policy, unless driven too far into an isolationist mold by the exigencies of the campaign, might follow Stimsonian lines. In that case, continuity would be preserved. But one cannot count on so much good luck, and the Republicans may not be able to avoid the lure of attacking President Roosevelt's peace motives if these have meantime been unfruitful. In that case, with foreign policies a major campaign battleground, isolationist reaction would almost certainly result.

Yet the campaign is some months ahead. In summary, three significant facts are to be recalled:

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By virtue of the emotional drive here on behalf of Finland, American aloofness has been driven farther into its anomalous background, but remains as a deep-seated urge. The practical difficulty of remaining emotionally partisan and physically uninvolved increases in intensity.

A vital experiment has begun in the Pacific: American pressure is bearing down on Japan, and its effects may well have their reaction on Europe.

President Roosevelt waits poised in the White House for an opportunity to intervene as a peacemaker.

These are the things to watch in America.

United States of America,

January 26, 1940.

GREAT BRITAIN

I. MARKING TIME

FOR half a year Great Britain has been engaged in her second great war with Germany, yet there is still nothing to report on the Western Front. The Navy and the Mercantile Marine have so far borne the brunt of the fighting; but, since victories like La Plate cannot be won every day, the record of it is too repetitive and intermittent to excite public interest as firmly as did the long land-battles of the last war. The same is true of the sporadic air fighting. For several weeks now, indeed, attention, in fact, has been mainly directed towards the war in Finland, where the magnificent defence put up by the Finns against Russia's aggression has aroused the wholehearted and sympathetic admiration of the people of this country. The question as to what practical help should be given to Finland is the subject of much discussion. At first the public had to be content with the despatch of small supplies of material and aircraft, and with Lord Halifax's assurance that our help would be real. But on February 14 it was announced that licences had been granted to British subjects to enlist in the Finnish forces and to the recruiting organisation set up in London.

The absence of military news and the absence of air raids on land have had two effects on public opinion. One has been to engender a "get back to normal" plea among a certain section of the people. It is argued by these that precautions, such as evacuation and the black-out, have been doubly unjustified, first, because the air raids have not happened and, secondly, because in any case the prevention is worse than the cure. The deaths from road accidents in the first four months of war numbered 4,133, of which the greater

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part occurred after dark. This total, it is pointed out, is bigger than the total losses in the three fighting services in the same period. Moreover, evacuation has largely broken down. Of the 260,276 accompanied children and the 166,206 mothers evacuated last September, 223,381 and 145,681 respectively had returned to their homes by the end of January. Of the 734,883 schoolchildren, as many as 315,192 had gone back, and these, together with those who never went, are said to be growing up undisciplined and unschooled.

The Government has wisely rejected the facile solution to the black-out problems of permitting more light, which in the opinion of the Royal Air Force, on whom the responsibility for defending the country from raiders primarily lies, is already as bright as safety can allow. A certain amount of shop lighting and a glimmer of street lighting are now permitted; a safety-first campaign directed at all road users has been inaugurated; and a speed limit of 20 m.p.h. has been imposed in built-up areas after dark; but a general relaxation of the black-out precautions has been rejected. Similarly, the Government has not agreed with the suggestions that evacuation is unnecessary. Both Mr. Chamberlain and Sir John Anderson have affirmed their belief that the danger from air raids is as imminent as ever, and have endorsed it by continuing the policy of evacuating civil servants from London. Sir John Anderson has also declared that all firms which can carry on equally efficiently out of London should stay in safety. But the problem of the children remains. In some reception areas suitable premises have been found or the shift system with local schools is working satisfactorily; and in February the President of the Board of Education announced that by April compulsory school attendance in evacuation areas is to be restored. But even then instruction in many cases will be only on a half-time and makeshift basis, and it cannot be denied that education and the school medical services have received a serious setback.

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The other, and larger, section of public opinion has concentrated its criticism on the Government's conduct of the war, especially in the economic field. This section, unlike the other, fully realises the sacrifices a totalitarian war must inflict on the civil population. It does not call for a return to normal; indeed, it emphasises that the first six months of war have been for the public at home hardly more like war than the last six months of peace, and that this means that the country's resources are being only partially employed for war purposes.

II. GOVERNMENT CHANGES

TO public opinion as a whole there came a big political sensation. On January 6 it was announced that Mr. Hore-Belisha had been asked by the Prime Minister to resign the Secretaryship of War. Since Mr. Hore-Belisha had during his tenure of the office been responsible for the big expansion in the Army, for its reorganisation on a democratic basis, for the introduction of new and younger blood to the General Staff and for the improvement in the conditions of the rank and file, his abrupt departure caused consternation and promoted much speculation as to the reason. Nor was reassurance entirely forthcoming from the statements made by Mr. Hore-Belisha and the Prime Minister when Parliament reassembled. Mr. Chamberlain emphasised to the House that the change at the War Office did not imply any change in policy and added that the reforms in the Army system were approved by the Cabinet which consequently shared the responsibility for them. He also denied that there had been any friction between the Secretary for War and the Army Council or that he had been compelled to choose between keeping Mr. Hore-Belisha and certain highly placed officers who had threatened to resign. But beyond these denials Mr. Chamberlain gave no reason for the change, except to say that he had become

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aware of difficulties "arising out of the very great qualities" of Mr. Hore-Belisha, which made it desirable that it should be made. This was not regarded as a satisfactory statement, yet the Opposition leaders did not press the matter further. Both Mr. Attlee and Sir Archibald Sinclair unquestioningly accepted the Prime Minister's assurance that there had been no intrigue on the part of the military chiefs and said that the House would have fought such an intrigue with all its power—Mr. Attlee, in fact, made the point that the pressure in support of Mr. Hore-Belisha, brought to bear in certain newspapers, was as objectionable as any military pressure. Both, too, emphasised that the reforms in the Army were the fruit of public opinion acting through the House of Commons and that the credit for them was not Mr. Hore-Belisha's alone. Yet though their attitude probably dispelled any lingering suspicions of a "brass-hat" intrigue, the public was still left without enlightenment and was, therefore, forced to the conclusion that the only explanation was that covered by the vague phrase, incompatibility of temperament. Whether it was an adequate reason for depriving the country of the energy, courage and dynamic character of Mr. Hore-Belisha is open to question.

His place at the War Office, and therefore in the War Cabinet, was taken by Mr. Oliver Stanley who had previously been Minister of Transport, Minister of Labour, President of the Board of Education and President of the Board of Trade. In none of these offices had he shown the drive and initiative of the man whose place he was now filling; but the fact that at an early age he had already held four important offices of state provides some basis for the general belief that he is an able administrator, popular both with his colleagues in the Cabinet and with his Departments.

Mr. Chamberlain did not take the opportunity of Mr. Hore-Belisha's resignation to have a general reshuffle and reorganisation of his Cabinet, but other ministerial changes were made. Mr. Stanley's place at the Board of Trade was

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offered to, and not unnaturally refused by, the outgoing War Minister, who explained his reasons for the refusal by saying that he could not feel the assurance that the considerations which had persuaded the Prime Minister to make the change would allow of his energetic discharge, in the national interest, of the other office. It was taken by Sir Andrew Duncan, a prominent industrialist, noted chiefly for his chairmanship of the Central Electricity Board, who had also been chairman of the Iron and Steel Federation and the Ministry of Supply's Controller of iron and steel.

The other interesting appointment was that of Sir John Reith, who succeeded Lord Macmillan as Minister of Information. Though that unhappy Department has survived the drastic amputation it suffered in its infancy, and press attacks have largely abated, neither the public nor Parliament has been convinced that as at present constituted it serves any useful purpose. No clear idea has been formulated as to what the Ministry should do, but it is taken for granted that Sir John Reith, if he has one, will put it into force. He is known to every one for his work in building up the British Broadcasting Corporation, and that institution's somewhat ignoble but necessary function of being all things to all men is, perhaps, not unlike the function of a Ministry of Information.

III. THE WAR CABINET

ONE of the criticisms originally brought against Mr. Chamberlain's War Cabinet was that it was too unwieldy for its purpose and that its members should be freed from departmental responsibility. In recent weeks, with the growing criticism of the Government's economic policy, attention has been focused on what seems to many an obvious gap in its composition; and the call has come for a Minister who would be specifically charged with all sides of the economic effort, who would decide between the

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conflicting claims of, say, the Ministry of Economic Warfare and the Treasury, the Ministry of Food and the Ministry of Agriculture, the Ministry of Shipping and the Ministry of Supply. It has been pointed out that whereas the three Service Ministers and the Minister for the Co-ordination of Defence all have seats in the War Cabinet, none of the Ministries dealing with economic policy is represented except the Treasury in the person of the Chancellor of the Exchequer; and that as the Treasury is merely concerned with one side of the country's economy, which is often in conflict with the others, it is not politic that it should be thus favoured.

In a Parliamentary answer Mr. Chamberlain has revealed the present organisation of the War Cabinet. It appears that the peace-time Committee of Imperial Defence is merged in the War Cabinet, as it was in the last war, and that its committees, together with other peace-time committees of the Cabinet and new committees set up since the outbreak of war, are now organised into five main groups—Military Operations and Intelligence, Home Policy, Civil Defence, Economic Policy and Priority Questions. Each group comprises a main Ministerial Committee and a number of other committees. So far as economic policy is concerned, the Ministerial Committee is presided over by the Chancellor of the Exchequer and is attended by Lord Stamp, who is also chairman of the committee of the permanent heads of the Departments concerned with economic matters and head, too, of the economists' committee which proffers advice to the Cabinet on all aspects of economic policy.

The machinery for economic co-ordination is there. What is generally felt to be lacking is policy. In an important debate in the House of Commons on February 1, Mr. Herbert Morrison moved that "Recognising the vital necessity of planning to the best advantage the resources of the nation for the successful prosecution of the war and for meeting the requirements of the civil population, this

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House is of opinion that there should be in the War Cabinet a Minister specially charged with this function". The Government was able to defeat the motion and accepted its supporters' amendment "recognising the value of the arrangements now in force for the co-ordination of our economic effort . . . and relying upon His Majesty's Government to take any steps that might from time to time be required to strengthen still further the economic position of the country". Yet it was generally felt that the Prime Minister's reply to the Opposition's motion was unsatisfactory. He defended his attitude by pointing out the obvious differences of opinion among his critics. He scored debating points by reducing to an absurdity the demand for co-ordination, which would make the proposed Minister a superman whose position would challenge his own. He gave a sop to one of the most specific complaints by announcing the setting up of an Export Council to organise export trade. (The Council is to be composed of leading business men, trade union leaders, representatives of the Treasury, the Ministry of Supply, the Ministry of Economic Warfare and the Foreign Office, and the ubiquitous Lord Stamp.) But Mr. Chamberlain could not defeat what was, in effect, the purpose of the debate—to voice the growing demand, not necessarily for this or that Minister or this or that machinery, but for policy. "Co-ordination", said Mr. Morrison, "is no substitute for government, for decision, drive or direction."

IV. THE ECONOMIC FRONT

THE different aspects of economic policy in war-time were described in detail in the last number of THE ROUND TABLE.* How far has the Government taken Great Britain along the road there outlined? So far as the production of arms and other military supplies are concerned,

* No. 117, December 1939, p. 50.

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some answer was given by the Ministry of Supply at the end of the year. The Ministry's list of contractors was then over 17,000; up to December 19 orders had been placed for £234 millions, while long-term contracts for the purchase of raw materials, which involved hundreds of millions of pounds per annum, had been concluded. The production of guns and shells was eight and ten times, respectively, higher than in the comparable period of the last war. But that Parliament was not altogether satisfied with the supply organisation of the country was shown by the Government's consent to a secret debate on supply which was held in the House of Commons on December 13. Moreover, the unemployed on January 15 still numbered as much as 1,519,000. The rise of 157,000 on the month was largely due to seasonal causes, intensified by the severe weather; but even the December figure, which showed an improvement over November and October, was 130,000 higher than that for August. The fact that unemployment in the war industries has declined, and that the number of long-term unemployed actually decreased by 87,000 between August and December, should not be allowed to obscure the glaring example of waste provided by Great Britain's idle man-power.

Partly, of course, the contrast with the last war, when a shortage of labour was apparent almost immediately, is due to the orderly method of drawing off men for the services only when they can be trained and equipped and to the fact that many occupations are now reserved. So far no change has been made in the policy of calling up men by age-groups. In December the 20-22 group registered and in February the 20-23s. On New Year's Day a Royal Proclamation extended the liability to military service to all men aged 19 to 27 inclusive who had not already registered; but the object of the Proclamation was merely to simplify procedure, so that in future it would only be necessary to specify registration dates for each age-group, instead of issuing a separate Proclamation each time, and

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not to accelerate the rate of calling up. It cannot, therefore, be said that the country's man-power is anything like fully mobilised, whether for military or for industrial purposes.

With regard to trade, the Government points triumphantly to the rise in exports from £23.1 millions in September and £24.6 millions in October to £37.4 millions in November and £40.2 millions in December, when the figure was actually higher than in the corresponding month of 1938. As a reprisal for the indiscriminate mine-laying indulged in, Germany's exports on the high seas have been seized from December 4, and an opportunity has therefore been given to Britain to take her place. Further, the Ministry of Economic Warfare has recognised the need for pre-empting in neutral countries, especially the Balkans; and agreements have been made with both Greece and Turkey to help them to find an outlet for their surplus products in Great Britain. But until the establishing of the Export Council in February there was no sign that the Government was fully conscious of the vital place of exports in war-time economic policy.

The place of shipping has been underlined by the losses which the enemy has inflicted by mine, torpedo and bomb. Up to February 4 the total losses of British merchant shipping amounted to about 506,000 tons. The monthly total is decreasing, and the loss of ships in convoy is only about 1 in 500; but the need for utilising the carrying capacity of the merchant fleet to its utmost is none the less great. The Ministry of Shipping, therefore, from February 1 requisitioned all ocean-going liners—the requisitioning of tramps for certain cargoes was already in operation; and about the same time it was also announced that the construction and repair of all merchant, as well as naval, vessels was to be centralised under the control of the Admiralty in order to use the country's shipbuilding resources to the fullest advantage.

Rationing is one of the chief means of conserving

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shipping space and foreign exchange, as well as curtailing civilian consumption. After many hesitations and delays, rationing started in Great Britain on January 8, when 4 ounces each of butter and bacon and 12 ounces of sugar became the weekly maximum amount allowed per head (the bacon ration being later doubled). The first step towards meat rationing was taken on January 15, when the Ministry of Food became the sole purchaser of domestic fat stock; and in February it was announced that from March 11 the weekly consumption of butcher's meat would be restricted to the equivalent of 1s. 10d. per adult person and half that amount for children under six. Coupons will not at first have to be surrendered for meat eaten in catering establishments, but the latter's supplies of meat are to be curtailed to 60 per cent. of their normal requirements.

But the curtailment of civil consumption has not gone very far. The Prime Minister and the Chancellor of the Exchequer have both stressed the necessity of further sacrifices from all in order to pay for the war, and Mr. Keynes's plan for compulsory savings had, in view of its nature, a good reception. In the meantime, voluntary saving has had a chance to play its part. In November the first war borrowing started with a new issue of savings certificates and the issue of 3 per cent. seven-year defence bonds specially devised to appeal to small incomes. Moreover, the conversion of the 4½ per cent. Conversion Loan 1940-4 into 2 per cent. three- to five-year bonds was a welcome omen that further war borrowing would be on the cheap.

Nevertheless, the danger of curtailing consumption through the most inequitable method of inflation remains ever present. The cost-of-living index number rose by 10 points in September, 4 points in October, and another 4 points in November, while on January 1 it was only one point higher at 174. These rises have been accompanied by demands for wage increases, or cost-of-living bonus

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additions, which are industry-wide. According to the Ministry of Labour, wage increases in 1939 were at the rate of £47 millions per annum, of which by far the greater part took place in the war period. There is every sign that the trade unions realise that if wages automatically follow the rise in prices, prices themselves rise higher and their policy of demanding increases defeats its own object. But they mistrust the suggestion that increases should be given on a family allowance basis, suspecting that it is the thin end of a wedge which would ultimately tamper with their guardianship over basic wage rates unreferred to individual needs. A most important announcement, however, was made by the Chancellor of the Exchequer at the end of January. He stated that since December 1 the Government had been stabilising the price of food at a cost to the Exchequer of £1 million a week. Food has a large place in the cost-of-living index—which accounts for the virtual stability of the index in December—and if the Chancellor's announcement means that the Government is beginning to formulate a comprehensive plan for stabilising the cost of living and wages, it will be generally approved.

V. ANGLO-FRENCH CO-OPERATION

THE question of wages is intimately linked up with Anglo-French co-operation, for in France there have been none of the general increases granted in Great Britain, and the difference in the sacrifices demanded of the working classes in the two countries is a potential cause of friction.

In other respects, Anglo-French co-operation has made a big advance. As early as November 17 it was announced that measures had been adopted by the two Governments which, in the official wording, "will provide for the best use in the common interest of the resources of both countries in raw materials, means of production, tonnage etc. They will also provide for the equal distribution between them

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of any limitations, should circumstances render necessary a reduction of the programmes of imports. The two countries will in future draw up their import programmes jointly and will avoid competition in purchases which they have to make abroad in carrying out those programmes". To this agreement for the pooling of resources was added the monetary agreement of December 12. By it the franc-sterling rate is to be stabilised at 176½ francs to the pound until six months after peace is signed; and certain expenses are to be shared in the ratio of 3 : 2 for Britain and France respectively. All transactions between the French and British Empires are to be charged to a clearing account set up between the two countries, which will not be settled until, again, six months after the peace treaty. Where Government expenses have to be met in gold or foreign exchange, they will be charged to the reserves of the two countries in the same ratio of 3 : 2. In addition, M. Dautry, French Minister of Armaments, visited England in January for consultations with Mr. Burgin, when an understanding was reached on the pooling of the manufacturing capacities of France and Britain—an understanding which embraced such practical details as the supply of machine tools to either country if it stood in need of them.

The first six months of war have produced between the two countries a union far more complete than was ever achieved in twenty years of peace.

Great Britain,
February 1940.

IRELAND'S WAR PROBLEMS

I. FINANCIAL

THE Irish State, like most other neutral countries in Europe, is beginning to feel the impact of war. Our first serious shock was an increase in taxation. On October 19 Mr. Sean T. O'Kelly, the new Minister for Finance, speaking in the Dail, pointed out that, if the war continued for a long time, we should be obliged to face heavier expenditure on falling revenue, and that already the current estimates for both revenue and expenditure had been upset. This warning was quickly followed on November 8 by a supplementary budget to enable the exchequer to carry on till the end of the present financial year. It provides that the deficit of approximately £1,620,000 due to causes arising out of the war shall be partially made good by a further increase of 1s. in the £ in income tax, taking effect from April 1940 and raising the rate to 6s. 6d. in the £, a revision of surtax as from January 1, 1941, an increase in the rate of estate duty by one-tenth in case of estates exceeding £10,000 and one-fifth on estates exceeding £50,000, an increased tax on sugar and sugar products of 7s. per cwt., an increase of 2s. 8d. per lb. on tobacco, an increase of 12s. per barrel on beer, being a halfpenny per pint, and an increase of 10s. per gallon on spirits, being the equivalent of 2d. per glass. Mr. O'Kelly estimated that these increases would supply about £603,000 of the deficit. The balance of £1,017,000 would, he said, be dealt with as to £400,000 by economies in administration and by carrying forward the remainder into the next financial year. This budget was clearly planned to spread the burden arising from war conditions as equally as possible, and the Minister made it clear that the Govern-

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ment would do everything in their power to prevent increases in wages, salaries, or profits at the expense of the community. Such increase, he said, would build up only an artificial price structure which would inevitably collapse at the end of the war, if not before, leaving behind widespread unemployment and depression. He also indicated that the Government would have to raise a loan to meet the extraordinary demands caused by the war. They fully realised, he said, that a State with our small population and limited resources could not successfully maintain the inviolability of its soil against a great Power armed with all the weapons of modern warfare. But we could make, and were bound to make, such preparations as would convince a potential aggressor that the military and political cost of overcoming our resistance would be greater than it would be wise to incur. Circumstances might arise in which our immunity from attack would depend on the knowledge that we were ready and resolved to defend our country to the limits of our power. The debate which followed was neither constructive nor edifying. The Opposition led by Mr. Cosgrave and Mr. Norton, the leader of the Labour party, opposed all increases in taxation and criticised the Government severely for increasing the taxes on sugar and tobacco which, they said, would bear heavily on the poor, but they did not suggest any feasible alternatives. The truth is that in the circumstances the Government were bound to use the existing machinery of taxation and indeed might be criticised for not using it more drastically.

During December the Government issued a loan of £7,000,000 in Exchequer Bonds redeemable in 1950-60 and bearing interest at the rate of 4 per cent. The proceeds of this loan are to be applied towards the funding of the floating debt, payment for unemployment relief works, capital expenditure on defence equipment, and advances to the Local Loans Fund and the Electricity Supply Board for the Liffey water-power scheme. The loan was not fully

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subscribed by the public, and it is understood that the Government and the underwriters, presumably the banks, had to take up about £3,000,000 of the issue. The Irish investing public is apparently not anxious, under existing conditions, to encourage the Government in any grandiose schemes for defence or public works.

II. ECONOMIC

IN spite of this increased taxation the improvement in our economic position should enable us, if the political situation remains stable, to weather the storm of war successfully. This improvement is due to the rise in agricultural prices and the consequent reduction of the adverse trade balance by some £1,000,000. It is reflected also in the increase of revenue, bank deposits and railway receipts, all good symptoms of economic health. With the material reduction of the adverse trade balance and the prospect of establishing fresh credits as exports increase and imports diminish, there should be little difficulty in obtaining whatever short-term accommodation may be necessary, by way of loan or otherwise, in order to meet war emergencies and finance a policy of wise spending on permanent improvements. Roads, sewerage, water and housing schemes suggest themselves as obvious means of giving employment with profit to all concerned. Of course there are serious difficulties to be met and overcome, but none that need dismay us. The cost of living index, for instance, has already risen 19 points since war began, but, if the Government can prevent inflation, there is no reason why it should continue to rise. Industry is also largely dependent on imported supplies which in turn depend on the goodwill and necessities of our neighbour. So far the number of unemployed has increased by 8,250, but about half of this figure is due to seasonal rather than war conditions. Unemployment has also been relieved to some extent by the emigration to Great Britain of many skilled

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artisans for whom war work is available. If our supplies of raw materials from overseas were severely limited or shut off, we should be faced with an impossible problem so far as industrial employment is concerned. In this connection the Irish workman is under a debt of gratitude to the fortitude of British seamen of which he might well be reminded. It is understood that work on the projected oil refinery at Dublin, which was recently suspended owing to lack of capital, is to be resumed and that an American syndicate is providing the necessary funds for its completion. This refinery, when completed, is expected to produce 36 million gallons of petrol a year. The licence to the promoters assures them of a profit of 10 per cent. on the Ordinary and 5 per cent. on the Preference shares. At the end of 21 years the Government have an option to take over the undertaking on agreed terms.

The Government have also taken certain definite steps to improve the position of agriculture. In order to advise them on questions concerning agricultural production they have set up a special council of representatives from the county committees of agriculture and the leading agricultural organisations. On January 10 it was announced that an agreement had been arrived at between the British and Irish Governments for the supply of Irish stock to Great Britain. The prices fixed under this agreement for cattle, sheep and pigs were substantially higher than current prices here and represent an increase of about 20 per cent. over pre-war prices. Prices will vary in future in accordance with demand, purchasing power, production, and feeding-stuff prices in Great Britain. The landing of fat cattle and sheep is restricted to certain ports. Irish pigs and bacon are to be paid for at the same price as British. The price of the sugar-beet crop has also been increased by 10s. 6d. per ton for the coming season, and it is expected that as a result the area under cultivation will be increased from 25,000 to 70,000 acres. The capacity of the four existing beet factories will in that event be fully taxed.

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The farmers, however, have not improved their position by their recent foolish attempt to interfere with the milk supply of Dublin. The Dublin milk producers, having entered into an alliance with the Farmers' Federation, struck in November for an increased price. The Farmers' Federation thereupon enlarged the objects of the strike to include agricultural derating and a moratorium in respect of the land annuities, and proceeded to hold up the supply of cattle and vegetables as well as milk. During the strike several acts of violence took place, milk was spilt, lorries containing produce overturned, and live stock diverted from the Dublin markets. The Government took drastic steps to deal with the situation. Milk supplies were brought to Dublin from other parts of the country, and farmers accused of intimidation were sent for trial before the special Military Court established under the Offences against the State Act. Eventually the strike petered out without advantage to any one concerned. The farmers have ample opportunities of airing their grievances in a legitimate manner and such attempts to hold the public to ransom only recoil on themselves. If agriculture has suffered as a result of the present Government's policy the farmers have only themselves to blame, for the Government could not retain office without the farmers' support. Mr. McEntee, now Minister for Commerce, in a recent speech at the Dublin Chamber of Commerce, denounced the inefficiency of some of the small protected industries which, he alleged, were battenning on the consumer and particularly on the farming community for whom the other classes must now make a sacrifice. Complaint has also been made by the Opposition in the Dail that the flour millers are making excessive profits and that the recent increase in the wholesale price of household flour from 41s. 6d. to 45s. per sack cannot be justified. In fact this increase is almost entirely due to the increased cost of foreign wheat delivered at our ports which is the principal factor in determining the wholesale price. The truth is, as we are

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beginning to realise, that we do not live in a vacuum and neutrality can only save us from some of the worst results of war. The port of Cork, for instance, has suffered a serious loss of income owing to the fact that the ocean liners have ceased to call. The United States Lines' boats, which were the last to leave, owing to President Roosevelt's war zone proclamation, have been now diverted to Italy. Representations made by the Irish Minister at Washington have had no result.

III. POLITICAL

IT is in the political sphere that there is most cause for anxiety. For the last twelve months the Irish Government have been faced with a renewal of the oft-repeated challenge to its authority by the illegal and secret organisation known as the I.R.A. It reacted to this attack on its authority, as usual, only after repeated provocation and in a half-hearted manner. Although it was obvious from the first that the campaign of outrage in England, which began in February 1939, was being directed and supplied from this country, no official condemnation was uttered and no active steps taken towards its suppression until late in August. By then, most of those concerned in this sinister conspiracy had returned perforce to Ireland, and were no doubt preparing to continue their activities here. The Government proceeded in September, after the outbreak of war, to arrest and intern 67 suspected persons under the special powers given them by the Offences against the State Act, 1939. In October a futile but daring attempt was made by some of these internees to escape from Mountjoy Prison, Dublin, by means of high explosive. Shortly afterwards it became known that some of them had gone on hunger strike. On November 1 the Government announced that, as arrest and detention, in accordance with the power conferred by Parliament, were the only means available for the maintenance of public order

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and security, the prisoners on hunger strike would not be released. On November 9 Mr. De Valera, speaking with much emotion in the Dail, repeated, in reply to a question from Mr. Norton, the leader of the Labour party, that the prisoners, who were still on hunger strike and in imminent danger of death, would not be released. He revealed, however, that one man who had been on hunger strike for 30 days had been already released and that thereupon half a dozen others had also gone on hunger strike. But, although the decision made by the Government was apparently firm and final, the context of Mr. De Valera's speech clearly showed that he was still reluctant to face a decisive conflict with the extremists. He declared that the Government did not want to see any Irishman die, that they did not want to be opposed to any group of Irishmen, and that they did not approach the consideration of this question in any spirit of vindictiveness. Complaining that the Government had been faced with the alternative of seeing men die whom they did not want to die or jeopardising the safety of the State, he said, "They have put us deliberately in that position". Students of Mr. De Valera's previous policy were not surprised to learn a week later that all the prisoners on hunger strike had been released.

Encouraged by this success the extremist organisation proceeded to challenge the conduct and authority of the Government in the courts. After *habeas corpus* proceedings in the High Court Mr. Justice Gavan Duffy, who was in fact created a judge by the present Government, decided, on December 1, that the power to intern persons on suspicion without trial given the Government by the Offences against the State Act, 1939,* was fundamentally inconsistent with the rule of law contained in Article 40 of the Constitution which safeguards personal liberty, and ordered the release of Seumas Burke, one of the internees, on whose behalf the

* See THE ROUND TABLE, No. 115, June 1939, p. 593 and No. 116, September 1939, p. 805.

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application had been made. On the following day the Government released Burke and 54 other persons detained in custody under similar conditions. A few days later, on December 15, the Supreme Court decided that, following previous decisions, it had no jurisdiction to entertain an appeal from the *habeas corpus* order made by Mr. Justice Gavan Duffy. To understand the position created by this important decision it is necessary to recall past constitutional history. Article 6 of the original Irish Free State Constitution of 1922 made provision for the liberty of the subject and *habeas corpus*, except in regard to the acts of the military forces of the State during war or armed rebellion. When Mr. Cosgrave was faced in 1931 with a similar challenge by the I.R.A., he amended the Constitution by introducing a new article known as 2A which gave the Government power, whenever they considered it expedient, to set up a military tribunal for the trial of political offences and also the power to arrest and intern suspected persons. The outcry against this amendment, led and fomented by Mr. De Valera and his party, was largely responsible for the subsequent defeat of Mr. Cosgrave's Government. In 1936 Mr. De Valera had himself reluctantly to use these special powers against the I.R.A. But, when the new Constitution was submitted to a plebiscite in 1937, although Article 6 of the old Constitution securing the liberty of the citizen against arrest without trial was substantially re-enacted in section 4 of Article 40, Article 2A was omitted. Article 38, however, sought to make good this deficiency by providing that special courts might be established by law to deal with cases in which the ordinary courts were inadequate to secure the effective administration of justice and the preservation of public order. It will be observed that this new Article did not renew the powers given by Article 2A to arrest and intern persons on suspicion and without charge. It would therefore appear that Mr. Justice Gavan Duffy took the correct view of the law in holding that the power so to

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intern, given by the Offences against the State Act, 1939, was *ultra vires* the Constitution.

Instead of immediately introducing legislation to rectify the situation caused by this decision, as they apparently at first intended to do, the Government took no action, hoping, no doubt, with their usual optimism in such matters, that the I.R.A. would be content with their legal victory. They were not long left in this fool's paradise. On the evening of December 23 a party of about 50 armed men raided the Magazine Fort in the Phoenix Park, Dublin, where large quantities of small arms ammunition are stored. Having first surprised by means of a ruse the military guard, who offered no effective resistance, they proceeded to remove in lorries 1,084,400 rounds of ammunition. This operation, carried out within 50 yards of a main road and about a quarter of a mile from a military barracks, lasted for nearly two hours. Whilst the raid on the magazine was in progress an attack was also made on the military policeman guarding the entrance to Island Bridge Barracks in the same locality where large quantities of rifles and machine guns are stored. This was fortunately unsuccessful and raised the alarm. Telephone calls to the Magazine Fort not being answered, as the line was cut, a military patrol was sent out to investigate and captured several of the raiders with revolvers in their possession.

This truly alarming occurrence, which was virtually an act of rebellion, caused consternation and alarm throughout the country. It was clear that, if the ordinary regulations for the protection of such a post had been observed, the raiders could not have succeeded. The fact that the guard of the magazine apparently consisted of members of the Volunteer Force and not of regular soldiers increased the anxiety. This force, which was created by the present Government soon after they came into office as a political move, is largely composed of Mr. De Valera's political followers. It was partly mobilised on the outbreak of war, but is by no means

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properly trained or disciplined and cannot be compared with the Reserve Force which it unfortunately superseded. There is little doubt that, if the I.R.A. had secured arms as well as ammunition, they would have attempted a military *coup* which, even if unsuccessful, would have had far-reaching consequences of the most serious kind.

On December 27, four days after this daring exploit, the Government proceeded to take action. A military cordon was drawn round Dublin, several arrests were made, a wide search was made for the missing ammunition, and a reward of £1,000 offered for any information likely to lead to its recovery. As a result of these activities some of the lorries used in the raid were found and 975,530 rounds of ammunition, being nine-tenths of the amount taken, were recovered, principally in the vicinity of Dublin. Sixty-six boxes were actually found by the Ulster police in County Armagh. Finally on January 3 the Dail was specially summoned to pass urgent legislation for the purpose of rectifying the position created by Mr. Justice Gavan Duffy's decision. It then became clear that instead of seeking to amend the Constitution, which seemed to be the proper course to adopt, the Government proposed merely to amend the Emergency Powers Act, 1939, passed at the commencement of the war, by extending the powers of internment it contains to cover natural born Irish citizens, and also by repealing and re-enacting with some alterations that portion of the Offences against the State Act, 1939, which gives them power to intern Irish citizens in time of peace. Mr. Boland, the new Minister for Justice, when introducing the Bill, disclosed that an amount of correspondence had been found, most of which had reference to requisitions for ammunition, material for bomb-making, and explosives. He also revealed that during November the police had discovered, in a house at Killiney near Dublin, a complete laboratory for making explosives together with material similar to that used in the English explosive outrages. He

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refused to discuss the details of the Phoenix Park raid or to apportion blame in connection with this occurrence, on the ground that it was the subject of a military inquiry and criminal proceedings, but he admitted that the Government had got a shock that would serve them for many a long year to come. He also expressed himself as being most perturbed at the financial support which the I.R.A. were receiving from America. He said that there were many cases where the Government knew that people were engaged in dangerous activities but could produce no legal evidence. Unless they had powers of internment on suspicion, these people could not be dealt with. The I.R.A. had, he said, decreased in numbers, but owing to the money they had received from America they had now more whole-time members. During the debate, Mr. McEntee made a candid and courageous speech in which he admitted that the Fianna Fail party were wrong when they opposed the granting of similar powers to Mr. Cosgrave's Government in 1931. Mr. De Valera, however, seemed to resent Mr. Justice Gavan Duffy's decision and to suggest that it was perverse. Mr. Cosgrave, on behalf of the principal Opposition party, pointed out that Mr. De Valera was now reaping what he had sown, and moved to postpone consideration of the Bill until the Constitution had been amended. He charged the Government with having by their conduct sabotaged the army and paralysed the police force. Mr. Cosgrave's proposal was refused by the Government, and Mr. De Valera made it clear that he would take no steps to amend the Constitution unless he was forced to do so. Like most parents he has a fond belief in the perfection of his child. Mr. Cosgrave and his party, whilst not prepared to refuse the Government any powers they considered desirable to deal with terrorism, were apparently very dubious as to whether those powers would be properly and firmly used. Mr. James Dillon, T.D., deputy leader of the Cosgrave party, speaking in the concluding debate on January 4, put the position in a nutshell when he asked Mr.

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De Valera whether he was prepared to face the I.R.A. threat to popular government and to stake his career and, if needs be, his life to defend it. He added that, if he was afraid to do so, and if he would not get out and let others who were prepared to do so take his place, then he would betray the historic Irish nation.

The answer to this pregnant question has now become the most serious Irish problem, nor, with past history in mind, can one have much hope that it will be answered in the affirmative. Mr. De Valera, speaking in the Senate on January 4, restated his policy with regard to those who refuse to accept the authority of the Irish Parliament. He again stressed the fact that no one had the right to speak for the people but their elected representatives, and he added, "No such body will be allowed to do so". The Government, he said, had been patient, and more than patient, but a point must be reached when they cannot go further. On the evening of January 3, the same day that the Government introduced the special legislation in the Dail, a detective officer, John Roche, was shot in one of the principal streets of Cork, and subsequently died. Tomas MacCurtain, a prominent member of the local I.R.A. and a son of a former Lord Mayor of Cork who was murdered by police during the Anglo-Irish struggle, has been charged with the murder and returned for trial before the Military Tribunal. This case will probably give the Government ample opportunity of proving whether they intend to enforce the law.

Other events support the view that there is a widespread conspiracy against the State. On December 29 the Belfast office of the *Irish Press*, Mr. De Valera's party paper, was blown up by a bomb, apparently because of some reference it had made to a revolt of I.R.A. prisoners in Derry gaol. On the same day the Dublin police surprised and captured the operators of a wireless transmitting station used by the I.R.A. for propaganda purposes. A bomb was also thrown into a police station in Londonderry and a raid made on the

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Cork Courthouse by armed men. Large numbers of arrests have been made throughout the country since the new legislation was passed. On January 9 the Council of State, which has purely advisory functions and consists of the chief officers of state and the Chairmen of both Houses of Parliament, was convened for the first time by the President, Dr. Douglas Hyde, for the purpose of considering whether the Bill to amend the Offences against the State Act should be referred by him to the Supreme Court under Article 26 of the Constitution for a decision as to whether it was repugnant to the Constitution. Mr. Cosgrave, as an ex-Prime Minister, is an *ex officio* member of this body, but prior to the meeting the President, under the powers given him by Article 31 of the Constitution, appointed six additional members of the Council. Three of these were members of the Senate, namely Dr. Farnan, a supporter of the Government, Sir John Keane and Professor Michael Tierney, who represent independent opinion, and three members of the Dail, namely Mr. James Dillon and Mr. Richard Mulcahy who belong to Mr. Cosgrave's party, and Mr. Norton, the leader of the Labour party. The Council decided to refer the Bill to the Supreme Court for their decision, and on February 9, after hearing legal argument, the Court decided by a majority that the Bill was not repugnant to the Constitution. It was thereupon signed by the President.

The fact that Mr. Cosgrave did not attend the meeting of the Council indicates one of the reasons why a Coalition Government is impossible. There can be no doubt that the constant references to partition made by Mr. De Valera and other members of the Government have done much to encourage the I.R.A. in their activities. Instead of recognising and admitting that the only agreement now attainable between Northern Ireland and the rest of the country is an agreement to differ, they attempt to placate their extremist followers by hinting at the possibility of stronger

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measures than in fact they dream of taking or by repeating the old complaint of British interference. For instance, at the recent Ard Feis, or convention, of his party on December 12 Mr. De Valera made the characteristic statement that he did not believe force was a solution of this problem, but that he did not say force, if it held out a prospect of success, should be eliminated. His Government also made representations to the British Government concerning the two men, Barnes and Richards (*alias* McCormick), sentenced to death for complicity in the Coventry bomb outrage, but the two men were duly executed at Birmingham on February 7. During the trial Richards denied that he had made the bomb but admitted that he had had the powder used in making it. Barnes was also in custody on a charge of possessing explosives in London. Both men apparently repented before their execution and received the last rites of the Catholic Church. In spite of the proved facts many people in Ireland are, as the result of astute propaganda, convinced of their innocence; and after their deaths many Irish public bodies passed resolutions of sympathy with their relatives, and places of entertainment were forced to close down by I.R.A. threats. On the day previous to their execution further explosive outrages took place in several English post offices. It is certain that every attempt will be made to use the execution as a means of reviving anti-English feeling in Ireland and of intimidating the Irish Government from doing their duty.

The necessity for presiding over the Ard Feis prevented Mr. De Valera from attending the special meeting of the League Assembly concerning Finland which he summoned on December 4 in his capacity as its President. There can be no doubt, however, about the intense indignation here at the Russian aggression. It is regrettable that Mr. De Valera's voice was not heard in its condemnation at Geneva, but it is to be hoped that our Government will take some steps to succour and support this small people who are fighting for

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all that we hold dear. The Irish Red Cross has sent Finland a subscription of £1,000.

The Government are now engaged in organising a naval force of trawlers and motor torpedo boats for the ostensible purpose of safeguarding our neutrality, at a capital cost of £250,000, although it should be obvious that such a force would be quite inadequate to deal with submarines using our territorial waters.

On January 29 Major-General Michael Brennan, Chief of Staff, retired from that position with the rank of Lieutenant-General and took up an important post in the civil service. He was replaced by Major-General Daniel McKenna, a native of Northern Ireland and a member of the Military Tribunal. General Brennan, who was one of the bravest Irish leaders during the Anglo-Irish struggle, has been Chief of Staff for eight years. The present Irish army is largely his creation and he can certainly claim to "have done the state some service". His retirement has no relation to the Phoenix Park incident.

In a Christmas message to America, broadcast on December 26, Mr. De Valera urged that a conference of war leaders should be held to seek a settlement now rather than to wait until exhaustion had forced it to be made. He also suggested that Irish Americans should not lend financial support to the I.R.A. Many people think that these political broadcasts to America might well be discontinued as hardly necessary or dignified now that we are masters of our own destiny. Others feel that Mr. De Valera might practise at home what he preaches abroad by frankly recognising the opinions and even the prejudices of our separated Northern fellow countrymen and by dealing firmly with the promoters of anarchy in our midst.

Ireland,

February 1940.

THE POLITICAL DILEMMA IN INDIA

I. A CHANGING CONTROVERSY

THE Congress demand for a declaration of British war aims towards India continues to be a topic of controversy, although there are signs that the discussion is approaching an issue. While the position during the past three months has generally been described as one of stalemate, it would be truer to say that it has been a period of political and constitutional education for all parties engaged in the controversy. The flair for silence, which the Viceroy shares with Mahatma Gandhi, is often erroneously interpreted as an excuse for inaction, but a study of the Viceroy's methods suggests that Lord Linlithgow is endowed with an instinctive shrewdness which enables him to gauge with accuracy between "a time to keep silence and a time to speak". His statement of October 17, which was regarded in India as disappointing, contained within itself the seeds of a settlement; and since its publication Indian political commentators have had ample time to digest it, together with complementary statements and declarations which have been made in Parliament from time to time.

Thus the controversy has undergone some important changes, and, while party relations are if anything less harmonious than they have been for years, the main constitutional question at issue between the British authorities and the Congress party has reached a position where, in the opinion of moderate elements, a solution is not impossible. The controversy has had the effect of imbuing Indian politics with a sense of reality, which has often been lacking in the past, and Congress has been made aware of the sharpness

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of opinion held by opposing and less well organised groups. From the beginning the British authorities recognised that vital differences exist between Congress and other important political elements, but they have been strongly and unjustly condemned in the Nationalist press for raising issues which cannot honestly be ignored. Chief among these has been the communal problem, which, according to Congress, has been created by British policy and is used as an excuse for withholding further reforms. This particular question is now far more clearly understood. Important Congress leaders, while emphasising that their party stands for national interests, no longer claim an exclusive authority to speak for India. They admit that in the last analysis Congress spokesmen represent primarily only those enrolled on the Congress registers. These leaders have also reiterated that under any Indian settlement of the constitutional question the rights and claims of minorities will be safeguarded, so long as they do not clash with legitimate national aspirations and are not solely imbued with communal thinking.

The depth of communal feeling has rarely been more clearly shown than in the statement issued by Mr. M. A. Jinnah, President of the Moslem League, inviting Moslems to observe December 22 as a "day of deliverance" from Congress Provincial Governments. This came as a serious check to Congressmen, who had been hoping that preliminary talks between Mr. Jinnah and Pandit Jawaharlal Nehru would be resumed in an effort to reach agreement between the two communities. Mr. Jinnah's appeal, coupled with his demand that a Royal Commission should be appointed to investigate the treatment of Moslems in Congress-governed Provinces, paralysed all efforts to secure a rapid settlement, as Pandit Nehru pointed out in correspondence that passed between the two leaders. Congress also faced difficulties from other quarters. The Hindu Mahasabha, at its annual meetings in Calcutta, took

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Congress to task for its efforts to placate Moslem opinion in ways which the Mahasabha regarded as harmful to Hinduism as well as to national progress. Resentful at being dubbed communalists, the Mahasabha leaders pictured Hindu nationalism as compatible with Indian nationalism, contending that all races, creeds, and communities should have equal political opportunity. Nevertheless, Moslems regard the Mahasabha with even greater suspicion than Congress, claiming that the Mahasabha represents Hindu political intentions more openly. Thus the interactions between Congress, the Moslem League, and the Mahasabha emphasise the difficulties underlying communal relations; but in their treatment of political and constitutional questions it is the League and the Mahasabha which lay emphasis on communal factors rather than Congress, which seeks to eliminate them.

II. THE CONGRESS SOLUTION

THE political and constitutional theorist has much sympathy with the Congress case. As the focusing agency for nationalism Congress has striven for years to secure a new constitutional status for the country, and, although the party is primarily Hindu in composition, it views Indian problems through nationalist eyes. Congress harbours within itself groups holding widely diverse political views, but they find a common platform in the constitutional question and the method of its solution. Under Congress direction Indians have attained a greater measure of political self-respect than has ever before been recorded in their history, and through Mahatma Gandhi the party has acquired international repute as a body striving for the political freedom of the country. But Congress is controlled by a group of political leaders who assume that their views must inevitably be regarded as the unanimous voice of the country, and their insistence on this policy has been largely responsible for the hostility they have faced from Moslems,

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Parsis, the Scheduled Castes and the Princes, as well as from the Mahasabha and Liberals. Even this hostility does not obscure the fact that Congress has set its eyes upon a particular constitutional goal which India will ultimately attain, although impartial observers incline to the view that its attainment would be more rapid if Congress leaders would more frankly recognise some of the genuine difficulties which obstruct the path of advance and would collaborate for their removal by practical means. Their hesitancy to do this is clearly due to a mistaken belief that the British Government is not sincere in its intentions towards India. Whatever may have been the case prior to 1919, political historians of the future will obviously emphasise that constitutional advance since that date has been swift and substantial, even if the pace has now been slowed up by problems that cannot easily be solved. Congressmen themselves admit that the reforms of 1935 mark a notable advance, at least in the provincial sphere, and there is no doubt whatever that the scheme of federation, now temporarily abandoned, would have made the measure of advance even more obvious. The willingness of the British Government to reopen the federal question at the end of the war is proof of the genuineness of British intentions, since reopening the scheme inevitably implies its modification.

In his declaration in October the Viceroy unhesitatingly stated that Dominion status was the goal for India, offered to associate Indian opinion with the prosecution of the war, and proposed the convening of an all-parties conference after the war to review the scheme of federation. This policy was rejected by the Congress leaders. They claimed that nothing short of a declaration of independence would meet the case, and urged that the new constitution should be framed by Indians themselves by means of a constituent assembly. The idea of a constituent assembly has long been fostered in Congress, and shortly after the Viceroy's declaration Mr. Gandhi disclosed that he had been con-

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verted to the idea. In a characteristic statement he suggested that in the constituent assembly a solution might be found not only for the constitutional problem but for the communal problem as well. He would convene such an assembly on the basis of adult suffrage, give a separate vote to the Moslems, and, if required, reserve seats for every real minority according to its numerical strength. Discussing this, Mr. Gandhi said:

The constituent assembly provides the easiest method of arriving at a just solution of the communal problem. Today we are unable to say with mathematical precision who represents whom. Though the Congress is admittedly the oldest representative organization on the widest scale, it is open to political and semi-political organisations to question, as they do question, its overwhelmingly representative character. The Moslem League is undoubtedly the largest organisation representing Moslems, but several Moslem bodies, by no means insignificant, deny its claim to represent them. But the constituent assembly will represent all communities in their exact proportions. Except it there is no other way of doing full justice to rival claims. Without it there can be no finality to communal and other claims.

Mr. Gandhi believes that a constituent assembly alone can produce a constitution indigenous to the country, truly and fully representing the will of the people. He hopes that the assembly will come into being as a result of an honourable settlement between Indians and the British people, and that the combined wisdom of the two countries will produce an assembly that will reflect fairly truly the best mind of India. He claims that the success of such an experiment depends upon the intention of British statesmen to part with power, without engaging India in a deadly unorganised civil war.

III. THE CONSTITUENT ASSEMBLY

MR. GANDHI's endorsement of the project of a constituent assembly gave a new fillip to an old idea. The Congress Working Committee set it in the centre of

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the whole constitutional question, and the Nationalist press began to urge it as a panacea for all political and constitutional ills. It was admitted in Congress statements that legitimate minorities would have their special rights fully safeguarded, presumably by prior arrangement, and that this agreement would induce collaboration between communities in determining the future constitution. Extremist opinion insisted that such an assembly should be composed only of Indians, and that the British Parliament would be obliged to accept the assembly's findings. Moderate opinion, recognizing that Lord Zetland had declared that British obligations to India excluded the possibility of the British dissociating themselves from any future constitution-making, favoured collaboration between the two countries, a policy which Mr. Gandhi had obviously had in mind. Others did not regard a constituent assembly as a promising idea. Such commentators asserted that a constituent assembly could not produce a practical solution which would be acceptable to Hindus, Moslems, the Indian States, and the British alike. It was held that, if Congress were the only element to be taken into consideration, there would not perhaps be so much difficulty to encounter, but, as was pointed out by a prominent Indian Liberal in the *Twentieth Century*, an Allahabad publication, the existence of other elements could not be ignored, either by the British or by Congress.

The subsequent discussion was somewhat vague and loose, but on December 23 it was given logical form in the brilliant Convocation Address delivered by Sir Maurice Gwyer at Benares Hindu University.* While he reviewed the historic instances in which constituent assemblies have been convened and tested, his evident intention was to suggest a new approach to the Indian question. He pointed out that constituent assemblies which have sought to combine the securing of unity among diverse elements with the

* The full text of the address is given on pp. 480-9 below.

THE CONSTITUENT ASSEMBLY

writing of the constitution itself have not always had happy results, and he emphasised that the successful constitutions evolved in Canada, Australia and South Africa were in each case hammered out by a small number of delegates. He commended the study of these past assemblies to those whose natural and reasonable desire it was that an Indian constitution should receive an imprimatur from Indians themselves. One of the lessons to be learnt was that it is not the making of the constitution itself which necessarily produces agreement. Another was that no agreement of any kind is possible without personal contacts, and certainly is not to be achieved by a long-range artillery duel. The agreement for which he pleaded was not the facile arrangement which can always be secured by one party conceding all the claims of the other; not a mechanical compromise, with an ambiguous formula which each party hopes to interpret to its own advantage; but a union of hearts—an agreement free from illusion, based on realities, and on mutual confidence and trust. On these foundations, he asserted, and on no others can great states be built.

Coming from the Chief Justice of India the Benares address was regarded as one of the most important contributions that had been made to the controversy. Although Congressmen continued to plead for the kind of constituent assembly they have always had in mind, it was clear that Sir Maurice Gwyer had given new direction to their thinking. The address obviously appealed for greater forbearance on the part of all political elements for the sincere views of others, and implied that a settlement in India could not be achieved merely by an insistence on the particular opinions of particular groups. This had already been recognised by the moderate elements in the country, and even in Congress circles efforts were being made to find a solution along lines that would prove acceptable, not only to the parties in India but also as between India and Great

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Britain. This was pertinently brought out by the *Hindu*, of Madras, which made a definite effort to find a practical solution along lines that recognised British interests in India. Dealing with the constituent assembly idea in a valuable leading article the *Hindu* wrote on December 1:

What is required is that the British Government should declare forthwith that the objective of their Indian policy is the raising of India to a position of absolute equality, in status, functions and powers, with the free nations whose virtual independence is recognised by the Statute of Westminster. And they should couple this with the declaration that they accept the principle that India should be helped as soon as the war is over to frame a constitution for democratic *swaraj* by means of a constituent assembly so constituted as to ensure that safeguards for minority rights shall be such as shall satisfy the minorities concerned. These declarations should be followed up by the establishment of machinery which would help to hammer out an agreement between Indian opinion on the one hand and Britain and the Indian States on the other, on such problems as the Indian States, defence, and also on such questions as the financial and commercial interests of British nationals in India. Temporary adjustments in the Central Government for the duration of the war, designed to make it responsive if not "responsible" in the technical sense, would be a natural corollary to these developments.

This statement by the *Hindu* was the most clear-cut attempt in the Indian-owned press to bring about a solution in a manner that fully recognised the interests and problems of all the parties concerned. It was regarded as reflecting the views of a substantial moderate element within the Congress ranks, and it suggested a possible outlet from the existing deadlock. It is true that the more extreme elements of the party, headed by Mr. Subash Chandra Bose, the leader of the forward bloc, have not abandoned their attitude of unconstructive criticism towards all Congress efforts for a solution; but in other quarters the proposals of the *Hindu* were widely recognised as a genuine effort to put an end to the political and constitutional *impasse*.

THE VICEROY'S STATEMENT

IV. THE VICEROY'S STATEMENT

DURING his winter tour Lord Linlithgow spoke at Calcutta, but decided that silence on the constitutional question best served a situation in which communal feelings were strong. On January 10, however, at the Orient Club in Bombay, he once more dealt fully with the Congress demand for a declaration. He deplored the political events which had resulted in the Congress-governed Provinces being administered under the emergency provisions of the Act of 1935, and regretted that preparations for the establishment of federation had been suspended owing to the war. He expressed his belief that the scheme of federation envisaged in the Act would have provided a solution for all the problems confronting the country, as it would have implied the inclusion of responsible Ministers in the Central Government, the association of the Indian States with British India, the representation of all the minorities along lines based on proposals by the minorities themselves. It meant, in fact, the unity of India. Turning to the new constitutional demand of Congress, the Viceroy made the most explicit statement that had so far come from the British side. He said that His Majesty's Government had made it clear, both in London and Delhi, that the objective for India is full Dominion status, of the Statute of Westminster variety; that, so far as the intermediate period is concerned (and it is their desire to make that intermediate period as short as possible), they are ready to consider reopening discussion of the Act as soon as practicable after the war with the aid of Indian opinion; that they are prepared in the meantime, subject to such local adjustments between the leaders of the great communities as may be necessary to ensure harmonious working, and as an immediate earnest of their intention, to expand the Executive Council of the Governor-General to include a small number of political leaders; and they are ready and anxious to give all the help they can

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to overcome the difficulties confronting India to-day. The Viceroy added that there could be no question of the good faith and sincerity of His Majesty's Government in the efforts they have made to deal with the constitutional future of India.

The Viceroy drew attention to the difficulty faced by the British authorities in the strong and conflicting claims advanced by Indian bodies and interests to whose views the utmost attention must be paid. "Justice must be done [he said] as between the various parties, and His Majesty's Government are determined to see justice done." But he asked the various parties to consider whether they could not get together and reach some agreement between themselves which would facilitate the task of the British authorities in dealing with the problem of constitutional advancement. He ventured to emphasise the case for compromise, and insisted that as to the constitutional objective there was no dispute. He said he was ready to consider any practical suggestion that had general support, and he was personally ready to give every help he could. The British authorities were not blind to the practical difficulties involved in moving at one step from the existing constitutional position to that which is represented by Dominion status. But the offer of Dominion status was there, and he appealed to the leaders of the great political parties to co-operate in ending as early as possible a state of things which all who have faith in the virtue of constitutional progress must deplore.

V. A NEW MOOD?

THE Viceroy's speech reawakened hopes that a settlement would be reached. While extremist opinion asserted that nothing new had been said, moderate elements discerned a new mood in what had been stated afresh. The speech was welcomed as indicating a resolve to secure a settlement and those who analysed it objectively regarded it as marking

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an advance on previous British declarations, an admission which was made even by Mr. Rajendra Prasad, the Congress President. The *Hindu* emphasised the point the Viceroy had made as to there being no dispute about the constitutional objective. But, the newspaper contended, for the present stalemate to be ended steps should immediately be taken to restore constitutional government in the Provinces. To the *Hindu* this meant an invitation to the Congress to accept responsibility for office "now that, on the Viceroy's assurance, its objective has been conceded". This opinion found much support in moderate circles, but it found no echo in the statement made by Mr. Prasad, who pointed out that, while the Viceroy had referred to Dominion status, Congress sought "independence, pure and simple". Mr. Prasad did not escape criticism for this attitude, and at least one paper of pro-Congress tendencies condemned it as irresponsible if it reflected the views of Congress. It is only on the extreme Left that the complete severance of the British connection is advocated. As to the Liberals and Moderates who have long asked for a clear and unambiguous statement on the country's future, they were fully satisfied with the Viceroy's reiteration of Dominion status as the goal. As the *Leader* of Allahabad remarked: "To those who remember how such an authoritative statement was sought to be evaded until almost the other day, it cannot but be highly satisfactory that no less a man than the King's representative in India should make an unqualified declaration in this behalf." The *Tribune* of Lahore asserted that it was something for India to know definitely that she is not only to have full Dominion status, but to have it within the shortest practicable period. It was true that a gulf remained between the Viceroy's declaration and the Congress demand for independence, but the *Tribune* believed that the gulf had been greatly narrowed.

On the whole, then, the reaction to the Viceroy's speech was not unfavourable, and hopes of an agreement were

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greatly strengthened when Mr. Gandhi declared that it "seemed to contain the germs of a settlement honourable to both nations". He had not lost faith in Great Britain, he added, and he believed in the Viceroy's sincerity. But the Bombay speech contained some "undoubted snags" and seemed to need amplification. The natural result of his declaration was an invitation from the Viceroy to Mr. Gandhi to another conference with him. It took place on February 5 and lasted 2½ hours. It was widely expected that, if this first talk proved inconclusive, it would be followed immediately by others; and there was general surprise and disappointment when a statement was issued to the effect that, though the conversation had been "very friendly", it had reached no result and was not to be resumed for the time being.

Mr. Gandhi [to quote the last paragraph] expressed his appreciation of the spirit in which these [the Viceroy's] proposals were put forward, but made it clear that in his view they did not at this stage meet the full demand of the Congress party. He suggested, and the Viceroy agreed, that in the circumstances it would be preferable to defer for the present further discussions with the object of a solution of the difficulties which had arisen.

So the "snags" have not been overcome; and speculation is rife as to what they are. Is it the older question of a constituent assembly or the newer question of independence? If the latter, it would be deplorable if the deadlock is to be perpetuated by disputes about the academic meaning of a word. The Dominions are independent sovereign States freely associated in allegiance to the Crown. More important, their independence is more real than that of several sovereign States outside the British Commonwealth.

Meantime the difficulty of the minorities is no easier. Indeed, the controversy has buttressed Moslem opinion against the Hindus in a manner wholly new to Indian politics. There is a growing tendency for many Moslems to regard the present deadlock as satisfactory, solely

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because the Congress Governments have ceased to function; and there is an inclination for prominent Moslems to describe their community as a nation possessing equal rights with a Hindu nation which shares the same country. Congress spokesmen assert that, if the British authorities were to concede a declaration of independence, the Moslems, being no longer able to rely on British authority for the maintenance of their rights, would turn to the majority community to seek agreement on their problems. The Moslems do not favour such a solution, but it is clear that they cannot indefinitely be vested with the power to veto legitimate constitutional advance, and it would seem that Moslem proposals for their future should be clearly stipulated, so that such advance may be possible. Some believe that this function should be assumed by the Viceroy—that he should convene a conference at which the specific claims of the various communities would be tabulated.

Notwithstanding the prolonged nature of the controversy and the bitterness which it has engendered between communities, Indian opinion is still unanimous in support of Great Britain in connection with the war. The departure of Mr. Hore-Belisha from the British Cabinet created as much interest and speculation in India as it did in other parts of the Commonwealth. The Indian contribution to the war effort of the Allies has been greater than is appreciated outside the country. Indian troops are serving in France, Egypt, Aden and Singapore. Men are flocking to the colours in greater numbers than can be absorbed. Munitions from India are flowing to Great Britain and the Dominions, and war supplies of all kinds are keeping mills and factories working at full pressure to meet government orders under the direction of a Department of Supply. Money is pouring into a special fund supervised by the Viceroy. The Indian Princes have made lavish offers of men and material, and the rulers of ancient States all along the frontier have pledged their allegiance and offered their

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resources. Arrangements have been made for the protection of the seaboard. A Shipping Controller has been appointed, trading with the enemy is forbidden, and trading with neutral countries is supervised. The Indian Army is being rapidly expanded, and British officers are being recruited to fill vacancies as they are required. A National Registration scheme for European British subjects has been completed, and arrangements are in hand for compulsory service that will be mindful of the commercial and industrial requirements of the country. New units of the Indian Air Force are being created. In a wide variety of directions the vast resources of the country are being mobilised behind the Allied cause. The political controversy remains the one disturbing factor, but the general anxiety for its removal suggests that a solution will be reached that will enable India to support the Allies in ever-growing strength.

India,

February 1940.

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I. CANADIAN UNITY AND THE WAR

AS, in the last five years, the probability of a war involving Great Britain gradually became a certainty, one of the serious anxieties of Canadians was, not whether we should win the coming struggle (for something more profound than any merely intellectual process made and still makes us confident of victory), but whether the tenuous bond of our national unity could stand the strain.

Anxiety of course centred about the probable attitude of French-Canada. It was not regarded as unduly alarmist to believe that a decision by Canada to take an active part in European hostilities would involve the risk of something approaching civil war at home. It was morally certain that declaration of war by Great Britain would be followed almost immediately by similar action at Ottawa; for, whatever one thought of the right to be neutral, every one knew that neutrality itself would be politically impossible. As for passive belligerency, that was mere dialectic.

The war that began on September 3, 1939, has confounded many prophets. Some of the unexpected turns are full of incalculable menace, but in other respects it is the Cassandras who have been confounded. As far as Canada is concerned, there is good reason to believe that participation in a second European war is not going to produce that internal discord which many of us feared.

The first weeks, certainly, were not without their danger signals. Opposition in Parliament was even weaker than had been anticipated; but at least one important French-Canadian society, and a number of municipal councils with an expansive view of their function, passed resolutions of

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non-participation. There was an ominous rumbling in the French press against the military zeal of the Federal authorities. The Premier of Quebec was widely believed to have seen in these warnings the chance of sweeping victory for his extreme claims of provincial autonomy, and at this point the threat of disruption became a very real thing. It was dramatically silenced by the decisive defeat administered to Mr. Duplessis and his Union Nationale on October 25.*

The election which shattered the autonomists and returned Mr. Godbout to power with 68 Liberal seats in a House of 86 was interpreted far and wide as a pledge of unlimited co-operation in the war. There is serious danger in this view of what was undoubtedly a triumph for Canadian unity. A glance at the voting statistics furnishes a salutary corrective. The immense superiority of the Liberals in seats was won on only 53 per cent. of the votes cast; 47 per cent. of the voters were therefore in favour, either of Mr. Duplessis or of Mr. Paul Gouin with his not less limited version of Quebec's duty in the war.

It has been argued that the vote was one against conscription rather than for participation. This is an over-statement, but the view which it expresses is at least as near the truth as that which sees in the Liberal victory *carte blanche* for any war policy that the Federal Government may see fit to adopt. The ballot, in so far as it was not a condemnation of the internal administration of the Duplessis régime, proves merely the willingness of Quebec to bear its share of a reasonable war effort, short always of compulsory military service.

At the moment, then, the attitude of French-Canada is one of positive co-operation, not of active opposition. How is this attitude to be accounted for, and what is its bearing upon the question of national unity in Canada?

The defeat administered by Germany to France and Great Britain in their suit for the favours of Russia has been a boon

* THE ROUND TABLE, No. 117, December 1939, p. 187.

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of the first magnitude from the point of view of Canadian solidarity. The Roman Catholic Church must always have looked askance at a war which found this country allied with Communism. Now, however, the democracies can be represented as the champions of Christianity pitted against those twin powers of darkness, Bolshevism and Nazi paganism; and the fear that the clergy might throw its vast influence into the scale against French-Canadian recruitment has not been realised. It is not suggested that the generous enlistment of French-Canadians needed the positive blessing of the Church, but undoubtedly the fact that the patriotic impulse is not opposed by religious obstacles has counted and will count for much.

The fact that war was declared by Canada, by the decision of the Canadian Parliament, and as a separate act dating a week later than Great Britain's declaration, has also had its part in forming the attitude of French-Canadians. They were constantly reminded by their own leaders in the Quebec electoral campaign that Canada's decision was the act of a democratically constituted legislature and government in which they had their full share of representation. The implication that Canada was neutral between September 3 and 10 is still rejected by some strict constitutionalists, who can point to the fact that the War Measures Act was brought into operation on the 1st, and the law against trading with the enemy on the 5th. Mr. Lapointe himself, who stands out now as the greatest living leader of French-Canada, has consistently argued that when Great Britain is at war Canada is necessarily a belligerent. But few Canadians, English or French, pay any attention to the finer legal mysteries; and the striking event was the bold, formal and separate declaration emanating from Ottawa. Nor did it pass unnoticed that the United States did not apply its embargo on munitions to Canada until September 10, thus apparently recognising our neutrality in the interval.

Among English-Canadians also there are many who attach

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high importance to this independent power of war and peace. The fact has come as something of a surprise to the French-Canadian that far from all of those who speak the other tongue are content to leave so momentous a decision to Downing Street, that numbers of them wish, like himself, to regard themselves as at war, not because England has decided to fight, but because their own Parliament has decided that this is a war in which Canada should take part on the merits. The discovery is forging a new bond of sympathy.

If it warms the heart of the French-Canadian to know that *les Anglais* are not all arrayed against him when he puts Canada first, and to find an increasing number who think very much as he does, the converse is also true. One of the most fruitful producers of bitterness has been the tendency of English-Canadians to lump all the other race together as Church-ridden isolationists who would turn a deaf ear to any cause that transcended the boundaries of their province. The October election has pretty well demonstrated the folly of such generalisations and proved, if further proof were needed, the readiness of French-Canada to respond to a generous appeal. It has shown, too, that Laurentia, that Arcadian theocracy on the St. Lawrence, was never anything more than the sweet dream of a few visionaries.

We now turn from Quebec to the Canadian picture as a whole. Apart from some Communist anti-war propaganda, not too negligible to attract criminal investigation and prosecution, organised opposition to the form and extent of Canada's participation in the war has apparently been left to the Canadian Commonwealth Federation, a regularly constituted party in the Federal field exercising what remains of the constitutional right of criticism. In that party, whose strength lies chiefly in the Western provinces, French-Canadians have shown little interest, and their representation is small. The C.C.F. would limit Canada's share in the war to economic assistance. It has become abundantly clear that co-operation so limited would have had no chance of satis-

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fying the majority of Canadians, and the indications are that our third party will have to qualify its published position on the war if it is to maintain even its relatively small following.

Thus far, then, the war has not proved the disruptive force that was feared. The question now being asked is whether the common determination to accept all the sacrifices that victory may demand may not reveal the breadth and depth of the real interests that bind us together, and relegate permanently to a lower plane in the national life those differences which will continue to separate us.

The answer to this question will depend on how the emergencies of the war are met. Since 1918, it has become almost a principle of religion with the French-Canadian that he shall not be subject to conscription for military service outside Canada. To win the October election, the Liberal party had to convince the Quebec electorate, not merely that it is unalterably opposed to any compulsion in this crucial matter, but that it is the best safeguard against such compulsion. To revoke that pledge without a clear and freely given mandate from Quebec would be to invite disaster. On the other hand, there is now good evidence that the voluntary contribution of French-Canada will keep pace with that of the other provinces. If the rest of the country observes in all contingencies a proper respect for the deep-seated convictions of the French minority which is on the way to becoming a majority, it may well be that this war, among other unexpected consequences, will make of Canada a truly united nation. Wars have been doing that for nations since the beginning of history, and the only reason why in spite of common sacrifice the great struggle of 1914-18 did not do it for Canada, but, instead, left a dividing soreness, was that its last months were bedevilled by a compulsory-service law which French-Canadians have always regarded as imposed by trickery. Surely sufficient common sense will this time survive the hysteria of war to save us from that pitfall.

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II. CANADA'S WAR EFFORT

THE Canadian people have now completed the process of readjusting their national life to a war régime and have accommodated their minds to the prospect of seeing the grim ordeal of another war against German aggression through to the bitter end, whatever the cost in precious lives and money may be. They are happily immune from the daily menace of devastating attack from the air and have consequently escaped the social upheaval and the varied inconveniences and discomforts which this threat has involved for a considerable proportion of the population of Britain. The great majority of them are still busy with their normal daily avocations and pursuits, but their hearts and minds are absorbed in the fateful struggle now raging in Europe; they read with avidity the messages cabled to the newspapers about the progress of the war and supplement the information thus supplied by listening not merely to the broadcasts sponsored by the Canadian Broadcasting Corporation, but also to the views distilled almost daily by a varied band of American commentators, who are almost uniformly sympathetic to the Allied cause and often throw fresh light upon points veiled in obscurity by the operations of the British censorship. There was at one time general complaint that the Government was pursuing a policy of unnecessary secrecy about its war activities, with the result that popular enthusiasm for the national effort was waning; but this situation has lately been improved by a series of broadcasts given by Ministers, in which they explained the work of their departments and their plans for the future, and Mr. Mackenzie King has also made a wise move in adding to his personal staff Mr. Leonard W. Brockington, K.C., of Winnipeg, lately Chairman of the C.B.C. He has been given officially the rôle of recorder of Canada's war effort, but the Government intends to make free use of his gifts as a speaker and broadcaster, which are unmatched in Canada,

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to keep the Canadian people thoroughly informed about its war policies and their aims and results. Accusations levelled by the *Winnipeg Free Press* that the C.B.C., since the war began, has lacked a coherent policy, and so fallen short of the useful rôle which it should have played in the education of public opinion, have considerable support, and a drastic reorganisation of this institution must come in the near future.

A sober mood permeates the whole community, for there are already appearing at intervals in the press news of the death in action of young Canadian airmen, which brings home to thousands of Canadian households the realisation that days of real anxiety about the fate of some of their own members lie ahead. There is, however, general satisfaction that a measure of national unity, which was never attained for the prosecution of the last war, has been achieved for the present struggle.

At Ottawa Ministers and their officials have been confronted by such a formidable list of new duties and problems arising from the war that they have been compelled to enlist the help of a large number of outside specialists drawn from the financial, business, and academic worlds; and even with this reinforcement late hours and night work are necessary in many departments. Inevitably the heaviest burden in connection with the war programme has fallen upon the Department of National Defence, in which confidence, once badly shaken, has been revived by the substitution of Mr. Norman Rogers as its chief in place of Mr. Ian Mackenzie. It still has numerous critics, but the impression prevails that, while it has made some mistakes and has been particularly unfortunate in its treatment of certain classes of soldiers' dependants, allowance should be made for its difficulties and that it has on the whole acquitted itself with credit.

There has been despatched overseas a first division which is now in training in Britain, and it has been supplemented by about 6,000 additional troops for the purpose of enabling

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the division to pull its full weight in any army corps to which it may be assigned. There is already serving in France a squadron of the Royal Air Force which is composed solely of Canadians, and there has been organised for despatch overseas another squadron of the Royal Canadian Air Force which will serve in the field with the First Canadian Division. Meanwhile the Government ordered after the new year the resumption of recruiting, which had been temporarily halted for all branches of the armed forces except the Air Force; and the units of the Second Division, which is in training in Canada, are now virtually up to strength; apparently, however, no decision has been reached as to whether it is to be sent overseas as a complete division or be maintained in reserve as a source for drafts to replace casualties. But the Government proposes to make its major contribution to the Allied war effort in the air. It has assumed the responsibility for the administration of the Commonwealth air-training scheme, of which Canada is to be the theatre, and it will be under the control of the Royal Canadian Air Force, which will, however, have the advice and assistance of an advisory board nominated by the participating Governments. The agreement about the training scheme was only reached after long and hard bargaining at Ottawa; and although the scheme about which agreement was finally reached is considerably less ambitious in scale than the plan originally contemplated, it should, after it comes into full operation, contribute to the Allies between 8,000 and 10,000 fully trained pilots, observers, air-gunners and wireless operators every year that the war lasts. For training purposes use will be made of some 40 aerodromes owned by Trans-Canada Air Lines or municipalities; and in addition 40 new aerodromes will be constructed in different sections of the Dominion on sites which have been carefully selected by experts and purchased.

The construction of these new aerodromes and of additions to the existing establishments will start in the early

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spring, and the training schools for which some 200 instructional experts will soon arrive from Britain and which will require a ground personnel, now being recruited, of about 40,000 men, will be in operation by midsummer. Over 4,000 planes will be needed for the schools and, while large orders for them are being placed in Britain and the United States, a substantial number will be given to Canadian aircraft companies. The Canadian Navy has been constantly and busily engaged in patrol and convoy work on the Atlantic coast and for its reinforcement the Government has embarked upon an extensive programme of naval construction involving a total expenditure of about 17 million dollars, which will be allocated to the building of a variety of craft, ranging from small motor-boats to vessels of the "whale-catcher" type.

The business of negotiating all contracts for munitions and war equipment has been delegated by the Government to the War Supply Board, which is headed by Mr. Wallace Campbell, the President of the Ford Company of Canada, and the blight of political patronage is being sternly suppressed. The Board, which is also acting as agent in the negotiation of contracts for the British and French Missions now in Canada, publishes every week a detailed list of the contracts which it places, and their total value up to date is in excess of 100 million dollars. These orders have been well distributed through the Dominion and are giving a stimulus to numerous industries and decreasing unemployment. There is still some disappointment at the paucity of orders placed by the British Mission, but the inactivity on the western front is now being accepted as a valid excuse for its comparative inaction. The Department of Agriculture is taking measures to increase the production of bacon and to ensure that next spring the farmers in their planting operations will plan to secure as large a yield of vital crops as possible.

There is abundant evidence of a widespread and ardent

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desire to provide as far as possible for the constant welfare and comfort of the enlisted soldiers and their dependants. In this work a very effective lead has been given by the Canadian Red Cross Society, which has raised by a nationwide campaign a fund of over four million dollars and organised its members for a variety of useful activities. Its work is being vigorously supplemented by such national organisations as the Imperial Order of the Daughters of the Empire, the Knights of Columbus, the Navy League, the Y.M.C.A., and the Salvation Army. Already more than 200 groups composed of many thousands of people in every walk of life have been given authority under the War Charities Act (which was passed last session for the purpose of erecting safeguards against abuses of public generosity) to raise money for purposes connected with the war. Among the groups thus organised are associations of the women-folk of certain regiments, employees in large departmental stores, municipal employees, business men, service clubs, women's institutes, art and drama leagues, and the ladies' auxiliaries of many churches and branches of the Canadian Legion. Their diversified methods of raising funds include bazaars, dances, concerts, carnival and dramatic performances, and it is estimated that nearly two million dollars over and above the Red Cross Fund has been raised by these groups since the war began. So, apart from the men who have joined the army, a very large element of the population of Canada is actively participating in the war on the home front.

The problem of financing the national war effort has been the preoccupation of Colonel Ralston, the Minister of Finance, and his officials, and they are fortunate in having the collaboration of the very able staff of the Bank of Canada, whose value as the keystone of the country's financial structure has been made clearer than before in the past few months. The avowed policy of the Government has been to raise at least half of the cost of the war for Canada by taxation, and

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the additional levies, which were imposed at the special session held last September, will probably be increased in the forthcoming budget. But money has also to be raised by loans, and a start in this process was made in January when a public issue of 200 million dollars, bearing $3\frac{1}{4}$ per cent. interest, was over-subscribed by 60 per cent. in a few days. In addition 50 million dollars of 3 per cent. bonds maturing next March were offered for conversion. A special effort was made to get the loan as widely distributed as possible by giving a preference in the allotment to small subscribers, and it has been very successful. One interesting feature was the substantial number of subscriptions received from the Canadian branches of great American corporations, and there were subscriptions from groups of Japanese settled in British Columbia, who have also given freely to war charities. According to its present plans the Canadian Government during the first year of the war will spend roughly a million dollars per day on its war programme and, although the Federal revenues have been augmented by the increase of taxation, there will be a very heavy deficit at the end of the fiscal year and further loans will have to be placed before the end of 1940.

For the Government's policy of conserving the financial and economic resources of Canada in order to make possible their most effective contribution to the Allied cause, the chief instrument has been the system of the control of foreign exchange which was established last September under the aegis of the Bank of Canada and the supervision of a board of five members. The system is not popular with the banking community, which naturally dislikes interference with its normal methods, and it is criticised in certain quarters on the ground that it has had the result of frightening American capital away from Canada at a time when it was badly needed to finance industrial expansion, and that on balance Canada might have gained if foreign exchange had been allowed to find its own levels. In its initial stages the control

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system operated with considerable friction and created a crop of grievances among the business community and there was also a certain amount of evasion. But the loop-hole for the latter have now been largely closed and some of the more serious grievances have been removed by modification of the rules, particularly in regard to transactions about securities by non-residents of Canada. Furthermore, a decentralisation of administration through the establishment of branch agencies in Montreal, Toronto, and Vancouver has met complaints about the embarrassing delays involved in the reference of every separate problem about exchange to Ottawa. The War Time Prices and Trade Board is functioning with creditable efficiency, and the controllers who supervise the bacon, fuel, woollen, leather and sugar industries are securing cordial co-operation from the leaders of these industries in their plans. Only in regard to bacon and wool has price-fixing been officially attempted.

The eighteenth Federal Parliament of Canada reassembled on January 25 under the shadow of a controversy created by the action of the provincial legislature of Ontario in passing, a week previously, by the decisive majority of 44 to 10, a vote of censure which condemned the inadequacy of the King Ministry's war programme. The vote had been jointly sponsored by Mr. Hepburn, the Liberal Premier, who spiced charges of maladministration with contemptuous personal abuse of Mr. Mackenzie King and revealed that the concordat patched up last October between them had broken down, and by Colonel Drew, the Conservative leader. The majority had been composed of 24 Liberals and 20 Conservatives, the minority of 9 Liberals and 1 Independent. The balance of the Liberals in attendance deliberately abstained. Obviously the Federal Government could not disregard such a challenge and Premier Mackenzie King explicitly stated that he would answer the charges made by his Ontarian critics in the House of Commons when it met. There was a general expectation that its session would be

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brief, but few people outside the Cabinet were prepared for the intimation in the Speech from the Throne, which was abnormally short, that the Ministry had decided that it must fortify its position by a fresh mandate through an immediate general election.

When the Commons assembled after the formal opening ceremony, Premier Mackenzie King proceeded in a carefully prepared speech to justify the urgent need for an immediate election. He declared that although it had been the intention of the Ministry to hold a short session before dissolution and fulfil a pledge given by Dr. Manion that no election would take place before another session, the situation had been changed by the vote of censure in the Ontario legislature. That vote was obviously the prelude to a concerted campaign against the Government, which must free itself from such distractions from its war effort, accept the challenge offered and take the verdict of the voters with as little delay as possible. Mr. Mackenzie King also agreed that it would be advisable to dispose of the election before serious fighting began on the western front, and that, if polling took place at an early date, the Canadian troops in Britain would be able to vote before they moved to France and the second division of the Canadian active service force could vote before it left Canada.

When Mr. Mackenzie King at the close of his speech tried to adjourn the House, Dr. Manion, the Conservative leader, vehemently insisted upon being allowed to answer him, and employed all his quite considerable gifts of invective to castigate the Prime Minister for contemplating what he regarded as a pusillanimous and indefensible course of action, incompatible with the principles of democracy and the rights of Parliament. He declared that an immediate dissolution would make a mockery of Mr. Mackenzie King's pledge to hold another session before an election, and accused Ministers of being afraid to face a parliamentary scrutiny of their war programme, and in particular of their

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war contracts, and of seeking to evade giving an account of their stewardship, which alone could enable the country to pronounce a satisfactory verdict upon it. He gave chapter and verse for some of their delinquences in connection with their war programme, attacked Mr. Rogers, the Minister of National Defence, and asserted that the Government by its coldness to British overtures had prevented a start being made with the Commonwealth air-training scheme in 1938 and had lost Canada millions of dollars worth of war contracts. He closed with a prediction that the country would resent the trickery of the Ministry in attempting to secure a snap verdict at the polls before Parliament was allowed to turn the searchlight of publicity upon its errors and follies.

Mr. Woodsworth, the C.C.F. leader, in a cooler and more reasoned speech, supported Dr. Manion's main contentions, criticised various features of the Government's war programme and bluntly told the Prime Minister that he was taking a strange course for one from whose lips phrases about "Parliament must decide" and "the rights of the people" had flowed so freely, and that he was about to betray some of the fundamental principles of democracy, for whose maintenance the Canadian people were being asked to make great sacrifices. Before the House adjourned for the dinner recess Mr. Mackenzie King informed it that the Cabinet would meet immediately to consider its line of action "in the light of the sort of discussion which had taken place", and, when the members began to return to the Chamber at 8 p.m., they found that Parliament had been dissolved an hour previously. The session had lasted four hours—a record for brevity.

The nominations will take place on March 11 and polling on March 26. Elaborate special arrangements are being made for the soldiers on active service to vote where they are stationed; the tabulation of the military vote and its allocation to the constituencies in which each soldier has normally resided will be a prolonged process, and the final

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results will not be declared until eight days after polling ends.

The state of confusion into which the public mind has been thrown by the unexpected *dénouement* at Ottawa is revealed by the comments of the press, which in many cases stray far from normal party lines. Prominent Conservative papers like the *Montreal Gazette* and the *Montreal Star* support the Government's action on the ground that prolonged parliamentary discussion of the Government's policies would serve no good purpose and that the sooner the verdict of the voters is taken the better. But papers of a Liberal stripe like the *Winnipeg Free Press* and the *Vancouver Sun*, while prepared to support the Government in the election, deplore its tactics. There is, however, considerable popular endorsement of the verdict of the *Ottawa Citizen* (Independent), which declares that the most docile and subservient Parliament in Canadian history deserved no better treatment than ignominious dismissal. The *Ottawa Journal* (Conservative) does not go to the extreme lengths of the *Toronto Telegram* (Conservative) which brands the Ministry's move as a "contemptible and despicable device" to escape criticism richly earned, but it holds that Mr. Mackenzie King's tactics have made it impossible to have Ministerial policies discussed in a reasonable manner and that he has made inevitable the injection of great bitterness into the campaign. There are, indeed, already signs that the Opposition groups will try to make the personality of Mr. Mackenzie King and his fitness for the leadership of the nation in war the dominant issue of the contest. The cry will be raised that a politician too timorous to face a parliamentary investigation, which he had promised, of his Ministry's record, is unfit to guide the country through a desperate war. In fact, what Mr. Mackenzie King has done is to provide the Opposition with an issue which they had previously lacked. But the Conservative party suffers a serious handicap in the lack of a group of leaders of first-rate calibre, and Dr. Manion has

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sought to remove this disability by announcing that, if his party is returned, he will form a Cabinet composed of the best brains in the country without regard to party affiliations. To this the Liberals retort that the voters cannot be expected to elect a hypothetical Ministry of this kind without knowing the names of its prospective members.

The Government will enter the campaign with enormous advantages, by far the most efficient political machine, ample campaign funds, the regained control of Quebec and the support of business interests normally conservative in their politics; and while it will lose seats to the Conservatives in Eastern Canada and to the C.C.F. in the West, it is difficult to visualise its defeat. Its greatest weakness will be in Ontario, where the active hostile intervention of the redoubtable Mr. Hepburn might cost it a substantial number of the 50 odd seats which it now holds in this province.

Canada,

January 1940.

POSTSCRIPT.

The Governor-General of Canada, Lord Tweedsmuir, more widely known as John Buchan, whose health had been unsatisfactory for some months past, was suddenly taken ill on February 6 and died on February 11. The news was received with deep regret by his countless friends and admirers throughout the English-speaking world. ED.

AUSTRALIA

I. POLITICAL CHRONICLE

DURING the last three months the Menzies Government has steadily strengthened its hold on the country. It has made definite, though inevitably slow, progress in bringing the country to realise the implications of the war.

In November a radical reorganisation of defence was begun. Each service was put under a separate Minister, and the Prime Minister himself took on the over-riding responsibility of harmonising their activities and those of the new Department of Supply, which had been separated from that of Defence not long before the war. A special War Cabinet, consisting essentially of these Ministers and the Treasurer, has been having protracted meetings—chiefly at Defence head-quarters in Melbourne—under Mr. Menzies. Additional committees for the control of supplies and expenditure have been set up and the administration strengthened by the voluntary help of men of experience and ability from outside the service.

The new plan of defence administration is now getting into its stride, and promises well. At the same time, a plan was adopted for co-ordinating the civil side of the war economy, which was almost equally necessary. The Ministers of the appropriate departments are to meet as an Economic Cabinet, also under Mr. Menzies—with the help of an eminent business man as Director of Economic Co-ordination.

While the position of the Government has strengthened in the country, it has been subject to recurrent vicissitudes in Parliament. It is a minority Government. Its adherents number 27 out of 74 in the House of Representatives,

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against Labour party 31 and Country party 16. It is also in a minority in the Senate. On the general policy towards the war there is no disagreement. Mr. Curtin has stated the Labour outlook in terms substantially identical with the Prime Minister's—"self-government is at stake; the right of peoples are at stake; the hope for peace and decency on the earth is at stake"—with only a reasonable additional emphasis on the caution that we must not lose our liberty in fighting for it and on the necessity of treating labour fairly in comparison with money interests. In principle this involves no conflict with the Government, though in application there may be divergencies.

The immediate practical point of difference is on the despatch of forces overseas. Labour for the last year or so have committed themselves rather academically to a policy of isolation from European struggles, and have probably injured their political prospects by insistence on this point. Earlier this year, when trouble in the Pacific was thought a certain consequence of war in the West, the defence of Australia offered the fullest scope for the greatest possible Australian effort, and expeditionary forces were out of the question. The Government has now found it possible to undertake the despatch and maintenance of a division abroad. This has brought Labour into direct opposition on a war measure.

The Country party is committed to the support of the Government in prosecution of the war. At first it advocated a small mobile force, but later its zeal for training great numbers of troops and sending them overseas became a source of embarrassment to the Government.

A disagreement which came near to a defeat of the Government took place early in December over soldiers' pay. Some of the Government's own supporters were so unhappy and the Country party so critical that Labour seized the opportunity for a challenge. The Government could hardly face an election on this issue and compromised

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on an additional 1s. of deferred pay, making 5s. current pay plus 2s. deferred pay to privates of the expeditionary force.

A special force of 20,000 men has been raised voluntarily for service at home or abroad, as might be required. This has now been ear-marked for service abroad. The militia was temporarily reduced by enlistment in the expeditionary force and by releasing men in reserved occupations and those with family responsibilities, who had enlisted with the prospect of one month at most of continuous training, but it has now been brought up to a strength of 80,000 by the compulsory enrolment of men who reached the age of 21 in 1939-40. Under the Defence Act of 1903 all men from 18 to 60 are liable to service in Australia in time of war, and the requisite numbers have been and will be maintained under this Act.

The Navy has been carrying on in its traditional silence. Local naval construction is proceeding smoothly and new shipyards for coast defence craft have been brought into service. The chief interest has been in the air. The previous arrangement to send immediately six air squadrons to Europe has been cancelled by agreement in the interests of the Empire scheme of air training. The original scheme with concentration in Canada presented great difficulties to Australia. The revised plan is much more acceptable. A force of 10,400 pilots and 15,600 observers, wireless operators and air gunners will be trained, the majority fully in Australia, the remainder partly in Canada. Aircraft and instructors so far as necessary are to come to Australia. One result will be that Australia, when the scheme is going, will always have a great air strength available at need for home defence. The cost over three years is given as £50 millions, including expenses in Canada.

The British authorities have apparently resisted strong pressure to give the Dominion air forces the same degree of individuality and independence as the A.I.F. had in 1914-18. The administrative difficulties are realised, but from a long

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view, both politically and tactically, the decision is hard to understand. The A.I.F., by reason of its individual organisation, was able to make a serious contribution to the art of warfare in 1914-18.

The new Department of Supply covers civil needs but its activities so far have been chiefly on behalf of defence. It appears to be doing good work. There have been serious difficulties over defence requirements, but the reorganisation of defence administration promises to overcome them. The turning out of munitions and equipment in government factories and "annexes" proceeds apace. Contracts have been taken for imperial supplies, which may impose a strain on our resources in skilled men and material. The Government has also encouraged a large scheme of motor-car manufacture with a heavy bounty, despite the fact that the Tariff Board, after careful inquiry, had reported unfavourably.

II. FINANCE AND ECONOMICS

EXPENDITURE on account of the last war is now about £19 millions annually, equally divided between pensions and interest. Active defence expenditure has been growing for some years, but in 1935-36 it was still under £5 millions from revenue and a negligible amount from loan funds. In the present year, 1939-40, defence expenditure is now put at £73 millions with the probability of further increases before the year ends in June. Of this total, under £14 millions will come from revenue. It is thought likely that defence expenditure next year will reach £100 millions. Nearly all of this must be found in Australia.

The general scheme of finance was sketched by the Acting Treasurer, Mr. Spender, in a recent financial statement, and the reports of it brought some praise from the London press for its economic sobriety. It is doubtful whether the Cabinet as a whole realises the implications of the policy it has endorsed, and is strong enough in Parliament to put through

FINANCE AND ECONOMICS

the unpopular elements in a "balanced programme of taxation, borrowing from the market and borrowing from the banking system". The immediate policy is to rely on the banking system, with no increase of taxation until July, when serious war taxation is to be in full operation; and thereafter on bank loans, probably, to be funded from the market from time to time. Low export prices and drought have curtailed business activity, and in spite of support from the central bank the liquidity of the trading banks is abnormally low.

With the war there has been some inevitable dislocation of business and a decrease of employment barely offset by increased defence expenditure. It will probably be some months yet before the war effort has taken up the slack and the country is ripe for taxation and the diversion of investment to government needs. Meantime the Government policy is to encourage employment in every way and to avoid taxation.

The Loan Council met in November under a threatening sky. A warning from the Treasury that the States should prepare to reduce loan expenditure found the States worried by the first effects of the war in reducing employment. The warning looked like a threat of an immediate cut to works expenditure, and the States Premiers and Treasurers met in a rebellious mood.

The Commonwealth, however, was all smiles. No immediate cut at all; rather an immediate speeding up with a tapering off towards June in preparation for lower totals next year. Moreover, an extra £2 millions for works of some defence value, specially chosen to provide unskilled employment. And all this handed on a platter by the Commonwealth Bank at a substantial cut in the rate of interest. So the States departed in joy, bearing their sheaves with them.

In fact, the only definite commitment was for a short-term loan from the banks for £12 millions at $3\frac{1}{2}$ per cent.,

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the money to be made available as required to avoid sterilising it in Treasury balances. It is expected, however, that the Commonwealth Bank will make no difficulty about underwriting the balance of loan requirements for the year for defence, civil works and deficits. After June, the way is still to be explored.

The rate of interest has gained additional importance with the prospect of large war loans. For some time the yield of bonds has been fluctuating a little under 4 per cent. Loans have been floated with a progressive approach to 4 per cent. Trading bank instinct makes for high rates, which the Commonwealth Bank, not very resolutely, has resisted. Unbiased opinion on the trend has been fairly balanced for and against a rise.

The outbreak of war pushed bond yields over 4 per cent., but the sequel was a gradually strengthening trend towards lower rates. However, the market was bare and the banks' liquidity very low, and high rates might be necessary to make the first war loan the success it has to be. The Government appreciated the position and kept off the market, somewhat to the bewilderment of the press until the banking loan was announced at the Loan Council. Meanwhile export income has begun to flow, and, at a higher level, Treasury balances are running down and State "lag of revenue" deficits being financed. The result is that bank liquidity is at last improving and some money is looking for long-term investment. So interest rates have been coming down slowly but steadily. They are now lower than at any time for the last eighteen months. The $3\frac{1}{2}$ per cent. for the bank loan suggests an immediate objective for market loans.

III. WAR-TIME CONTROLS

THE general financial policy is, of course, closely bound up with the appropriate and timely use of war-time controls. Taxation must take first place as the means for divert-

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ing resources from consumption and investment to war purposes. But it will require reinforcing by other controls—of exchange, imports, prices and investment—and by rationing of such things as petrol, films and newsprint. All these controls are to be used with great caution pending something near full employment and thereafter with the limiting condition that employment must be kept substantially full. The working of the system will require both great political power and very delicate practical judgment.

The monetary control regulations were gazetted before the declaration of war. They give the Treasurer control over gold and foreign exchange and all rights to foreign exchange. This power is delegated to the Governor of the Commonwealth Bank and by him within certain limits delegated to the trading banks. Their effect is to mobilise all exchange accruing from exports or any other source, and to ensure that it is used only for approved purposes. One result is to give the Commonwealth Bank complete control over all future overseas reserves. The regulations cover also the present holdings of the trading banks, but these have been exempted from compulsion.

The capital issues regulations are for the control of investment and require the consent of the Treasurer to most forms of raising capital. Under them a limit has been put to the rates payable on bank advances and on local government loans. An advisory board has been set up to make recommendations to the Treasurer. The present policy is to go slow and to survey the field rather than to restrict normal investment.

Price control has been entrusted to Professor D. B. Copland as Price Commissioner, assisted by two advisers. Immediate policy is directed to preventing the panic rise of prices, which war is apt to cause. There are some unavoidable increases in cost, particularly with imports, and the aim is to limit increases of price to the minimum compatible with the increased costs, if any. The first functioning

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of price control was agitating to business, but on the whole the commercial community seems now to be accepting the restrictions imposed as moderate and reasonable and in some ways helpful.

The necessity for control of imports has not come from interference with shipping, as was expected, but from the need for economising non-sterling exchange. "Dollars" are vital for the Allied war-needs, and we must fall into line with the United Kingdom in reducing our demand for them.

Import licensing for non-sterling imports was introduced in December. Goods were prohibited or rationed to give a saving of £4 millions in 1939-40, and other non-sterling imports were restricted to the 1938-39 level. The super grades of petrol are prohibited, and some general rationing of petrol cannot much longer be postponed.

IV. EXPORTS AND PRICES

OUR production is inextricably bound up with exports and our general economic prospects depend on the future of export income.

To the usual variables of season and price a third is now added by the uncertainties of shipping. This year seasonal conditions have been good, and production of wool and wheat in particular will certainly be above the average. The British Government has bought two-thirds of our exports at moderate prices. The chief exports for which both shipping and markets are very doubtful are wheat, flour and fresh fruit.*

For two years export prices have been low, and continually sagging, until last June, when the small beginnings of an upward movement were discernible. For these two years, after oversea interest had been paid, we have had a seriously adverse balance of payments. The present export

* See below, p. 436.

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price level, which is dominated by the British Government's purchases, is still on the low side. It is about that of 1937-38, when we were seriously behind on income account. The position will be eased by war-time reduction of imports. Some will inevitably increase, but others, voluntarily or by compulsion, will fall off, and the net effect will be an appreciable reduction. Apart from the needs of defence we shall probably be in credit this year to at least a moderate amount. But London reserves need very substantial additions to put them in a healthy condition. The Acting Treasurer has given his estimate that two good years will be required before we shall have any disposable surplus in London.

Our prospect of any surplus next year depends on the future of prices. The British contract prices for this year are reasonably satisfactory in relation to world price levels. Most contracts are for one year only, and the price in future years will no doubt be determined in relation to conditions at the time. For metals there is a definite sliding-scale agreement, based on Australian costs, which is almost too much in Australia's favour. It is only over wool that there is some uneasiness, and wool is our dominant interest.

Wool was sold outright in the United Kingdom for the duration of the war and a year after at 10½d. sterling per lb. For this year the price is reasonable for both parties. But if sterling prices double, as in 1914-19, what would the position be? We pay for most of our imports with wool, and, if the price of imports doubled but wool were stationary, we should be bankrupt. The price to be paid for wool should have been definitely linked up with the price of British exports to Australia or to some other index of British wholesale prices.

The exact terms of the wool contract have not been made public. It is understood to provide for some yearly review of the position, but it may be inferred that no definite basis of adjustment was agreed on, or we should have been told of it. The wool growers are uneasy, but it is still more the

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general economic position of the country which is involved. It is hoped that the agreement will be put on a more satisfactory basis before the matter becomes critical.

It has been noted above that the season has been good, and prices on the whole not unsatisfactory. The only difficulty will be in marketing some of our other exports and particularly wheat and fresh fruit.

Wheat is almost permanently the Cinderella of the export industries. Costs in 1911 were very different from to-day's, but only twice in the last nine years have wheat prices risen above the 1911 level. Last year, up to the war, they were 30 per cent. below 1911, as they were in 1931. The world's wheat position shows little prospect of permanent improvement.

It has been so far impossible to get an international agreement to limit wheat production. Stupidity, however, is not of necessity immortal. For the present, all a country can do is to adjust its production as far as possible to the facts of the market. Wheat growing, however, is particularly rigid, economically, politically and sentimentally, and the more so in Australia owing to rainfall conditions. A good deal could be done to cut out the more costly production, as was recommended by the Wheat Commission. Individual costs vary widely. It would take time and a long-term policy would be needed.

Fresh fruit, chiefly apples and pears, is also in difficulties. The export industry has been depressed since 1929, but a moderate limitation of exports has brought oversea prices towards payable levels. In war-time, however, the United Kingdom does not want apples, will not buy them (even for the troops), nor provide shipping space. Exports last year were worth £2 millions, and if they were dumped on the home market, income from apples would vanish. The Commonwealth accordingly has taken over the whole crop of apples and pears—probably about 13 million bushels—at a price which has not yet been fixed, but is likely to

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average at least 2s. on the tree for apples and perhaps 3s. for pears.

The Apple and Pear Board will dispose of them. The shipping authorities have relented a little, and some will go to England. The home market is to be worked up to a greater capacity, and the possibilities of cider, dried apples, canned apples and apple juice developed to the full. Success will depend on very careful and judicious administration, and that can hardly be counted upon at a first attempt. But the experiment will be worth watching and may bring lasting benefits to the industry.

Australia,

January 1940.

SOUTH AFRICA

I. POLITICAL CHRONICLE

THIS article is being written rather more than four months after the Special Session in which the Union Parliament came to its historic decision committing South Africa to participation in Hitler's War, and almost within a week of the opening of the ordinary 1940 Session. Of the atmosphere which prevailed when that decision was taken and in the succeeding weeks it may be said that "within was doubting, and without were fears". That was reflected in last month's South African contribution to THE ROUND TABLE.* To-day it can be said that from the point of view of General Smuts and those who support his war policy things have gone far better than at that time seemed possible.

Let it be recorded first, as far as internal affairs are concerned, that the new Government has tackled its task with courage and success. Parliament, it will be remembered adjourned immediately after it had adopted the resolution on war policy, and before General Smuts had assumed office. He was therefore faced with the task of governing the country in a state of emergency and danger without any statutory emergency powers. The Government promptly took such powers by the issue of regulations. For tactical reasons it avoided the use of the term martial law, but in effect it assumed authority pretty much the same as the proclamation of martial law would have given it, and when the validity of its regulations was challenged it was supported by the Supreme Court up to the Appellate Division. These powers have been administered with tact and

* No. 117, December 1939, p. 200.

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discretion, and in such a way as at once to cause as little disturbance as possible in the normal life of the country and to give rise to the minimum amount of offence. The main interference with ordinary liberty has been the internment of several hundred inhabitants of the Union, almost entirely Germans, but including a few Union nationals, who were suspected of subversive tendencies or activities. Throughout the country peace, order and good government have been maintained, virtually without friction. Parliament rose in September with fears of a repetition of the events of 1914, when the outbreak of rebellion followed within two months of the declaration of war. General Hertzog in his speech in support of his neutrality motion had referred pretty clearly to such a possibility. But in fact there has been no move in this direction, and General Hertzog and other leaders of his political group have played their part in discouraging unconstitutional action. South-West Africa too has remained calm and quiet. The internment of some seventy Germans has not been without its effect on the rest of the German population.

Next to the maintenance of peace and order the Government's chief task has been the reorganisation of the Union's defence system. Mr. Pirow, General Hertzog's Defence Minister, had from time to time made high-sounding declarations of policy, but achievement fell far short of promise, and South Africa in September was in fact pathetically unprepared to face any serious attack. It was on this account that General Smuts added to his other already heavy burdens the task, as Minister of Defence, of creating order out of chaos in this field. That task he has tackled with vigour and success, and the country's military preparedness has been noticeably advanced.

The Government has also been successful in minimising the economic dislocation consequent on the outbreak of war. Uncertainty and impairment of confidence in business circles were reflected by a certain amount of unemployment.

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Moreover, a tendency towards profiteering and rising prices was immediately revealed. Under its Emergency Regulations the Government assumed powers of price control, and these have been effectively exercised. At the same time unemployment has been checked and the trend set in the other direction. This has been partly due to recruiting, but also to the fact that the Union is already beginning to avail itself of the opportunities for the expansion of its secondary industries which present circumstances offer. Generally the Government has been successful in its policy of maintaining normality and stability in economic conditions.

Of this the most striking evidence so far has been supplied by the response to a recent loan conversion operation. A £14,200,000 5 per cent. loan, held almost entirely in the Union, became available for conversion on February 1, 1940, and notice of repayment had been given before the outbreak of war. The new Government was therefore faced with the ticklish task of fixing suitable terms for an alternative conversion loan in a very nervous market. It was important to avoid anything in the nature of a "flop", which would have done much to impair confidence. It was no less important not to make the terms too attractive, and so initiate a spiral of rising interest rates. In the outcome the market appears to have been gauged very successfully. The new loan was offered on a 3½ per cent. basis at 99½. Applications for conversion were receivable until December 18. Cash applications were also invited, and it was announced that the lists would remain open until March 18, unless previously closed by the Government. Against the £14,200,000 of the old 5 per cent. loan, the Public Debt Commissioners held £2,600,000. Of the remaining £11,600,000 close on £9,000,000 was offered by holders for conversion by December 18, and the lists were closed for cash applications on December 22, on the ground that several millions more had been applied for than the

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amount necessary to redeem that portion of the old loan which was not to be converted.

A second main factor which has tended to strengthen General Smuts's position has been the actual result of the impact of war on South Africa. The critics of that policy in their advocacy of neutrality had painted gloomy pictures of the consequences of South Africa's participation in the war. These prognostications have, however, not been realised. Not only has life gone on normally within the Union, not only has there been no commandeering of its citizens for military service, but its coasts have not been raided, and there has been very little interference with its ocean-borne commerce. The nearest that the war has come to South Africa has been the encounter between the South African Air Force and the S.S. *Watussi*, which led to the scuttling of the latter and the internment of its crew in the Union. It was a smart piece of work by the South African airmen, and the thrill of pride which passed through South Africa has been not without its political effect. Regard must also be had to that very human instinct, in which the South African farmer is not deficient, of assessing the correctness or otherwise of a policy by its economic results. The United Kingdom Government has met South Africa generously in the matter of the purchase of its wool and of its maize. Most primary producers have benefited so far from the outbreak of war, and where, as in the case of deciduous fruit growers, overseas marketing has been made more difficult, the Union Government has found the means of coming to their assistance. At the same time the actual trend of events in Europe has been closely watched by South Africans. Those who had been induced by Nazi propagandists to believe in Hitler's invincibility are beginning to revise their judgment. Moreover, Russia's attack on Finland, with the connivance of Hitler, has made a big impression in the Union. Not only is there a natural feeling of sympathy with the gallant Finns, but the dangers of

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neutrality have also been brought home, and the true character of Hitler's policy more clearly realised.

All these factors have contributed substantially towards the strengthening of General Smuts's position among the Afrikaans-speaking section of the Union's people. The general anticipation when Parliament rose in September was that the new Government would have to rely almost entirely on the support of the English-speaking section. The neutrality cry would, it was anticipated, sweep their Afrikaans-speaking fellow South Africans off their feet. General Smuts's opponents loudly proclaimed that Afrikanerdom had been reunited against his policy of British Imperialism. For a time it looked as if they were right, as if South Africa was to relapse into purely racial politics, with Afrikaans and English blocs struggling for the mastery.

What was the basis of these anticipations? South Africans are a sentimental people—both sections. Those of the older stock are perhaps more demonstratively so, but those of British stock, though not wearing their hearts upon their sleeves to the same extent, are none the less capable of being profoundly stirred. When war came, a sentimental surge at once caught up this section. It stimulated their affection for, their desire to be associated with, the land of their birth or their origin. For them, then, the decision which had to be taken as to South Africa's attitude in the war was an easy one. They were satisfied that participation was necessary in the interests of South Africa itself, but therein the verdict of their heads did but reinforce the sentiment of their hearts. The position of the average Afrikaans-speaking South African was entirely different. He had no background of British origin or tradition. Indeed his sentimental background was such as to predispose him not to participation in war on the same side as Great Britain, but rather in the opposite direction. In the case of the Afrikaner, sentiment was completely on the side

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of the policy of General Hertzog and Dr. Malan. Before he could support General Smuts other considerations had to operate to overcome this natural predisposition of sentiment.

It was natural then to anticipate that the new Government would not be able to count on any substantial body of Afrikaans-speaking support. In fact, however, it has secured very substantial backing. For this there are two reasons. The one is the still surviving tradition of personal political allegiance among the Afrikaans-speaking people of South Africa. That tradition goes back to Voortrekker days—and beyond. Men gave their allegiance not to a policy but to a leader. Political struggles were struggles between the adherents of various leaders: even if the leader changed his policy, it had little effect on his followers. And so, even since Union, the political struggle in South Africa has largely been between Bothaites (later Smutsites) and Hertzogites, and between Hertzogites and Malanites. When, then, in September Generals Hertzog and Smuts parted political company, the great mass of the old Afrikaans-speaking South African party supporters, who had followed General Smuts into coalition and fusion with General Hertzog, followed him again when he stood aside and went his own way. That is the one reason. The other is that there has been a steadily growing intellectual conviction, overriding sentiment, that General Smuts's policy is indeed the right one in the interests of South Africa.

The net result of the operation of these factors is that General Smuts to-day would appear to have at least as strong an Afrikaans-speaking following as he had in the old South African party days before he went into Coalition with General Hertzog—consisting of the great majority of his own old South African party supporters, and a considerable contingent of those who in those days followed General Hertzog. Of this two concrete pieces of evidence can be adduced. The one is that General Smuts has with

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very little difficulty secured control of the United party machinery, the process having culminated in the acceptance by the party's central executive by a substantial majority of a resolution endorsing his policy and in the withdrawal of General Hertzog and his followers from the party. The other has been the record of the by-elections. Three of these have been contested by the Opposition. Kuruman, a rural constituency which was Nationalist before the formation of the United party, returned to its Nationalist allegiance; but at Bloemfontein and Brakpan, both urban constituencies and predominantly English-speaking, where it was expected that General Smuts would retain his hold, the majorities in both cases were so large as to make it clear that many Afrikaans-speaking voters supported the Government's war policy.

One other factor must be considered in estimating General Smuts's position—the tactics of his opponents. There were 38 supporters of General Hertzog and 29 supporters of Dr. Malan who voted against General Smuts's war motion on September 4. They evidently thought that they had with them the swelling tide of Afrikaner sentiment. As already stated, they confidently acclaimed the reunion of Afrikanerdom; and they at once set about the task of fusing the two groups into a single Opposition party, inspired by a common aversion from the Government's war policy and a common dislike of General Smuts. It was not an easy task. The political strife in recent years has been very largely one between the followers of Dr. Malan and those who are now standing by General Hertzog. Deep-seated cleavages, personal and in matters of policy, have come into being. Consequently, when they came together at a widely heralded conference to establish a united Afrikaner party, they found the difficulties too great and had to admit defeat at least for the time being. Chief of these difficulties was the question of Republicanism. Dr. Malan and his followers have committed themselves more and more deeply in

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support of a policy of secession from the British Commonwealth. They wanted the new party to be an avowedly Republican party working *for* a Republic. But General Hertzog and his followers have for some years now been fighting Dr. Malan on this issue of Republicanism. Mr. Havenga, indeed, courageously declared that there are tens of thousands of Afrikaners who do not want to sever the British connection, for whom there must be a place in the new party. But some of General Hertzog's followers, like Mr. Pirow and General Kemp, indicated their willingness to join up with a party whose aim it was to work *in the direction* of a Republic. General Hertzog himself appears to have believed that he would succeed in getting Dr. Malan to come in with him on a basis which did not imply the acceptance of Republicanism, and that a section of Dr. Malan's supporters would break away and form a Republican party. But Dr. Malan was adamant. He continued to support the extreme Republican section of his followers. Dr. Malan's tactical position was the stronger; and when, after further discussion, an agreement was reached, it came nearer to his previous standpoint than to General Hertzog's. On January 28 the two leaders issued a joint statement, declaring that, subject to the approval of their respective Congresses, the two groups would co-operate as "the Reunited National or People's Party" on the basis of their common conviction that a "republican form of government, separated from the British Crown, is best suited to the traditions and aspirations of the South African people", and is also the only effective means of preventing South Africa from being again involved in Great Britain's wars. The party, the statement continued, will strive to remove all obstacles that hinder the achievement of this aim. But the republic can only be established "on the broad basis of rights and the national will, with due regard to the equal language and cultural rights of the two sections of the white population". The republic will not be declared by an ordinary parliamentary

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vote, but only by a "special mandate" from the electorate. "Membership of the party will not be denied to any national-minded Afrikaner who is prepared to adhere to the party obligations, but is not convinced of the desirability of creating a republic in the present circumstances."

Earlier in the day on which this statement was issued, the first big battle of the new session of Parliament had come to an end after a four days' debate, culminating in an all-night sitting. The vote was taken on a motion by General Hertzog, "That in the opinion of this House the time has arrived when the war with Germany should be ended and peace restored". In his opening speech General Hertzog startled the House and public opinion outside, including a good deal of Opposition opinion, by a wholehearted approval of Hitler's "action in the restoration of his deeply wronged country". It sounded like a chapter from *Mein Kampf*, said General Smuts in his reply: "I doubt whether Goebbels could have done it better." "No Afrikaner", he went on, "would be able to hold up his head in the world if a separate peace were made." The motion was defeated by 81 votes to 59. When General Smuts's policy was approved in September, the voting was 80 to 67. It would seem, therefore, that on this dominant issue some members of the Opposition have had "second thoughts", and to that extent General Smuts's position has improved. It appears, too, that, despite its desire to make the Session a short one, the Government will not in fact confine its programme to work arising out of war conditions, but will put forward certain legislative proposals designed to strengthen its position considerably. It may therefore be anticipated that it will emerge from the Session strengthened rather than weakened.

But the real issue—even for the Government of the Union—will not be settled in the Union Parliament. The outcome of the war must inevitably determine the fate of

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General Smuts's Government—and, in large measure, the fate of South Africa.

II. GENERAL HERTZOG'S NEUTRALITY RESOLUTION

THE political consequences of the defeat of General Hertzog's neutrality resolution in the House of Assembly on September 4, 1939, are obviously momentous. It is perhaps a pity that they have obscured the actual terms of the resolution itself. It read:

That this House approves and accepts as the policy of the Government of the Union that the existing relations between the Union of South Africa and the various belligerent countries will, in so far as the Union is concerned, persist unchanged and continue as if no war is being waged. Upon the understanding, however, that the existing relations and obligations between the Union and Great Britain, or any other member of the British Commonwealth of Nations, in so far as such relations or obligations result from contractual undertakings relating to the Naval base at Simonstown, or from its membership of the League of Nations, or in so far as such relations and obligations result implicitly from the free association of the Union with the other members of the British Commonwealth of Nations, shall continue unimpaired and shall be maintained by the Union; and no one shall be permitted to use Union territory for the purpose of doing anything which may in any way impair the said relations or obligations.

It is clear that if this resolution had been carried in Parliament, the neutrality to which it would have committed South Africa would have been a very qualified neutrality. The qualifications would have been of three categories:

1. Those arising from the Simonstown agreement. This agreement is secret. It was made between the Smuts Government and the British Government in 1921 and was definitely accepted by the Hertzog Government when it came into power in 1924. Though its terms have never been published, a good deal is known about it because some of the letters exchanged between the South African and the British Governments before the agreement was made were

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read in the House of Assembly during debate on the Status Act in April, 1934. These disclosed the following facts. The British Government sold to the South African Government all British War Department property in South Africa, including the Simonstown naval base, for the comparatively insignificant sum of £150,262. In return, the South African Government undertook to secure to the British Admiralty "the right of a perpetual user for naval purposes" of the naval base then in Admiralty occupation, and of any land which the Admiralty might desire to take over on the withdrawal of the British War Department. In addition, the Union Government was to obtain the consent of the British Admiralty before disposing of any lands or buildings at Simonstown. It was to undertake the land defence of the naval base and was, for this purpose, to "consult with the Admiralty and conform with their requirements".

In terms of the Hertzog resolution of September 4 last, these obligations of the Union Government in connection with the naval base at Simonstown were to "continue unimpaired" and to be "maintained" if the Union declared herself neutral in the war. The history of international law has known many claims to a neutrality conditioned or qualified by a previous agreement between the neutral in question and one of the belligerents, but it is very doubtful whether any of them comes even remotely within sight of the limitations on the impartiality of neutrality to which South Africa as a neutral would have been bound, in terms of the Simonstown agreement, under the Hertzog resolution, if Parliament had accepted it.

2. Those arising from South Africa's membership of the League. These obligations, in the circumstances, would seem to have been of minor importance, though General Hertzog must have had something in mind when he inserted this mention of the League in his resolution. Perhaps he was thinking of Article XI of the Covenant, which declares that "any war or threat of war, whether immediately

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affecting any of the members of the League or not, is hereby declared a matter of concern to the whole League". But the actual meaning of this reference to the League in the Hertzog resolution is hardly worth guessing about. And it should not be forgotten that the "relations and obligations", whose "continuance unimpaired" and "maintenance" were to be the duty of South Africa if the resolution had been carried, were not international, but were limited to Great Britain and the other States of the Commonwealth.

3. Those arising from South Africa's "free association . . . with the other members of the British Commonwealth of Nations". The actual obligations of a member-State of the Commonwealth to the other States have never been defined; but it seems clear that if the Hertzog resolution had been carried and South Africa had declared her neutrality, subject to this particular limitation, such a definition would have been both urgently necessary and a matter of the very utmost complexity and difficulty. Here there is no question of an explicit agreement between a neutral and one of the belligerents, imposing definite obligations on the neutral towards that belligerent, which the other belligerent has the option to recognise or to refuse to recognise as seems good to it. Here it is a question of a vague and undefined body of "relations and obligations", derived from South Africa's "free association" in the Commonwealth. These South Africa, as a neutral in terms of the Hertzog resolution, was to "maintain". These, in spite of her neutrality, were to "continue unimpaired".

Germany, presumably, would have welcomed South African neutrality and would have gone to almost any lengths to recognise it. But this third limitation would have plunged South Africa into difficulties which are almost inconceivable. The Simonstown base would have continued to be the base of British warships; but in the other ports of the Union British warships would have had only the same rights as those of the other belligerent, Germany.

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That would seem to be an unavoidable consequence of neutrality. But, as a member-State of the Commonwealth, South Africa could hardly have refused privileges to British warships inconsistent with the rules of neutrality. If she had refused them, would it have been possible for her to say that she was "maintaining" her obligations to Great Britain as a fellow-State of the Commonwealth? The inconsistency is so evident, its results would have been so incessant and so multifarious, that it is hardly possible that the Hertzog neutrality resolution could have worked at all in practice. The smallest acquaintance with the most elementary neutrality provisions of international law will suggest innumerable examples of this practical incompatibility between the duties which neutrality would have imposed on South Africa and the duties which she would have undertaken, in terms of the Hertzog resolution, to continue to perform *vis-à-vis* Great Britain and the other Commonwealth belligerents.

The inconsistency is so glaring that it suggests the fundamental defect of the Hertzog resolution as a rule of conduct for South Africa during a war between the Commonwealth and Germany. The resolution failed to define which of two bodies of obligation should prevail over the other—the elementary duties of a neutral, or the undefined duties of a member-State of the Commonwealth towards the other member-States in war-time. The failure might have been got over in practice if the pro-neutral sentiment of white South Africa had been unanimous, or if South Africa had been so close to Britain that use of South African ports was not vital to her fleet in war. In fact, neutrality restrictions on the use of South African ports by British warships would have been a great advantage to Germany, so much so that South African neutrality would not have been impartial in effect. And there is deep and bitter division between pro- and anti-neutrality white opinion in South Africa. The division would certainly have had the direst results if the

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anti-neutral populations of the coast towns had been compelled to watch German ships in harbour and had known that they were safe from capture by British warships while they were within South African territorial waters.

On these technical grounds, it was clearly fortunate for South Africa that the Hertzog resolution was defeated in Parliament. It will remain as a remarkable example of an effort by a Dominion Prime Minister to assert the right of neutrality for his Dominion. The right itself, by the way, though it was denied by one or two speakers on the Smuts side in the debate of September 4, was asserted and accepted, either explicitly or tacitly, by the great majority of members of the Lower House, whether they were for or against neutrality in practice. An individual view of importance on this point, in conflict with that of the majority, was the view of Mr. Hofmeyr, now Minister of Finance in the Smuts Government. He denied the theoretic right of neutrality but asserted that the decision of Parliament on September 4 would be South Africa's own decision and would not follow automatically from membership of the Commonwealth. "I am", he said, "one of those who have, as a matter of constitutional theory, consistently taken the line that when any part of the British Commonwealth is at war, the rest of the Commonwealth is also automatically at war. . . . But I have always made it clear that I have taken that view as a matter of constitutional theory. And it is not a matter of constitutional theory which is in issue to-day. . . . The decision which we have to take to-day is our decision, and we have to take it with the fullest sense of responsibility that the fact implies."

III. SOUTH AFRICA'S GOLD POLICY

WHAT would in ordinary circumstances have been a first-class issue of South African politics, but has had much of its significance somewhat obscured because of the circumstances at present prevailing, requires a short

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reference here. It will almost certainly be necessary to revert to it in a later issue.

One of the last acts of General Hertzog's Government was to fix the price of gold at 150s. per fine ounce. In the last days of August, with war in the offing, the sterling-dollar exchange was unpegged, the value of the pound in terms of the dollar dropped, and the price of gold rose spectacularly. The Union Government was faced with a twofold problem. The first was whether it should maintain the link between the Union pound and sterling, which would have the effect of depreciating Union currency well below what is probably its true value. Mr. Havenga decided in favour of the maintenance of the link, for the present at least, as the course likely to cause least dislocation. That decision produced the second problem. Were the gold-mines to be allowed to receive the whole of the windfall accruing from the resultant increase in the gold price, less the amount which would come to the Treasury as a result of the operation of the normal taxation and lease formulas? Gold having risen from 148s. to 168s., this meant, after allowing for increased realisation charges, a windfall to the mines of nearly £5,000,000 a year. To have decided this question in the affirmative would inevitably have led to a good deal of economic dislocation, of which the most obvious evidence would have been Stock Exchange speculation and increased wages, starting a spiral of increasing wages and costs. The question was answered in the negative, it being laid down that the State would buy all the gold produced at 150s. per ounce.

The new Government has endorsed the policy of its predecessor, but has amplified it by indicating its willingness to assist the mines with a rebate in respect of increased working costs. At the same time it has announced its intention to impose an Excess Profits Tax, which would not apply to the mines. In effect, then, the State is taking a Special War Contribution from the mines in lieu of an

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Excess Profits Tax by claiming for itself the proceeds of the increased price of gold above 150s.

The controllers of the mining industry have, however, not been content with this position, and have of late launched a violent agitation against the Government's gold policy. The solid point of their case is that it militates against the working of lower grade ore, and that the grade of ore at present being worked could be reduced, and the life of the industry extended as a result, if the Government were to take the same amount of money as it gets to-day through the operation of an amended taxation formula rather than by the present levy. This is probably correct. But the Government cannot lose sight of the possibility of a further appreciation in the price of gold, with which it could best deal along the lines of its present policy. Quite obviously it is faced with a difficult problem. We shall no doubt learn its decision in Mr. Hofmeyr's Budget Speech.

South Africa,
January 1940.

NEW ZEALAND

I. WAR PREPARATIONS

IN the record of the past quarter New Zealand's war activities must have first place. Two addresses over the air by the Minister of Defence (Hon. F. Jones) on December 16 and 19 have given us full particulars of our war effort on the sea and in the air.

The Navy and Army

The New Zealand Division of the Royal Navy is manned by about 60 per cent. New Zealand ratings and about 40 per cent. ratings lent from the Mother Country. The cruiser *Achilles*, now famous for her share in the battle with the *Admiral Graf Spee*, the escort vessels *Leith* and *Wellington*, and the surveying ship *Endeavour*, were sent at the request of the Admiralty to serve on other stations.

A considerable number of officers and men in the N.Z.R.N.V.R. who will not be needed in the manning of our own ships will be placed at the service of the Admiralty for service in the Royal Navy.

The first contingent of the Expeditionary Force, nearly 7,000 strong, is now in training. Another contingent of the same strength has already been enlisted. The Force is to be commanded by Major-General B. C. Freyberg, V.C., a New Zealander whose bravery at Gallipoli and gallantry and initiative in France in the last war made him a Brigadier-General at 27. His leading will inspire the Second Division to emulate the exploits of the First. The pay of the private is to be 7s. a day instead of 5s. as for the last war. Some of our commercial institutions are making up to their employees the difference between their military pay and their

civil salary. There is to be a special Maori battalion which is intended for the fighting line and not, like the Maoris in the New Zealand force in the last war after Gallipoli, to be confined to pioneer work. It is to be officered by Maoris as far as possible, with a small number of European regular and territorial officers and N.C.O.s. At home, in addition to the territorials, a National Military Reserve (Class II) of over 35,000 men has been formed of returned soldiers and ex-regulars for home-defence services.

So far as training quarters for the troops are concerned the Government did not put its hand to the plough until after the outbreak of war. But once it did so, it ploughed with amazing rapidity and efficiency, thanks to Mr. Semple's (Minister of Public Works) bull dozers, caterpillars, and other mechanical appliances. In an incredibly short space of time, the existing camp was extended, and tussock and pasture land converted into three complete military townships and a manœuvring camp in rolling open country. Returned soldiers describe some of these four training centres as veritable camps *de luxe*, with sewerage, electric lighting, paved roads, and modern buildings, where every need of the troops so far as can be anticipated is provided—swimming baths, libraries, reading and writing rooms, recreation halls, drying-rooms, and wet canteens, where soft drinks and light beer (but no spirits) are procurable. This is in marked contrast to the arrangements in the last war when the camps were "dry" but there were "oceans of booze" outside, so that the closing time for hotels had to be fixed at 6 p.m., a regulation which is still in force.

The Minister of Defence puts the year's expenditure on the Army at £5 millions, including buildings, equipment, ammunition, medical and dental expenses, pay, but excluding the extra cost of sending troops overseas.

The Government, imbued with a strong and natural repugnance to militarism, has had to reconstruct the whole of our Defence Force, which in the depression after the

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last war was allowed to fade to a shadow. It has taken the advice of the experts in military matters, can be trusted not to spoil the ship for a ha'porth of tar, and has in its defence measures the full confidence of the country, which will pull its whole weight in this war as it did in the last.

Criticism has been mainly confined to those who advocate the compilation of a National Register of citizens for service on both the war and the home fronts, and the introduction of conscription, both of which steps were eventually taken in the last war. As to civic service the Government has established a Man-Power Committee consisting of representatives of the relevant Government departments. This Committee reported to the Defence Council and to the Government what it considered essential industries, and on September 27 the House of Representatives was informed that action had been taken. Since then the Government has announced the appointment of a Central Council to co-ordinate the work of bodies dealing with the organisation of the man-power of the Dominion to avoid drafting into the armed forces men who are essential to industries and primary production and to review constantly the possible effect of recruiting on industry. There are, however, complaints from farmers that experienced men in our primary industries who should be kept at home if our production is to be increased are still being allowed to enlist. On the other hand, instances are given of men taken out of camp and returned to civil life. The Government has not yet gazetted a list or given any public indication, as has been done in Australia, of the essential and exempted industries, but it is understood that this will be done later. The Minister of Defence, however, stated on December 16 that the Government had not considered the taking of a register of man-power for recruiting purposes.

As regards conscription, if the war continues for any length of time, it will doubtless, as in the last war, become necessary, and there can be little doubt that the Government

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and the Labour caucus, however distasteful the step may be, will face up to it if and when the time comes. In the last few days the question has been asked of Members of Parliament addressing meetings of Labour representation committees and trade union representatives, "If the appeal for volunteers for the Second Echelon does not succeed, would you take a referendum on conscription?" The Minister of Lands (Hon. F. Langstone), when some of his audience accused him of "hedging", expressed one point of view when he replied:

If there is going to be conscription, there is going to be conscription of wealth. It will mean that you and I will be on a soldier's ration and a soldier's pay, and, if it is going to be that, it will be the greatest step forward to collective socialism because, when it is over, the psychology will have been established.

A more considered statement was made on December 20 by Mr. W. E. Barnard, Labour M.P. for Napier and Speaker of the House of Representatives. He said that the question of conscription had not been discussed in caucus, that the country had given no mandate on it, and that, if it arose, the people should decide. He believed that volunteers could be got if more adequate methods of recruiting were adopted. He declared the view-point of the Minister of Lands to be "utterly erroneous". This was a fight for democracy and for the maintenance of a standard of living which it had been the object of the Labour party to build up and which it is its object to maintain and increase.

It is scant encouragement to the men who have already enlisted or to those who are being asked to enlist, if, in leaving New Zealand, they are permitted to do so with the idea in their minds that their parents and friends will be compelled to accept an inferior standard of living to that which the soldiers are told they are fighting to maintain. A better course and one more in line with the principles of Labour would be to lift the standard of the soldier to that of the average skilled worker.

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The Air Force

Our air training-scheme was well advanced when war threatened, and soon after its outbreak the Government took over almost all the aeroplanes in New Zealand in order to train the personnel. The Dominion's civil air-services have thus been substantially reduced.

The expansion programme, approved in 1938 by the British Air Mission which visited New Zealand early this year, visualised the provision of a big war organisation and much of the preliminary organisation work was in hand on the outbreak of hostilities. Under this scheme, in addition to providing for the defence of the Dominion, the Government agreed to provide and train 650 men as pilots and 650 as observers and air gunners each year. The work done during the last three years in establishing new stations and training schools, the provision of aircraft and equipment and the training of personnel, has helped the rapid expansion of the air force during the first months of the war. New flying training-schools have been opened in Auckland, Dunedin, New Plymouth and Blenheim, new ground training-schools have been opened in Auckland, Wellington, Christchurch, Dunedin and Levin, and over 500 technical and nearly 300 flying personnel are under training. As a first objective the total number of men required for training as pilots, observers and air gunners is little short of 10,000, to be enlisted as rapidly as the training organisations can absorb them. The pilots will receive their ground training and elementary training within the Dominion, and the greater proportion will complete their training here. The air observers and air gunners will do a short ground-training course in New Zealand before proceeding to Canada to complete their air training. Until the training establishments in Canada are ready to receive these men for training, the observers' school at Ohakea will continue training air observers and gunners for direct entry into the Royal Air Force.

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Supplies of Aircraft

Provision has been made for elementary training aircraft for use in New Zealand. Some are already in the Dominion, others are on the way; but the De Havilland Aircraft Company, which recently commenced operations in Wellington, will be in a position during the coming year to fulfil our local requirements. Intermediate training aircraft cannot yet be manufactured within the Dominion, and Great Britain has undertaken to augment the supply of these aircraft from overseas sources. Advanced training and service aircraft will also be obtained from overseas, and Great Britain has guaranteed delivery.

Great Britain will provide free of cost the greater portion of the aircraft and engines for the initiation of the scheme, make good all wastage replacements and spares for the aircraft and engines originally contributed free. Great Britain will also provide the necessary instructors to supplement those provided within New Zealand, and pay the cost of pay and allowances and pensions at Royal Air Force rates from the date of embarkation for England of all personnel. This represents direct assistance to this country of over £3,000,000. The pay of trainees in Canada will be at Canadian rates until completion of service training, and this is a charge against the Canadian scheme. New Zealand accepts responsibility for all pay and allowances while personnel are serving in New Zealand.

All trainees will be enlisted in the Royal New Zealand Air Force, and on the completion of their training will be attached to the Royal Air Force from the date of embarkation for Great Britain. Those completing their training in Canada will be transferred to the Royal Canadian Air Force whilst in that country. New Zealanders are to retain their identity as such as far as is possible.

New Zealand's share of the Canadian training-scheme will, during the period of the agreement—a little more than three

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years—amount to some £7,000,000 sterling. In addition, New Zealand will be required to meet the cost of our local effort, which is roughly estimated at £5,000,000 for 1939-40 and at £4,700,000 for 1940-41. Thereafter the local expenditure is estimated at about £3,000,000 a year.

An educational training-scheme has been instituted to enable men not at present up to the required educational standard to undertake instruction in their own time at organised classes in the main centres, or by correspondence should they not be resident at a training centre.

There are approximately 500 New Zealanders in the Royal Air Force serving overseas to-day. What some of them have already done has been broadcast throughout the Empire.

II. THE OBSTACLES TO A POLITICAL TRUCE

TODAY a Coalition Government, such as was necessitated—and formed—during the last war by the almost even balance of the two principal parties, Reform and Liberal, with no great gulf dividing their political opinions, and with only seven Labour members in the House of Representatives, is out of the question. There is practically no political co-operation between the Government and the Opposition. A political truce has been suggested, but there is a sharp division of opinion as to the terms on which such a truce can be arranged in consequence of disagreement on the following main points: (a) the enactment or halting of controversial legislation; (b) the measure of co-operation possible between the Government and the representatives of our industries and commerce; (c) the confinement of war measures to the duration of the war and for a reasonable time thereafter; (d) the effect of government control and its restrictions on the development or limitation of the production of the country and therefore on its contribution to the food supplies of Great Britain; (e) the economic policy that will give the best result in the prosecution of the war. Any

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criticism on these points by press, farmers, or Chambers of Commerce is described by the Prime Minister as attempts to “sabotage” the Government’s war policy. In the first of a series of Sunday talks on the National Radio Service Mr. Savage appealed for national unity and claimed that, “while the Government would refrain from consciously endeavouring to use the war for the furtherance of its domestic policy”, national unity was not to be bought by the abandonment of that policy and that, while the Government had a right to continue the development of such policy in war-time, its opponents ought to abstain from attacking developments which would have come about if there had been no war.

It is on this claim that issue is joined. The opponents of the Government, including in that term not merely members of a political party but those citizens who have uttered protests—stigmatised as sabotage—against the effect of government control and restriction, contend that in war-time a Government’s domestic policy should be halted so that as far as possible the *status quo ante* the war should be preserved. Failing this, they maintain that the opponents of a controversial policy which is not only continued but extended must retain their right of criticism and opposition thereto, especially if they consider that, instead of assisting, it hampers the aim the Government has in view, the increase of production and the most effective development of our industries and trade. Moreover, they contend that, in spite of the Prime Minister’s assurance, the wide and dictatorial power given to the Government by the Acts passed during the last session of Parliament, the refusal to limit the duration of their operation, and the accompanying regulations justify the inference that the Government is using the war to implement and extend its policy of socialisation. The two measures that have aroused the keenest opposition and are regarded with most suspicion are the Reserve Bank of New Zealand Amendment Act and the Marketing Amendment

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Act. Further restrictions on imports for the third term and the Price Stabilisation Emergency Regulations, 1939, intended to keep prices down and prevent profiteering, add to the difficulties and anxieties of the commercial world.

The Reserve Bank of New Zealand Amendment Act

The above Act, passed at the end of the session despite a stubborn stonewall by the Opposition, places the Bank completely under political control. Section 10 of the Amending Act, 1936, provided that

It shall be the general function of the Reserve Bank, within the limits of its powers, to give effect as far as may be to the monetary policy of the Government, as communicated to it from time to time by the Minister of Finance. For this purpose, and to the end that the economic and social welfare of New Zealand may be promoted and maintained, the Bank shall regulate and control credit and currency in New Zealand, the transfer of moneys to and from New Zealand, the deposit of moneys that are derived from the sale of any New Zealand products and for the time being are held overseas.

This still left the Governor and the Directors, over whom the Government could secure a majority control, as a brake, if not a very effective one, on the Government's banking policy. The principal clause of the Act of 1939 states that

In the exercise of their powers and functions under the principal Act the Governor and the Board of Directors shall have regard to any representations that may be made by the Minister of Finance in respect of any functions or business of the Reserve Bank, and shall give effect to any decision of the Government in relation thereto conveyed to the Governor in writing by the Minister of Finance.

Another clause empowers the Minister to suspend either absolutely or subject to such conditions as he thinks fit the minimum reserve of 25 per cent. of gold or sterling held against notes and other demand liabilities.

The Minister of Finance admitted that the Governor of

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the Bank disapproved of the Bill and that it would have been introduced whether there had been a war or not. In the debate there was a hint from private Labour members that this was the first step towards the complete control of the whole banking system and a demand that the State control one or more of the private trading banks.

The Marketing Amendment Act

Another measure that has caused alarm is the Marketing Amendment Act which changes the Primary Products Marketing Department to the Marketing Department and enables it by Order in Council to purchase or acquire any classes of goods and sell or otherwise dispose of them for consumption or use in New Zealand or elsewhere. The prices to be paid by the Department may also be fixed by Order in Council. The provisions of the original Act regarding the handling, pooling, shipment and insurance of dairy produce are extended to apply to any other commodity which may be acquired by the Department, and the powers given in the Primary Products Marketing Amendment Act are extended to apply to any goods acquired under the Act, whether foodstuffs or not. Special accounts may be opened at the Reserve Bank for the purposes of the Act. No limit is to be placed on the authority of the Reserve Bank to grant accommodation by way of overdraft to any account established in this way, and such accommodation is not to be deemed an unsecured loan or advance. A dangerous clause. All moneys derived from the operation of the Department will be paid into the relevant account. Similarly, payments for goods acquired by the Crown, charges for freight, insurance, storage and marketing, and interest payable to the Reserve Bank on any overdraft and administrative costs are to be met from the accounts. In fixing the prices of goods acquired by the Department during the present emergency, due regard is to be given to "the existence of such state of emergency, or of war, and to the conditions

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created thereby". This clause will condition the provision of the original Act setting out how the price of produce is to be fixed.

The alarm was intensified by Mr. Nash's reply to a question whether the Bill was intended to be for the duration of the war. He said, "No, for all time, except that we must take into account in fixing prices that we are in an emergency condition on account of the war." Subsequently he said, and Mr. Fraser, the acting Prime Minister, confirmed his statement, that the whole procedure would have to be reviewed as soon as possible after the end of the war, and the House would decide. A motion by the Leader of the Opposition that the powers taken in the Bill should operate only for the duration of the war and for twelve months thereafter was rejected by 37 votes to 21.

It was contended in the debate and in the press that these facts excite the strongest suspicion that, under the guise of a war measure, intended to enable the Government to sell direct to the British Government all our primary products normally exported, the Labour Government is giving permanent form to its policy of complete socialisation of the country's primary industries.

The Purchase of Produce in Bulk

Armed with these powers, the Minister of Marketing has arranged for the sale to the British Government of practically our whole exportable supply of wool, frozen meat, skins and hides, butter and cheese, at prices and on terms that are generally considered reasonable and on conditions that correspond closely to those upon which Canadian and Australian produce has been purchased. While the dairy farmers here do not complain that the price, which may just cover the guaranteed price to be paid to them for 1939-40, is too low, they are disappointed that they are to get under the guaranteed price scheme only the same price as for 1938-39. They contend that, taking into account the

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increased and increasing cost of goods and labour, this price will not cover the cost of production.

But that does not end the bulk marketing. Last year New Zealand exported to the United Kingdom 40 million pounds of apples and 3.2 million pounds of pears. The British Government does not desire to purchase this fruit. In consequence, and after negotiations with representatives of the fruit-growers, the Government has undertaken to buy all graded fruits at a price estimated to average about 5s. a case at assembly points. Marketing will be in the hands of the State Marketing Department, which will take over the staff of the Fruit Control Board and with which an advisory committee will work. The scheme covers all apples and pears sold in the fresh-fruit market, but growers who have developed their own private trade to consumers may, under certain conditions, continue the trade and not come under the scheme. The Government is trying to arrange the export of as much fruit as possible, but the difficulties of export, not only to the United Kingdom but to our other overseas customers, may be insuperable.

Protests against Restriction and Regimentation

The past two months have seen a large number of meetings and deputations, including farmers, commercial and business men, Chambers of Commerce, shopkeepers and employees, expressing anxiety at the present situation, asking for an assurance that the Government will not control the economic structure under the guise of war emergency, and for an alteration of the present import licensing system, and predicting the creation of a serious state of unemployment in consequence of the import restrictions. The builders and contractors pointed out the detrimental effect of the restrictions on the building industry and the serious state of unemployment that would be created. The Council of the New Zealand Manufacturers' Association, for the encouragement of whom the Minister of Industries and

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Commerce (Hon. D. G. Sullivan) declared that some measure of import control would always be necessary, in its annual report said:

There was an inexcusable delay in bringing down the schedules for the third-period licences, a delay which has cost the country millions of pounds through inability to order in a period of rapidly rising prices overseas, and which has put many manufacturers months late in placing orders for materials, the non-arrival of which must, in many cases, stop the wheels of industry in the early months of next year.

Mr. Savage's reply on December 3 to the demand for the modification of the present policy of import control was that the only alternative was a reduction of the people's purchasing power, a reduction all round of wages, guaranteed prices and pensions.

The Price Regulations

The Price Stabilisation Emergency Regulations 1939 have been criticised both by economists and commercial men, and Bulletin 179, November 1939, prepared by the Canterbury Chamber of Commerce in consultation with the Department of Economics of Canterbury University College, declares that as a means of stabilising prices in war-time they can only be regarded as quite impracticable. They provide that, except with the express authority of the Minister of Industries and Commerce, no goods may be sold for prices higher than those charged for similar goods on September 1, 1939. Replacement cost is definitely ruled out as a basis for price-fixing, although the Bulletin maintains that in trading practice it is inevitable that replacement costs must be taken into account in fixing prices. A Price Investigation Tribunal, it says,

is charged with the task of investigating every application for increase of prices (with elaborate details shown by the trader) over the thousands of different commodities and almost infinite variety of goods and of conditions of production and sale in the Dominion. No increase of prices is permitted until the approval

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of the Tribunal has been obtained. But no tribunal can possibly deal with all the applications that would need to be made. Hopeless congestion and long delays are inevitable even for the most important items of trade. Pending decisions by the Tribunal, traders are unlikely to sell at a loss, and either consumers must be deprived of the goods they require or the regulations must be disregarded. A statement by the Minister, published on November 2, two months after the regulations had been in operation, suggests some simplification of the procedure. Provision is to be made for averaging, for profits on increased costs, for the treatment of items in groups, and for acceptance of applications from trade organisations on behalf of their members. In effect, such statements admit the necessity for modifying the methods of regulation adopted, but the regulations remain and their difficulties and dangers are only slightly reduced.

On the other hand, it is claimed by the Government that profiteering has been effectually prevented, and in a broadcast address on December 18 Mr. Sullivan maintained that in no country in the world had control of prices been so effective as in New Zealand, and he contrasted the food prices in the United Kingdom with those in New Zealand since the outbreak of war. Every effort had been made, he said, to prevent the exploitation of the consumer without injustice to the commercial community.

The Revocation of the Appointment of Mr. J. A. Lee, M.P.

An event which illustrates the difficulty of the Prime Minister acceding to the request of the Opposition for a "halt", when those behind Mr. Savage cry "Forward", was the notification in the *Gazette* on December 21 of the revocation of the appointment of Mr. John Alexander Lee, Labour M.P. for Grey Lynn, Auckland, as Parliamentary Under-Secretary to the office of the Minister of Finance (Hon. W. Nash). Mr. Nash stated that Mr. Lee's writings conveyed impressions incompatible with the mutual trust and loyalty essential between those who work in close co-operation. The Government had been unanimous in the request to the Governor-General to revoke the appointment.

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Mr. Lee is well known as the author of *Children of the Poor*, and as the outspoken leader of the Left wing of the Labour party. His offending came to a climax in an article on "Psycho-Pathology" in *Tomorrow*, a journal of the Left, in which he showed how often the fate of a party is determined by the health of its leader. Mr. Lee's own leader is not mentioned. Only the "pathological" cases of Woodrow Wilson, Ramsay MacDonald, and Sir Joseph Ward are cited. But the inference is clear. And it is equally clear what Mr. Lee wants. In an article in *Tomorrow* on December 20 he stated that he stood for democratic control within the Labour Party, and wishes "production, distribution and exchange to be socially controlled and directed, and to socialise banking". And in a note to the press since the revocation of his appointment Mr. Lee expressed the intention of devoting more time to campaigns for the complete initiation of Labour's socialist policy, for the avoidance of crushing war debts, and for the defeat of conscription. This last he would fight by helping in voluntary recruitment for the destruction of Hitlerism.

This attack upon the Prime Minister, who, on the very night he went into hospital to undergo a severe operation, presented the Finance Statement to the House of Representatives, will only evoke sympathy of friend and foe alike. But the unity of all parties in New Zealand's war effort will not be made easier if the ranks of Labour are divided. While, however, Mr. Lee's proposals for socialisation are responsible for a good deal of the anxiety expressed in this article, he has, as has been seen, no doubts about the war; and as a means of easing the situation Mr. Barnard, Speaker of the House of Representatives, has suggested in an interview that Mr. Lee, who served his country with distinction in the last war and is a member of the Council of Defence, should be put in charge of recruiting.

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1. Sermon preached by Dr. Emil Brunner, Professor of Theology at the University of Zürich, to a large congregation of soldiers and civilians in the Exhibition Hall at Zürich on September 17, 1939.

SWISS FREEDOM AND THE SOVEREIGNTY OF GOD

This day is known as the Federal Day of Thanksgiving, Penance and Prayer. By that we mean that our fathers, who ordained by a law of the federation that the third Sunday in September should have this character, were thus expressing their recognition that Prayer, Penance and Thanksgiving and the Swiss Confederation belong together. To-day, barely a fortnight after our people have been roused from peace by the terrors of the European war and have been called to arms, it is easier than in quieter times for us to grasp the deep truth that lies in this federal confession of our fathers. Thanksgiving, Heartsearching and Prayer are the foundations of a strong and a free Switzerland.

Thanksgiving

Can we give thanks even to-day? Surely, to-day more than ever. No one knows what will be left of the Europe of to-day or of Western civilization at the end of this catastrophe. But one thing we know: God will still be there and, though nothing is left standing of what we have built, His Kingdom will still stand. Through all conflicts He will bring to its accomplishment His plan which He has revealed to us in Jesus Christ, His Son. That we know this because He Himself has told it to us and tells it to us ever again is ground enough for thanksgiving. One day Switzerland will exist no more, one day each of us will have left this home for ever, but God's Kingdom endures for eternity. Therefore our thanks for this must come first. If we put first not God and the things that are God's but ourselves, our country and our freedom, then we have already laid the axe to the root of that freedom. Where the nation and the state take the first place and not God, there is the end of freedom. That is the lesson of our time.

But it is this God, the Lord and Creator, who gave us our country and our freedom. The Swiss Confederation is the work of brave men who were ready for sacrifices. Let us keep their memory in thankfulness. Yet Switzerland and its freedom are not primarily the work of

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men, but the gift of God. We did not ourselves create this country in the middle of Europe, this country of heights, of springs and of frontiers, and we did not place ourselves in it. History teaches us that exceptionally fortunate conditions made possible the union of the Confederates and the maintenance of that union alone of all the similar confederations of those days. Unbelievers call these circumstances fortuitous, we Christians know that God's Providence so ordained it.

Swiss freedom has a character of its own with which the much later and different free institutions of other nations cannot be compared. Switzerland is a Union and stands as a Union down to our day. The Union is not the Government in Bern, but the will of the Confederates, of the communes and cantons, to form one whole for mutual aid. The 3,000 communal flags and the twenty-two cantonal banners are more than a fine decoration for our national exhibition, they are at once an admission and a warning: we must and we will help one another, we of German Switzerland those of French Switzerland, we who are stronger those who are weaker, with our votes and our taxes, without grumbling and in joyfulness, even when it goes against the grain. Only in such thankful readiness to help can our Union live. Switzerland is no fact of nature, like other countries; it is a moral fact and rests on the will to unity and the loyalty to unity of the Confederates. In so far as this sentiment of unity and of willingness to help is a living thing, in so far, but not otherwise, is there strength and life in the Confederation.

Union means "One for all, all for one". The Confederation was always strong when these words were true and weak when they degenerated into a phrase. But Switzerland is not merely an association, but an association under oath (*Eidgenossenschaft*), a Union before God, a Union in which He is the connecting bond. If God ceases to be the cornerstone of Swiss union, then the association under oath will become a mere association for profit, then the Union will founder. And the same is true of freedom. The centuries have shown where freedom without God leads—to anarchy. When every one is his own master, freedom becomes the struggle of all against all. And this anarchy cries out, as we have learnt in the last twenty years, for dictatorship, for the rule of force. We people of Switzerland owe it to the merciful Providence of God that we have not sunk to such depths here at home, for even here the evil spirits of disruption and force have walked abroad. Too many even of our own people have forgotten that freedom without God is the decay of community, community without God is union under compulsion. Only when we recognise God without reserve as the Lord can there be freedom with authority, independence with community. He who owns God as his Master is at once free and bond, and it is only of such that a Union can be made and maintained. The thankful recognition of God the Lord is the backbone of the Confederation and the marrow of its freedom.

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Penance

And so we come to the enemies of Swiss freedom. The enemies within are more dangerous than those without. Switzerland has only been conquered by its enemies without when it had first been undermined by those within. I wish to name to you the four greatest enemies of Swiss freedom, so that we may know them and hate and resist them. The first is the perversion of that principle on which our Union is founded from "One for all, all for one" into its opposite, "All for me, I for none". The old Confederation more than once came to the edge of ruin, because the selfishness of cantons or of classes outweighed their sense of community. So it was after the wars with Burgundy and in the French days of 1798. We can thank God that before the present trial of strength He allowed us through our national exhibition to make good much in which we had gone astray by denying the confederate spirit of the Union. If we look on the Union as a milch cow from which we are each to draw all we can, we must perish. How often in our days has the Federal Parliament seemed to be only a party mart, how often have the rights of minorities been overridden by a majority at the polls, how often has federal help gone not where it was most needed, but where there were most votes to be had. And how many of us are in the habit of grumbling and of evading when there are taxes to be paid. How shall we now behave when food is to be rationed and taxes will mount higher? Shall we again try to put off the burden on to the next generation? Let us not forget that the foundation of the Union is those words of Holy Writ, "Let each one of you bear the other's burden."

The second enemy is materialism. In plain language, "Above all I want a good time." Remember those diagrams in the exhibition: "How Switzerland is growing grey." It is more popular to limit children than to limit our pleasures. Even in the crisis Switzerland was a country of festivals. There are many who think, "Bread is worth more than freedom, and cake more than bread." How great would be the power of resistance of our people if some enemy from without said, "Give up your independence or we will make you into a nation of paupers"? What we call the mentality of the hotel-keeper is to be found far and wide in all classes. How many of us believe, "Man shall not live by bread alone but by every word that proceedeth out of the mouth of God. Seek ye first the Kingdom of God and His righteousness, and all these things shall be added unto you"?

The third enemy is smallness of spirit and the anxious striving after security that flows from it. The founding of the old Confederation was a "venture of faith". By all the calculations of probability the Confederates should have been defeated and destroyed at Morgarten, Sempach and Murten. If the Swiss of old had lived by the light of that principle which is so widely honoured to-day—"I shall not take part

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unless you can guarantee success"—no oath would ever have been taken on the Rütli. What future has Switzerland if it becomes in increasing measure a vast insurance institution? The totalitarian revolutions have owed their immense success above all to their appeal to the daring of youth and their capacity to call into being a passionate faith. It was a false daring and a pernicious, fanatical and inhuman faith, and thus it has led inevitably to catastrophe. Let us guard against *this* daring and *this* passion. But to be without passion is as false as to be fanatical. There is a daring and a passion that lead not to fanaticism and inhumanity but to true humanity, which is trust in God and the passionate love of our fellow men that springs from that trust. The great men of Switzerland, from Nicholas von der Flüe and Huldreich Zwingli to Pestalozzi and Dunant, were great spirits because they had this true daring and this true passion. They were fanatics for the Kingdom of God and the dignity of mankind.

The fourth enemy is self-righteousness and that priggish and carping outlook to which it leads. Was it not the greatest of all the wonders of our national exhibition that for once we found all Switzerland united in praise, and for once heard no captious voice? But the exhibition will soon be over. Who will then drive out of us the opinion that we are better than others and know better than others? The only radical remedy against that opinion is belief in God, before whom we have nothing of which to boast, God who pardons us in His mercy alone. Or shall we pretend to know even that better than God, who says to us "Thou art a sinner and hast need of redemption by Jesus Christ"?

Prayer

He who does not pray is self-sufficient and his own master. To give up prayer is the first step to self-idolatry. We see to-day where the self-idolatry of men and of nations leads. To pray means to place ourselves with thankfulness and humility under God's will. There are many who think that prayer is unmanly. The heroes of Morgarten, of Sempach and of Murten did not hold that opinion. They prayed before their battles and gave the honour to God after their victories. Our greatest men knew that true humility is the only real magnanimity. For humility is the right measure of what God is and what we are.

From humility grows humanity, pure goodness. Remember the three crosses, for they are the Swiss confession of faith. The Swiss cross had its origin and its power in the Cross of Christ and finds its destiny in the Red Cross, in the service of reconciliation and active brotherly love. From God's love which He gave us in the Cross of Christ comes true humanity. Love from God alone is goodness without sentimentality, strength without brutality.

Such love we cannot create, it is grace. It comes from prayer in faith, from the converse of the creature with the Creator. The destiny

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of Switzerland in the world, before all other nations, is to seek for greatness in this helpful love. Switzerland would lose her honour if she refused, at this hour of all others, when she is spared the miseries of war, to give shelter and help to refugees and emigrants who need comfort.

We can be great in service only and not in ruling others, and thus we can be great only through our humble faith in Him who alone is great. Our Swiss people have been placed not by their own eminence but by the grace of God the Creator at the sources of the rivers of Europe, as their wardens. Again not through our own eminence, but by God's merciful Providence, we are wardens to-day in the spiritual sense also. It is our duty to watch over the sources of the best spiritual tradition of Europe. We cannot guard those sources except by keeping them pure, here amongst ourselves. The root of all true humanity lies in reverence for Him from whom all life flows. And so the source which above all others we must keep pure is that from which God's own water of life springs, the Holy Word of His revelation. If that spring is choked, then our soul will die and the soul of the Swiss nation will die. If ever the Swiss nation should cease to be a people that prays to God and believes in Him and hearkens unto Him, that will be the end of our mission amongst the nations of the world.

Swiss freedom and the Sovereignty of God are not just beautiful ideas with which we can intoxicate ourselves and about which we can make fine speeches. They demand to be turned into realities, they cost a high price, they claim our whole devotion. What sort of price are you ready to pay? So far we are not called on to face the ordeal by blood—may the Lord of the destinies of nations spare us that once more—but out there they are fighting for our freedom. What are we to offer in return? Shall we willingly make the sacrifices that are asked of us? Shall we willingly deprive ourselves to help others? What is your voluntary sacrifice?

It is only when our people turn again to God that we can stem the flood of selfish enjoyment and that we can overcome self-seeking and destructive criticism and cowardice. A godless people has no moral reserves. Swiss freedom without the reign of God is like a branch sawn from a tree. There may still be fruit on the branch, but before another year it will have withered away. A living force for good can come only from a connection with the source of goodness. What are we doing to establish this connection, to maintain and to strengthen it? Through the meadows and fields of the mountain parish in Glarus, where for many years I worked as pastor, there stretched a high-tension line from a large power-station. But the parish had no benefit from it, because it had no connection to this stream of power which passed it by. And then those mountain peasants thought of something; they built a transformer and linked their network to the great power stream. Since then they have had all the light and warmth they needed. That is the question for every one of us citizens of Switzerland, the question on the

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answer to which everything turns: "will you do likewise?" Will you do likewise? Will you seek to be joined to that great source of strength, which alone dispenses the light and power of goodness? Will you set aside a short time each day to hear God's word and speak with Him? He who does that will learn that community with God creates new life, neighbourly love and that unshakable trust in the ultimate victory of righteousness which is our pressing need to-day.

People of Switzerland, *here* lie the strong roots of your power. My country, hear the word of the Lord.

2. President Roosevelt's Message to Congress, January 3, 1940.

As the Congress reassembles, the impact of wars abroad makes it natural to approach "The State of the Union" through a discussion of foreign affairs. But it is important that those who hear and read this message should in no way confuse that approach with any thought that our Government is abandoning, or even overlooking, the great significance of its domestic policies. The social and economic forces which have been mismanaged abroad until they have resulted in revolution, dictatorship and war are the same as those which we here are struggling to adjust peacefully at home. You are well aware that dictatorships—and the philosophy of force which justifies and accompanies dictatorships—have originated in almost every case in the necessity for drastic action to improve internal conditions where democratic action for one reason or another has failed to respond to modern needs and modern demands. It was with far-sighted wisdom that the framers of the Constitution brought together in one magnificent phrase three great concepts—"common defense", "general welfare" and "domestic tranquility". More than a century and a half later we still believe with them that our best defense is the promotion of our general welfare and domestic tranquility.

In previous messages to the Congress, I have repeatedly warned that, whether we like it or not, the daily lives of American citizens will, of necessity, feel the shock of events on other continents. This is no longer mere theory, for it has been definitely proved by the facts of yesterday and today. To say that the domestic well-being of one hundred and thirty million Americans is deeply affected by the well-being or the ill-being of the populations of other nations is only to recognize in world affairs the truth we all accept in home affairs. If in any local unit—a city, county, state or region—low standards of living are permitted to continue, the level of the civilization of the entire nation will be pulled downward. The identical principle extends to the rest of a civilized world. But there are those who wishfully insist, in innocence or ignorance or both, that the United States of America as a self-contained unit can live happily and prosperously, its future secure, inside a

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high wall of isolation while, outside, the rest of civilization and the commerce and culture of mankind are shattered.

I can understand the feelings of those who warn the nation that they will never again consent to the sending of American youth to fight on the soil of Europe. But, as I remember, nobody has asked them to consent—for nobody expects such an undertaking. The overwhelming majority of our fellow citizens do not abandon in the slightest their hope and expectation that the United States will not become involved in military participation in the war. I can also understand the wishfulness of those who over-simplify the whole situation by repeating that all we have to do is to mind our own business and keep the nation out of war. But there is a vast difference between keeping out of war and pretending that this war is none of our business. We do not have to go to war with other nations, but at least we can strive with other nations to encourage the kind of peace that will lighten the troubles of the world, and by so doing help our own nation as well.

I ask that all of us everywhere think things through with the single aim of how best to serve the future of our own nation. I do not mean merely its future relationship with the outside world. I mean its domestic future as well—the work, the security, the prosperity, the happiness, the life of all the boys and girls of the United States, as they are inevitably affected by such world relationships. For it becomes clearer and clearer that the future world will be a shabby and dangerous place to live in—even for Americans to live in—if it is ruled by force in the hands of a few.

Already the crash of swiftly moving events over the earth has made us all think with a longer view. Fortunately, that thinking cannot be controlled by partisanship. The time is long past when any political party or any particular group can curry and capture public favor by labelling itself the "Peace Party" or the "Peace Bloc". That label belongs to the whole United States and to every right-thinking man, woman and child within it. For out of all the military and diplomatic turmoil, out of all the propaganda and counter-propaganda of the present conflicts, there are two facts which stand out and which the whole world acknowledges. The first is that never before has the Government of the United States done so much as in our recent past to establish and maintain the policy of the good neighbor with its sister nations. The second is that in almost every nation in the world today there is a true public belief that the United States has been, and will continue to be, a potent and active factor in seeking the re-establishment of peace.

In the recent years we have had a clean record of peace and goodwill. It is an open book that cannot be twisted or defamed. It is a record that must be continued and enlarged. So I hope that Americans everywhere will work out for themselves the several alternatives which lie before world civilization, which necessarily includes our own. We must look ahead and see the possibilities for our children if the rest of the world

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comes to be dominated by concentrated force alone—even though today we are a very great and a very powerful nation. We must look ahead and see the effect on our own future if all the small nations throughout the world have their independence snatched from them or become mere appendages to relatively vast and powerful military systems. We must look ahead and see the kind of lives our children would have to lead if a large part of the rest of the world were compelled to worship the god imposed by a military ruler, or were forbidden to worship God at all; if the rest of the world were forbidden to read and hear the facts—the daily news of their own and other nations—if they were deprived of the truth which makes men free. We must look ahead and see the effect on our future generations if world trade is controlled by any nation or group of nations which sets up that control through military force. It is, of course, true that the record of past centuries includes destruction of small nations, enslavement of peoples and building of empires on the foundation of force. But wholly apart from the greater international morality which we seek today, we recognize the practical fact that with modern weapons and modern conditions, modern man can no longer live a civilized life if we are to go back to the practice of wars and conquests of the seventeenth and eighteenth centuries.

Summing up this need of looking ahead, and in words of common sense and good American citizenship, I hope that we will have fewer American ostriches in our midst. It is not good for the ultimate health of ostriches to bury their heads in the sand. Only an ostrich would look upon these wars through the eyes of cynicism or ridicule. Of course, the peoples of other nations have the right to choose their own form of government. But we in this nation still believe that such choice should be predicated on certain freedoms which we think are essential everywhere. We know that we ourselves will never be wholly safe at home unless other governments recognize such freedoms.

Twenty-one American republics, expressing the will of two hundred and fifty million people to preserve peace and freedom in this hemisphere, are displaying a unanimity of ideals and practical relationships which gives hope that what is being done here can be done on other continents. We in all the Americas are coming to the realization that we can retain our respective nationalities without, at the same time, threatening the national existence of our neighbors. Such truly friendly relationships, for example, permit us to follow our own domestic policies with reference to our agricultural products, while at the same time we have the privilege of trying to work out mutual assistance arrangements for a world distribution of world agricultural surpluses. And we have been able to apply the same simple principle to many manufactured products—surpluses of which must be sold in the world export markets if we would continue a high level of production and employment.

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For many years after the World War, blind economic selfishness in most countries, including our own, resulted in a destructive minefield of trade restrictions which blocked the channels of commerce among nations. This policy was one of the contributing causes of existing wars. It dammed up vast unsaleable surpluses, helping to bring about unemployment and suffering in the United States and everywhere else. To point the way to break up the logjam, our Trade Agreements Act was passed—based upon a policy of equality of treatment among nations and of mutually profitable arrangements of trade.

It is not correct to infer that legislative powers have been transferred from the Congress to the executive branch of the Government. Everybody recognizes that general tariff legislation is a congressional function, but we know that, because of the stupendous task involved in the fashioning and passing of a general law, it is advisable to provide at times of emergency some flexibility to make the general law adjustable to quickly changing conditions. We are in such a time today. Our present trade agreement method provides a temporary flexibility and is, therefore, practical in the best sense. It should be kept alive to serve our trade interests—agricultural and industrial—in many valuable ways during the existing wars. But what is more important, the Trade Agreements Act should be extended as an indispensable part of the foundation of any stable and durable peace. The old conditions of world trade made for no enduring peace; and, when the time comes, the United States must use its influence to open up the trade channels of the world in order that no nation need feel compelled in later days to seek by force of arms what it can well gain by peaceful conference. For this purpose we need the Trade Agreement Act even more than when it was passed.

I emphasize the leadership which this nation can take when the time comes for a renewal of world peace. Such an influence will be greatly weakened if this Government becomes a dog in the manger of trade selfishness. The first President of the United States warned us against entangling foreign alliances. The present President of the United States subscribes to and follows that precept. But trade co-operation with the rest of the world does not violate that precept in any way.

Even as through these trade agreements we prepare to co-operate in a world that wants peace, we must likewise be prepared to take care of ourselves if the world cannot attain peace. For several years past we have been compelled to strengthen our own national defense. That has created a very large portion of our treasury deficits. This year, in the light of continuing world uncertainty, I am asking the Congress for Army and Navy increases which are based not on panic but on common sense. They are not as great as enthusiastic alarmists seek. They are not as small as unrealistic persons claiming superior private information would demand. As will appear in the annual budget tomorrow, the only important increase in any part of the budget is the estimate for national defense. Practically all other important items show a reduction.

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Therefore, in the hope that we can continue in these days of increasing economic prosperity to reduce the Federal deficit, I am asking the Congress to levy sufficient additional taxes to meet the emergency spending for national defense.

Behind the Army and Navy, of course, lies our ultimate line of defense—"the general welfare" of our people. We cannot report, despite all the progress we have made in our domestic problems—despite the fact that production is back to 1929 levels—that all our problems are solved. The fact of unemployment of millions of men and women remains a symptom of a number of difficulties in our economic system not yet adjusted. While the number of the unemployed has decreased, while their immediate needs for food and clothing—as far as the Federal Government is concerned—have been largely met, while their morale has been kept alive by giving them useful public work, we have not yet found a way to employ the surplus of our labor which the efficiency of our industrial processes has created. We refuse the European solution of using the unemployed to build up excessive armaments which eventually result in dictatorships. We encourage an American way—through an increase of national income which is the only way we can be sure will take up the slack. Much progress has been made; much remains to be done. We recognize that we must find an answer in terms of work and opportunity.

The unemployment problem today has become very definitely a problem of youth as well as of age. As each year has gone by, hundreds of thousands of boys and girls have come of working age. They now form an army of unused youth. They must be an especial concern of democratic government. We must continue, above all things, to look for a solution of their special problem. For they, looking ahead to life, are entitled to action on our part and not merely to admonitions of optimism or lectures on economic laws.

Some in our midst have sought to instill a feeling of fear and defeatism in the minds of the American people about this problem. To face the task of finding jobs faster than invention can take them away is not defeatism. To warble easy platitudes that, if we will only go back to ways that have failed, everything will be all right is not courage. We met a problem of real fear and real defeatism in 1933. We faced the facts—with action, not with words. The American people will reject the doctrine of fear, confident that in the '30s we have been building soundly a new order of things different from the order of the '20s. In this dawn of the decade of the '40s, with our program of social improvement started, we must continue to carry on the processes of recovery so as to preserve our gains and provide jobs at living wages.

There are, of course, many other items of great public interest which could be enumerated in this message—the continued conservation of our natural resources, the improvement of health and of education, the extension of social security to larger groups, the freeing of large areas

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from restricted transportation discriminations, the extension of the merit system and many others. Our continued progress in the social and economic field is important not only for the significance of each part of it but for the total effect which our program of domestic betterment has upon that most valuable asset of a nation in dangerous times—its national unity.

The permanent security of America in the present crisis does not lie in armed force alone. What we face is a set of worldwide forces of disintegration—vicious, ruthless, destructive of all moral, religious and political standards which mankind, after centuries of struggle, has come to cherish most. In these moral values, in these forces which have made our nation great, we must actively and practically reassert our faith. These words—"national unity"—must not be allowed to become merely a high-sounding phrase, a vague generality, a pious hope, to which everyone can give lip-service. They must be made to have real meaning in terms of the daily thoughts and acts of every man, woman and child in our land during the coming year and the years that lie ahead.

For national unity is, in a very real and deep sense, the fundamental safeguard of all democracy. Doctrines which set group against group, faith against faith, race against race, class against class, fanning the fires of hatred in men too despondent, too desperate to think for themselves, were used as rabble-rousing slogans on which dictators could ride to power. And once in power they could saddle their tyrannies on whole nations, and on their weaker neighbors. This is the danger to which we in America must begin to be more alert. For the apologists for foreign aggressors, and equally those selfish and partisan groups at home who wrap themselves in a false mantle of Americanism to promote their own economic, financial or political advantage, are now trying European tricks upon us, seeking to muddy the stream of our national thinking, weakening us in the face of danger by trying to set our own people to fighting among themselves.

Such tactics are what have helped to plunge Europe into war. We must combat them, as we would the plague, if American integrity and security are to be preserved. We cannot afford to face the future as a disunited people. We must, as a united people, keep ablaze on this continent the flames of human liberty, of reason, of democracy and of fair play as living things to be preserved for the better world that is to come. Over-statement, bitterness, vituperation, and the beating of drums, have contributed mightily to ill-feeling and wars between nations. If these unnecessary and unpleasant actions are harmful in the international field, they are also hurtful in the domestic scene. Peace among ourselves would seem to have some of the advantage of peace between us and other nations. And, in the long run, history amply demonstrates that angry controversy surely wins less than calm discussion.

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In spirit, therefore, of a greater unselfishness, recognizing that the world—including the United States of America—passes through perilous times, I am very hopeful that the closing session of the Seventy-sixth Congress will consider the needs of the nation and of humanity with calmness, tolerance and co-operative wisdom.

May the year 1940 be pointed to by our children as another period when democracy justified its existence as the best instrument of government yet devised by mankind.

3. Convocation Address delivered by Sir Maurice Gwyer, K.C.B., K.C.S.I., K.C., Chief Justice of India, at Benares Hindu University on December 23, 1939.

I esteem it a great honour to have been invited here to-day and to visit for the first time this sacred city, to which so many generations of men have looked for inspiration, at whose shrines they have quickened their faith, and which has been the home of so much learning, both secular and divine. And there is an added pleasure in receiving my invitation, Mr. Vice-Chancellor, from your hands, because you are now a member of my own dear University, the place which above all others holds my loyalty and my love. I come here too as the Vice-Chancellor of the third and youngest of the three all-India Universities, the youngest and, I fear I must add, the least fortunate of the three. I was present a week ago at the sister University of Aligarh, and seeing the range and magnificence of the buildings both in that University and in this, I find myself in the state of mind attributed to that Queen of Sheba who visited King Solomon at the height of his fame, and who, after seeing the glories of his city, his temple and his palaces, complained that the half had not been told her and that now she had seen them with her own eyes there was no more spirit in her. Yet I am filled with a certain hope, for it may be that one day even the benefactors of Benares and Aligarh will find no more buildings to erect and no more Chairs or Faculties to endow; and then perhaps, still seeking an outlet for their generous instincts, they will turn to the University of Delhi, and pour into her lap those abundant gifts with which they have already earned the gratitude of university teachers and students elsewhere. I am persuaded too that, if this should happen, neither Benares nor Aligarh will feel jealousy or envy towards their younger sister. There is room for three all-India Universities, each fulfilling its own peculiar task, there will be no vulgar competition between them, and the only rivalry will be a liberal and generous rivalry.

It is customary on occasions like this for a speaker to dwell for the most part on academic or educational topics; and if I forsake that custom to-day and indulge in historical reflections, I hope that the state of public affairs in India, in Europe, and indeed all over the world, may be held to excuse me. The study of history is vain if it does no more

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than minister to an intellectual curiosity and does not furnish analogies and examples which may guide us in like situations and at the least save us from falling into error. There is a proverbial saying that history repeats itself, which as a statement of fact is manifestly untrue, but which nevertheless contains within itself a germ of truth. The great events and processes of history can never repeat themselves, but since man is the raw material of history, and his hopes, his ambitions, and his passions, his littleness as well as his greatness, do not differ much from generation to generation, though their background changes, we may learn from our study of the past what the consequences are likely to be of this type of action or of that.

The conception of history has changed greatly even during my own lifetime. The world was once thought of as a vast arena where a few great men, monarchs and their counsellors, warriors, priests and prophets, guided and directed the destinies of common men. This conception no doubt had in part its origin in a social system now past or passing, but to-day an almost perverse delight seems to be taken in destroying reputations which were once held in honour, and that by methods as vulgar as the name which contemporary slang has given to the process itself. The task of the historian is now thought to be the apprehension and analysis of vast elemental forces, climatic, geographic or economic, which compel mankind inexorably along a predestined road; while those who would have figured as great men in an earlier epoch are seen as puppets or marionettes, jerked hither and thither by agencies which they may dimly perceive but cannot hope to control. The emergence of the masses as a political force, the elevation of democracy from a political expedient into a moral principle, and the growth of scientific knowledge, have enlarged and made more sensitive the historian's vision, and statesmen themselves have at times been not unwilling to impute responsibility for their own failures to the operation of conveniently discovered natural laws.

There is something to be said for both of these conceptions, but the real truth seems to lie midway between them. In any historical situation it is possible always to distinguish two sets of factors: the first, the elemental forces, whatever they may be, dominating or restricting all human activity; and the second, the free will of individuals and groups which is, it is true, conditioned in many respects by those forces, but which in its turn is able to intensify or moderate them, and even harness them for the general good. The relative importance of these sets of factors varies from age to age. There are times when the human race appears to be flung hither and thither as by some catastrophic eruption of nature, so that the ideas of free will and self-determination appear a mockery; but at others man appears still as master of his fate and able still to exercise a decisive influence upon the course of events.

This is especially the case at those critical periods which recur from time to time in the history of the world. There are moments when

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mankind seems to come to a cross-roads and there pauses, ignorant or uncertain which path he is going to take. At these times the forces of which I have spoken as impelling him in one direction or the other are so nicely balanced that no one can say which will ultimately prevail; and for a space of time, sometimes for a period of years, at others perhaps only for a few days, the march of events appears to be suspended until something occurs which tilts the balance one way or the other. It is at such times that the human will may be decisive; and, just as a vast and complicated piece of machinery may be set in motion by the pressure of one man's hand, because the equipoise is so exactly adjusted, so the determination of a single individual or group may give the advantage to one set of forces, and history resumes its march in one direction and not in the other. Thus it is that men are sometimes able to affect for good or ill not only their own generation but the fortunes of generations still unborn, and awful then is the responsibility which they assume or which is thrust upon them.

The history of Germany since the middle of the last century illustrates what I have said. In the fifteen years immediately preceding the Austrian war of 1866, parliamentary liberalism in Prussia was holding its own and even making headway against the authoritarian tradition represented by the army and the landed aristocracy. The contemporary observer might well have supposed that Prussia was destined to develop along the same lines as Great Britain; and if Bismarck had not been victorious in his struggle with the Prussian Parliament in 1862, the Germany of Goethe might have supplanted the Germany of Frederick the Great. An era of peace and co-operation with other nations might then have followed, instead of an era of aggressive nationalism and war. But the whole force of Bismarck's powerful intellect and iron will were thrown into the scale against the progressive parties; he had his way, and for three generations Europe has paid the price in blood and treasure.

Has not India of to-day entered a period when she too is standing at the cross-roads, and when in her case also the forces which will determine her future history seem still to be evenly balanced? Some of them make for peaceful development, for co-operation with other nations, but with freedom for her own political and spiritual evolution. Others make for division and civil strife and for the sterility and barrenness which they engender. She is faced with the necessity for finding a solution not only for the problem of her relations with Great Britain but also for the problem of her own domestic differences; and because of the equipoise of forces I cannot doubt that in India also the human will and human character will prove decisive in the ultimate determination of the path which she is to take.

These are delicate matters to discuss and not least for one who has the honour to hold my present office, but detachment from political strife sometimes assists in bringing things into another perspective.

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I see two pictures before me. I see my own country, inhabited by a united and homogeneous people, whose island home has enabled them to pursue their constitutional development with little or no interference from without, who solved the problem of domestic unity two hundred and fifty years ago and who during the last two hundred years have been undisturbed by rebellion or civil tumult; unimaginative perhaps by reason of their insular position in their relations with foreign lands; falling sometimes into grievous error—and what country has not?—but with a strain of high idealism persisting through all their policies; passionate lovers of liberty and eagerly desiring that others too should learn how to achieve it and enjoy its blessings; conscious of a great work done in India, but recognising that the time must come when India assumes control of her own destinies; who, warned by the past distractions of India and the melancholy spectacle of Europe to-day, seek to discern that concordat which will be the sign for relinquishing a government so long held in trust. I see on the other side a vast sub-continent, inhabited by proud and ancient peoples, with a history and civilisation as old as that of any of the peoples of Europe, gifted and sensitive, who, having closely observed the political doctrines taught and practised by the people of Great Britain, have now sought to follow what seemed to them so excellent an example; who with the growth of the national spirit and conscious of great intellectual powers, fret at the least suggestion of foreign rule, no matter how light the rule and whether it be beneficent or harsh; who, looking ardently forward to the fulfilment of their desires, see with dismay a sort of disintegration of that national unity which had seemed to them so sure and so permanent.

These are the two pictures as I see them. Perhaps you will see them differently, but in the main I am persuaded that the outlines are correct. And this is the thought which they bring into my mind: how closely does the purpose of one country approximate to the ambition of the other and how small a space is it which seems to separate the two! Can it be that the differences between them are no more than differences of method?

The long period during which the two countries have been associated has seen many changes, but perhaps none more profound or significant than in the new conceptions both of democracy and of international relations. The task confronting this generation is to devise a political expression for this unexampled metamorphosis, and to discover a form of constitution adequate at once to the idealism of the times and to the strains that the government of so immense a country must inevitably impose. With such great issues pending, and with decisions to be taken affecting the life of the peoples of India for many generations to come, what can be more fitting in these halls devoted to study and research than to stand aside for a moment from current controversies, and to seek in the experience of other countries, when they, too, have been called upon to plan deliberately and afresh their

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political life, counsel and guidance in that most difficult of arts, the construction of the framework of a State? This may often be a more arduous task than to govern the State when made; and the arts appropriate to the one are informed by principles different from those appropriate to the other. For a constitution is an instrument intended permanently to regulate the relations between citizen and citizen and between citizens and the State. It is not like an ordinary piece of legislation; for it prescribes itself the method whereby the future laws of the State are to be made or altered.

It is of the essence of a democratic constitution (and I am concerned with no other) that ultimately, and after full discussion and deliberation, the popular will shall prevail; and no more effective political expedient has yet been discovered to achieve this result than that of counting votes. But it remains a political expedient and is not to be elevated into a moral principle. The democratic machine would scarcely be workable without majority decision in some form; but it works because those whom it may affect are content to live under it, and they will only be content when they are confident that the expedient will not be employed to do them injustice, and because the majority of today may become the minority of tomorrow.

These considerations cannot, however, apply to the constitutional instrument itself, which can only be based upon a general agreement. The idea of the social contract is no doubt a fiction, but the philosophers who expounded it had at least grasped the truth that a political society, if it is to have a chance of life, must originate in the common agreement of those who compose it. I speak of a society self-contained and self-governing; for history can provide examples enough of societies of another kind which have existed for long periods, perhaps even for centuries, when held together by a strong hand, whether domestic or foreign. But a self-contained and self-governing State cannot survive if the elements which compose it are unwilling bed-fellows. The strains and stresses which a compulsory partnership sets up will in the end prove fatal. The world is strewn with the ruins of paper constitutions which failed because they ignored this simple truth; and many of the evils of Europe today have arisen from the creation of States with an artificial unity, where a façade of constitutional safeguards and the buttress of solemn guarantees have served, if only for a time, to conceal the hollowness of the internal structure. A constitution is not to be drafted on assumptions, for in so vital and fundamental a matter the results of one false step are incalculable. Let a constitution be made, it is sometimes said, and in the sunshine of our content all differences will vanish like the morning mists. So, too, the unwilling bride may be persuaded that the affection which she does not feel will follow marriage. Sometimes it may, but if it does not, how disastrous to the union are the consequences and how irretrievable!

To urge that general agreement is a condition precedent to the

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establishment of a successful constitution is not to put obstacles in the way of agreement. It is the beginning of wisdom, for it points out the first and cardinal step which must be taken; and thus we arrive at the next question, how is this agreement to be secured, or, if already existing, to be ascertained? Different countries have made trial of different methods, and I am aware that at the present time many people in India feel a special attraction to the method known as the Constituent Assembly. Here my theme comes so close to current politics that even before an academic audience I hesitate to do more than record the principal instances where Constituent Assemblies have been convoked and tested. But I may be permitted at least to make this observation. The Constituent Assemblies, elected on a wide franchise, which have sought to combine the securing of unity among diverse elements with the writing of the new constitution itself, have not always had a happy result. The Constituent Assembly after the French Revolution ended in committees of public safety, in Napoleon and in twenty years of war. The experiment repeated sixty years later produced another Napoleon, war and a disastrous defeat. Of the German National Assembly at Frankfurt in 1848, an English historian has written: "It was patriotic, ambitious, laborious, quick to resent foreign injuries, solicitous to extend German power and notable as having created the original nucleus of a German navy. After elaborate discussions characterised by a high seriousness it produced a democratic constitution for united Germany, of which there was no feature more valuable than a long array of scrupulous provisions for the protection of personal liberty. Yet its work was in vain. It is one of the tragedies of modern history that this Assembly, launched on a vast surge of national enthusiasm, was unable to accomplish its self-appointed task, and that the union of Germany was achieved, not by the give and take of Parliamentary argument, but by the blood and iron of civil and foreign war." The constitution produced by the Assembly at Weimar in 1919 did not even survive to be extinguished by the present war, but had died long since. The Russian Constituent Assembly, elected in 1917 by the votes of 45 million people, met only once. The Bolshevik minority withdrew after the refusal of the Assembly to discuss a Bolshevik declaration. The Assembly proclaimed Russia to be a Democratic Federative Republic and then adjourned; but before the day appointed for the second sitting the Soviet Executive Committee had decreed its dissolution and their soldiers barred all approaches to the place where the Assembly should have met.

The French National Assembly did indeed produce a constitution on paper, but it failed and was succeeded by a dictatorship, because, intoxicated with theory, it took no account of realities. Its nineteenth-century successor repeated the error and suffered the same consequences. The German Assemblies of 1848 and 1919 were neither of

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them strong enough to persuade or master their discordant elements, and the Bolsheviks were determined from the first that the Russian Assembly should be extinguished at the earliest moment, and that the will of the minority should prevail.

By way of contrast, it is profitable to look at the procedure adopted for the purpose of bringing into existence the constitutions of Canada, Australia and South Africa. In Canada the idea of a federal constitution had been familiar for many years before the British North America Act; but the scheme which finally issued in the Act originated in 1864 at a conference of Ministers from the Maritime Provinces, and from Upper and Lower Canada, then united in a single Province. The resolutions adopted by the Conference were approved in Upper and Lower Canada in the following year, and a delegation visited London to discuss defence and other matters. In 1866 the legislatures of the Maritime Provinces approved the scheme, and, after a meeting in London between Canadian representatives and the British Government, the terms were finally agreed upon and the Act became law in 1867. In Australia a Federal Council with very limited powers had been set up by Statute as long ago as 1885, and the idea of federation had never lacked support. At a Conference held in Sydney in 1891, each Australian State sent delegates and passed a number of resolutions. In 1895 a Premiers' conference agreed that ten delegates elected by the electors of each State should meet to draft a constitution, to be afterwards submitted to a referendum in each. The Convention met in 1897 and drafted a constitution which after consideration by the different parliaments was finally completed in 1898 and submitted to a referendum in each State.* The draft was considered by another Premiers' conference which suggested amendments for the purpose of meeting criticisms; and after discussions with the British Government an Act was introduced, which became law in 1900. In South Africa the earlier discussions on federation came to an end with the disannexation of the Transvaal, and it was not until after the South African War of 1899-1902 that it once more became a living issue. It was forced on South Africa by economic causes, arising from the existence of four coterminous independent governments, two of them without sea frontiers, with a European population extremely small in proportion to the vast areas which it inhabited. In 1908 a Railway and Customs Conference agreed to recommend that delegates should be appointed to draft a federal constitution; and a convention of thirty-three delegates appointed for that purpose met later in the same year. The draft constitution ultimately agreed upon was for a Union, and not a Federation, of South Africa, and in this form it was submitted to and approved by the Parliaments of three States and by a referendum

* Western Australia held a referendum and joined the Federation after the passing of the Act but before the date of the proclamation bringing the Commonwealth of Australia into existence.

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in the fourth; and the South Africa Act became law in 1909. Here, then, are three constitutions which became law and are still in successful operation. They have been amended since they were made, but in no fundamental respect, and they continue generally to enjoy the confidence of the peoples for whom they were designed. The important thing to observe is that in each of the three cases the body which hammered out the scheme consisted of a very small number of delegates, and that though no doubt there were difficulties to be overcome, there was no organized volume of opinion which either refused to co-operate or which recorded its dissent from the scheme ultimately adopted.

In a body of delegates such as I have described, men come to know each other better, to appreciate the strong points of another's case and to realise the weaker points of their own. The impact of mind upon mind has its effect, and after some time (such is the experience of those who have taken part in transactions of the kind) a sort of corporate sense is born, out of which there may emerge, if not a common will, at least a common desire to produce results. I do not say that this always or necessarily happens, but it can and does happen, for it is impossible for a body of men to labour together with a common object for any considerable period of time, without asperities becoming softened, misunderstandings lessened and mutual respect engendered. It has been said paradoxically that the whole purpose of the British Constitution is to get twelve men into a jury box, and it is an extraordinary thing how those twelve men, up to that moment unknown to one another and with nothing to guide them except shrewd common sense and a desire to arrive at a just decision, do in some mysterious way, after they have heard the evidence and have retired to their room to discuss and deliberate in private, almost invariably arrive at a right decision. I do not of course say that the deliberations of a jury are comparable to those of a body discussing a constitution, but they do illustrate the process by which a number of individuals with a sense of public responsibility and devoted to a common task can arrive at a common verdict.

I draw attention to all these matters, because as it seems to me they deserve to be studied and considered by those whose natural and reasonable desire it is that an Indian constitution should receive an imprimatur from Indians themselves. There are many lessons to be learnt from the constitutional history of France, Germany and Russia on the one hand, and of Canada, Australia and South Africa on the other. One is surely this, that it is not the making of the constitution itself which necessarily produces agreement; a second, that no agreement of any kind is possible without personal contacts, and certainly is not to be achieved by a long range artillery duel; a third, that constitution-making is a laborious affair, which requires infinite pains and patience, if lasting results are to be achieved.

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I am in the secrets of no government or party; I speak for myself alone. And with a great admiration and affection, if I may without impertinence be allowed to say so, for the country in which for the time being my lot is cast, I plead for a new approach to an intractable problem and for that touch of imagination which can transform a whole situation as by the wand of a magician. "Refined policy", said Edmund Burke, "ever has been the parent of confusion, and ever will be so as long as the world endures. Plain good intention, which is as easily discovered at the first view as fraud is surely detected at last, is, let me say, of no mean force in the government of mankind. Genuine simplicity of heart is a healing and cementing principle." This is a wise and wholesome saying in a world of barren dialectic and of charge and counter-charge. And the agreement for which I plead is not the facile arrangement which can always be secured by one party conceding all the claims of the other; not a mechanical compromise, with the ambiguous formula which each party hopes to interpret to its own advantage; but a union of hearts—an agreement free from illusion, based upon realities and upon mutual confidence and trust. On these foundations and upon no others can great States be built. Nor am I ashamed to make such a plea in this place, where the Buddha first preached, and Asoka taught his subjects to practise, the ideals of righteousness and peace.

It may be that the unique and complex problems of Indian government will be found to require a new technique, or perhaps a new application of old principles. I do not know, and I leave these things to persons who are wiser than myself. Why should a suggestion be either rejected at first sight or insisted upon as the only panacea? In God's name let all suggestions be examined and discussed. Is misunderstanding to continue to breed misunderstanding and are motives always to be suspect? And at the end of it all, is India to be confronted with the spectre conjured up by a poet's imagination, the spectre which cried:

"Look in my face; my name is Might-have-been;
I am also called No-more, Too-late, Farewell."

I have said that India seems to me to be standing at the cross-roads and that the forces which will predominate and direct her path in the coming generation have not yet finally declared themselves. I repeat that it is at such a moment that the influence of individual men and groups of men may become decisive; and you who are leaving the University to-day to begin your new life will not be too young to play your part. But a man is not likely to influence his fellow-men unless he has before him a clear conception of his ultimate aim; and I would beg you therefore to exercise your imaginations upon the future as well as the present. Yet it is not the sole prerogative of the young to dream dreams. I have myself a vision of the India of the future, an India at

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peace within and without, serene and sure of herself, and no longer preoccupied with questions of status or of dignity; a united nation, not turned in upon herself, but holding out her hands to the East and to the West; clinging tenaciously to all that is best in her own tradition, but not despising knowledge or ideas because they originate in other lands; an example to Europe and to the world of a country embracing men of divers races, tongues, and creeds in a single polity; an equal partner in that great company of free but associated nations which still holds in honour the principles of justice and of truth, and of honest and kindly dealing between man and man.

This in my country is the season of peace and goodwill. Peace and goodwill are hard to find to-day in Europe; but may they not still find a refuge in India? I recall the words of a very moving prayer, part of the liturgy of my own faith and written centuries ago at a time of great bitterness and conflict: "Give us grace seriously to lay to heart the great dangers we are in by our unhappy divisions. Take away all hatred and prejudice, and whatsoever else may hinder us from godly union and concord; so we may henceforth be all of one heart, and of one soul, united in one holy bond of truth and peace, of faith and charity." And with this supplication to Almighty God, to whom all hearts are open and from whom no secrets are hid, let me conclude my address to you to-day.

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War.—Broadcast speeches by Prime Minister: "The Issue in the Present War" (Oct. 27), "The Organisation of Canada's War Effort" (Oct. 31).

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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 DECISIVE HOUR

"WE are now on the eve", said the British Commander-in-Chief on May 14, "of one of the greatest moments in the history of the Empire." It is more than that. The events of the next few weeks will be more decisive for the welfare of all mankind than anything that has happened on earth since Christ was born.

From the day when the powers of evil began the final stage of their assault on civilisation with the rape of Poland last September, we have been living in the uneasy atmosphere that precedes the breaking of a thunderstorm. The clouds were black and heavy, but still some distance off. Once or twice the horizon was lit up with lightning-flashes like the Battle of the Plate and the Finns' heroic fight. Then suddenly the storm began to spread. It engulfed Denmark and southern Norway. After a short interval of suspense, it swept right over Holland. It is beating now across Belgium into France. Before these words are read it may be breaking over England.

In a way the shock is welcome. All these nine months of war we have been haunted by a sense of unreality. From the moment of its outbreak the war was real enough to every Frenchman in every corner of France. It was not so here. Because we were relatively unprepared, the mobilisation of our fighting strength, whether or not it might have been faster, was bound to be relatively slow. We adopted conscription, it is now obvious, much too late and on too small a scale. It takes more than months to train and equip a national army. Nor could the maximum output of aircraft and munitions be attained till new factories were built and new machinery installed. The initiative, therefore, throughout the winter, lay with Hitler—for though the French were

THE DECISIVE HOUR

ready, they could not attack till we were ready too—and Hitler refrained from joining battle in the West. The result was unique in our military history. We were at war, and yet not fighting. Only at sea were there active operations, and the ceaseless vigilance and daring of the Navy were mainly defensive. The Army dug itself in on the French border. The Air Force husbanded its strength. And our civil life, though changed of course, was not transformed. We became habituated to the black-out. Rationing was not severe enough to worry us. Most of the evacuated children went back home, and our country towns and villages got used to the presence of those who stayed. Apart from armaments, our industrial activity, whether for meeting our domestic needs or those of the export trade, was not so very different from “business as usual”. Is it altogether surprising, then, that our people as a whole, with so little done and still less said to enlighten them, should have failed as late as the middle of May to understand what had really happened in and since September? Into many British homes the grim fact of war had only penetrated—till yesterday—by way of the newspapers and the radio.

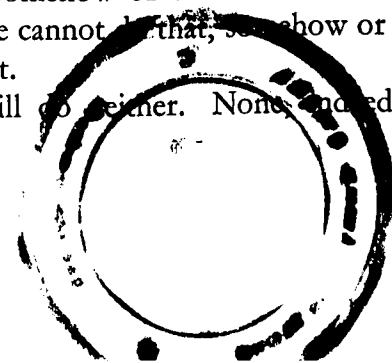
And with this sense of unreality went a sense of uncertainty—not as to the ultimate issue of the war, but as to how it would develop, as to when and where the enemy would strike his hardest blows, as to whether, indeed, he meant to strike hard at all. There were some who thought that Hitler would not dare to risk all his immense, yet not unlimited, resources on one great gambler’s throw. He had spoken once of a ten years’ war. Might he not think it his wisest course to consolidate his economic position in the Balkans and in Russia, and then, entrenched behind the Siegfried Line, challenge the Allies to a test of sheer endurance and the cost it would entail? Most of us thought otherwise, and we were warned, indeed, by our leaders that we must brace ourselves to face a possible attack this year. But the tone adopted by the Government and echoed in the

THE DECISIVE HOUR

press was a tone of reassurance. This war, it was suggested, would be like the last. We were always slow in gathering our strength, but, when we had gathered it, we should be irresistible. Little was said about the gravity of the immediate danger. All the stress was laid on the greatness of the force that would be at our disposal, on land and sea and particularly in the air, in 1941, although that very prospect made it much more than probable that Hitler would make a supreme bid for victory in 1940. Even so, and for those who read the logic right, there could be no certainty as to where his first attack would open. Would he carry the war into the Balkans? Or would he launch it at the West? And, if so, would the weight of the attack be thrown on France or Britain?

Now we know. It is 1914 over again—with a difference. Once more the onset has begun with the brutal violation of Belgian neutrality, and this time Dutch neutrality too. Once more the primary objective is to occupy the coast, if possible as far as Calais or beyond. But there is this difference between 1914 and 1940. Then the drive to the Channel was intended to be the means of crushing France by cutting her off from Britain. Now it seems more probable that Hitler, while hoping, no doubt, to paralyse French resistance by the swiftness and violence of his attack, is mainly bent on cutting Britain off from France and then striking at her with his utmost strength from an arc of ports and aerodromes stretching from Norway to the Channel coast. He will put all he has, all his reserves, into an effort which is meant, he declares himself, to be decisive. Everything points to the fact that he dare not let his people face the physical and moral strain of another winter or the renewal of the fight on far less favourable terms in the following spring. Somehow or other he must break our power *now*, and, if he cannot do that, somehow or other he must break our spirit.

We believe he will do neither. None, indeed, of the



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totalitarian illusions have been so mistaken as the idea that the Western democracies are degenerate. The Army of France is not only far greater than any of those Napoleon led conquering over Europe: it is more invincibly resolute because it is fighting now to save France herself from conquest and all France means from destruction.* Nor, it need hardly be said, in this country has all the growth of town and factory, nor all our comfortable ways of life, destroyed the toughness of our ancient stock. Marlborough or Wellington would have been proud to command the Englishmen, city-folk at least as much as country folk, who fought in Flanders twenty odd years ago and are now fighting there again. The victors of La Plate and Narvik Fiord might well have sailed with Drake or Nelson. Our airmen can only prove themselves—and already they have done so—the equals of their fathers; but that is enough, for in 1918 their fathers were masters of the air.

Such fighting power is hard to overcome, even though for lack of timely preparation it may be pitted against odds for months ahead. But what of those who cannot fight? It is the spirit of the civil population, it is the Home Front, that Hitler in the last resort must break if he is to achieve his swift decision. He will do what he can without any of those scruples or instincts which distinguish men from beasts of prey. The face of this England we love so well may be scarred. Our English homes may have to suffer worse things than any they have suffered in all their mellow history since the Saxons swept slaying and burning over the land. By day and night the unarmed men and women of our cities may have to endure what the Poles and the Finns endured, and, maybe, for a longer time. Though the sea still serves as "a moat defensive to a house", invasion may descend on Shakespeare's country in a manner even he could never have conceived. All this may happen to "this land of such dear souls": but, if it does, those souls will

* See 'France and the French Army', p. 548 below.

THE DECISIVE HOUR

keep faith to the bitter end with England's past and the hopes of England's future.

We know we are ill prepared, especially in air power. But the time is past for lamenting that or disputing about it. We must fight as we are, with all such strength as we have got. We know, too, that, save for indomitable France, we must fight alone. Joyfully as we greeted the arrival of troops from the Dominions, they were but the vanguards of armies that cannot be here in time. The sympathy of India—even at heart, we believe, of Congress India—is on our side; and there and in other countries of the sun multitudes of our fellow subjects are doing all that labour and goodwill can do to add to our material resources for the campaign of 1941—but not for that of 1940. And, lastly, for reasons we well understand—remembering the "great flood" of the Atlantic, remembering, too, how slow we have been ourselves to recognise the threat to our own existence—the great people, whose freedom springs from the same roots as our own, are ready to offer everything to a cause they know to be theirs as much as ours, everything except the one thing needed in these coming weeks, their fighting strength. So England and France, the two makers of liberty in modern Europe, must fight alone to save it.

More than once in our history we have faced a similar ordeal and seen it through. But never before have the foes of freedom been armed with such powers of destruction, and never before has so much been at stake. If the Spanish Armada had succeeded in its purpose, if Trafalgar had been lost, the cause of liberty would have been set back, but not irreparably, nor for very long. But from Hitler's victory there would be no recovery as far ahead as we can see. For Science has put such weapons in a tyrant's hands that, once disarmed, the bravest of his opponents are helpless and the only limits to the duration of his tyranny are the limits of his ruthlessness. It is the simple truth, therefore, that a

THE DECISIVE HOUR

victory for Hitler would be far the blackest catastrophe in the annals of the world. All over Europe the lights would be put out—and far beyond Europe. The fate of Asia would be sealed. The safety of America would be in peril.

The plain man may not be able to discern the full depth and breadth of the disaster to humanity which such a downfall of Christendom would involve. But he sees quite clearly enough and in solid shape the danger that threatens him and his and all he cares for. He has been startled to observe the gifted German people becoming the "living tools" of men like Hitler, Goering, Ribbentrop, Himmler, Goebbels. He knows that Englishmen can never yield their necks to such a yoke. He felt that Lord Halifax spoke for all England when he said a few months ago, "I would a hundred times sooner be dead than live in a world under the heel of Nazi dominance." And the sudden onset of the danger, which had seemed vague and half-unreal, has not weakened that conviction, it has stiffened it.

In that stubborn temper the British people, all of them, men and women in their homes as much as those who fight abroad, will face an ordeal which may test our national character more sternly than anything in all our eventful past. Where the weight of it will fall, how heavy it will be, and how long it will last may be determined by the upshot of the desperate battle now raging beyond the Channel. But this much is certain now. A full-scale assault on England cannot be indefinitely prolonged. Hitler has used the gifts of Science to make a hell on earth: he has tried to humble manhood with machinery: and that may prove his undoing in the end. For the time must come when mechanised warfare has consumed his last reserves of petrol and he will be unable to replenish them—the one outstanding and, it may be, fatal weakness in all his great design. Till that time comes, then, we must hold on, whatever the odds against us, whatever we may have to suffer. Every week that postpones the decision makes it harder for Hitler to obtain it in his

THE DECISIVE HOUR

favour, till at last, if we still stand firm, the fury of attack will slacken and die down.

If and when that happens, it is generally agreed, the decisive hour will have struck, but to sound the knell of Hitler and his "evil things", not of justice, truth, and freedom. For then, provided always that throughout the weeks or months of strain and suffering we have maintained our output of war material to the utmost of our strength, the grim anxieties of 1940 will begin to fade before the brighter prospects of 1941. Sooner, conceivably, than has hitherto seemed likely, those thunderclouds which have so long oppressed and menaced us may be rolled back, and the sunlight shine again on a cleaner world, and its peoples, having learned their lesson, take up afresh their common task of making it a better and safer place to live in.

THE STRATEGY OF THE WAR. III

SINCE the last article of this series was written the scene of war has continued to move counter-clockwise round the German centre of disturbance. The Polish prelude, followed by the Finnish interlude, has in turn been succeeded by events in Scandinavia which might have been made the opening stage of important military operations, effectively influencing the course of the war in our favour, but which must now be relegated to the chapter of missed opportunities which the stress of the latest events across the Channel is not likely to allow us to retrieve in that quarter. Before turning to these subsequent chapters it is still worth while to revert to the closing scene of the Finnish story, both for its own intrinsic interest and for the technical and moral lessons which it should convey.

I. THE FINNISH FIGHT TO EXHAUSTION

THE last article was written at the middle of February when the renewed Russian attack on the Mannerheim Line had already been continued without intermission for nearly a fortnight, and was just beginning to make an impression upon the exhausted Finnish troops in the western sector.* By that time the Russians had brought into action some 50 divisions, including an Army Corps and 2 tank brigades comprising in all 3,000 tanks, or, at 17,000 men to the division, over 900,000 men including corps troops. On the Karelian Isthmus alone they were able to mount 3,200 field-guns and 50 batteries of heavy artillery. Last, but not least, they brought into action some 2,500 aeroplanes, mostly of modern types. Against this overwhelming

* See THE ROUND TABLE, No. 118, March 1940, p. 306.

THE FINNISH FIGHT TO EXHAUSTION

force the whole mobilised forces of Finland were at most 325,000, of whom only 120,000 were actual fighting-line troops, with some 25 light field batteries, a few howitzers, a certain number of anti-aircraft guns, mostly lent by Sweden, and eventually some 250 aeroplanes from different sources.

Wherever the Finns were able to indulge in mobile warfare they sustained their tactics of retreat and envelopment with masterly skill and complete success.* Successive Russian divisions were annihilated and others only escaped that fate by the termination of hostilities. On the Karelian Isthmus there was no room for retreat without exposing Viipuri and the whole Finnish system of communications and organised resources to the invader. Here for two months their skill and resolution had held up the clumsy and ill-organised Russian mass attacks. Early in February a change came over the scene. Under a new Commander-in-Chief, General Shaposhnikoff, and apparently aided by German technical advisers, the Russian forces began to employ a much more scientific method of attack. Tanks were used in proper combination with artillery preparation and infantry attack, the whole effectively directed by aerial observation.

Above all, the overwhelming Russian strength in bombers was for the first time used systematically against the whole of the rearward communications of the Finnish army and against all the main centres of Finland's organised life. The intensity of this attack may be measured by the fact that in the first eleven days of March over 700 aeroplanes a day on an average, and on one occasion over 2,000, crossed the Finnish lines. Against such an onslaught, maintained continuously without a break for six weeks, no troops could have been expected to stand up. Yet the amazing thing is that the Finns, during the last few days almost without food or ammunition owing to the air attack on their communications

* See THE ROUND TABLE, No. 118, March 1940, pp. 308-11.

THE STRATEGY OF THE WAR

were in the end defeated more by their lack of sleep than by anything else. At one stage retreat itself became almost impossible because the men fell down asleep in the snow as soon as they left the trenches and were massacred by machine-gun fire from the air. Casualties themselves were becoming increasingly heavy: 21,000 men, including 10,000 killed, in the first fortnight of March. Step by step the western end of the line was pushed back towards the outskirts of Viipuri, while only a handful of men could be mustered to try to prevent the Russians crossing the frozen Viipuri Gulf and securing a lodgment on the coast to the west of the town. Marshal Mannerheim saw no other way of preserving the existence of his army, the one bulwark of Finland's future, than immediate peace on any tolerable terms.

Meanwhile, what of the help given to Finland from outside? Early in December the League of Nations had resolved that its members should help Finland against an unprovoked attack. On January 2 the British Government informed the League that we should do all in our power; as the Prime Minister said, that assurance was "no mere formality". How was it, in fact, implemented? The first and main need of Finland was not troops but actual weapons, more particularly artillery and aeroplanes. In December the Finnish Government asked the British Government for 148 bombers and fighters. Of these 4 left this country in December, 44 in the course of January and another 53 in February or early March, *i.e.* 101 in all. In almost every case several weeks elapsed before the request was met by permission to secure the planes and several weeks more before their actual despatch. A desperately urgent request for some bombers at the end of February was met by Government permission on March 11 for 50 planes which, of course, could not be sent before hostilities were over.

Early in December the Finns asked for 150 howitzers, of

THE FINNISH FIGHT TO EXHAUSTION

which 25 were sent. Towards the end of January they asked urgently for 166 field-guns, repeating the request on February 2, and, in view of the tremendous Russian attack, raising their demand on February 9 to more than double that figure in field-guns, as well as asking for howitzers, anti-tank guns, anti-aircraft guns and machine guns in large quantities. They were told on February 12 they could not have anything at all, but another appeal on February 13 resulted in the release of 30 field-guns, of which some reached the scene of action before the armistice. The French Government, which seems to have been no less reluctant to afford prompt help, at the same time sanctioned the release of another 36 field-guns. The facts in this connection were given in the debate on March 19 by Mr. Harold Macmillan, just returned from Finland and in close touch with the Finnish military authorities. His speech was ignored in the press, but his facts have not been controverted. It is, of course, true that every gun or aeroplane sent was at the expense of the training of our own troops. But it is impossible to avoid the conclusion that the Allied Governments were half-hearted and dilatory in affording the material help which might have altered the whole course of events.

As regards men, Marshal Mannerheim was not at first so much concerned about reinforcements, though he concluded early in the year that he would urgently need some 30,000 on the Karelian front by May. For these he looked, in the first instance, to volunteers whom Norway and Sweden were, though with some show of reluctance, prepared to let through. It is necessary, in fairness to Sweden, whose attitude over the whole affair has been severely criticised, to remember that Sweden did more for Finland, both in sending some 6,000 volunteers, in denuding her forces seriously of anti-aircraft guns and other weapons and in private subscriptions of relatively amazing amounts, than all other countries together. In this country the

THE STRATEGY OF THE WAR

suggestion that a volunteer force should be raised was laid before the Government at the beginning of January, and, after more than three weeks of indecision, sanction was granted for the discreet raising of some 500 men, of whom some 300 were despatched before the armistice. It is difficult to see why a much bigger effort in this direction could not have been encouraged from the outset. A few hundred other volunteers, French, Hungarians, Italians, as well as some Italian and American aeroplanes, also arrived before the war was over.

On the other hand, reluctant as the two Governments were to spare weapons, they decided at the beginning of February to provide a joint expeditionary force of something like 100,000 men to support Finland in the spring. Shipping was collected, the requisite fighting units held in readiness, and a certain amount of appropriate equipment prepared. Meanwhile on January 29 the Russians had made overtures for peace through Stockholm to which the Finns, confident at that moment of their ability to hold the line, had not responded. On February 15, however, when the line had begun to yield seriously, the Finnish Government appealed to Sweden for help. This was refused, and on February 19 King Gustav took the unusual step of issuing a public statement to explain that Sweden could not risk being made a theatre of war as the consequence of direct participation in Finland's struggle against Russia. On February 23 the Russians again informed Stockholm of their willingness to make peace on very much the terms subsequently agreed to. By then the situation for the Finns had become so serious that they indicated their willingness to enter upon negotiations.

This was an unwelcome development for the Allies, who had not expected that their expeditionary force would be required till May. On February 26 they informed the Finns of their plans, stipulating for a definite public request for help as a condition of sending the force. There was no

THE FINNISH FIGHT TO EXHAUSTION

intention, it would seem, of sending the force unless Norway and Sweden would give permission for its free passage through their territory, but the hope was that, in face of an Allied response to a Finnish appeal, public opinion in Scandinavia would force the hands of the Governments.

This very hypothetical and contingent offer put the Finns in a quandary. Enquiries in Stockholm only elicited from the Swedish Foreign Minister, M. Gunther, reiterated statements that the passage of Allied troops would bring in Germany against both Sweden and Finland, and that to avert this Sweden would not only refuse passage, but also remove all rolling-stock and at once stop all supplies of munitions then proceeding through Sweden, both Swedish and Allied. The Allies in their turn applied the strongest pressure on the Finns to issue the desired appeal, M. Daladier actually going so far on March 8 as to declare that, unless the appeal were made, the Allies could undertake no responsibility at the end of the war for Finland's future territorial status. But Marshal Mannerheim, convinced that the Allied arrangements for the expeditionary force were still very much in embryo, and that, even in the improbable event of Norway and Sweden giving way at the last moment, it could not possibly arrive in time to save his exhausted army, saw no use in incurring Swedish displeasure or in breaking off the negotiations which had been going on in Moscow.

On March 13 peace was signed. Finland surrendered the whole of the Karelian Isthmus, Viipuri and the territory immediately to the north and west of Lake Ladoga, thus losing not only some of her best land with 400,000 inhabitants, whom she has since had to resettle in her reduced area, but also her natural defensive frontier. She further agreed to the lease of Hangoe for thirty years as a Russian military and naval base, to the building of a railway to link the Murmansk railway with the Swedish frontier and to free transit across Petsamo between Russia and Norway.

THE STRATEGY OF THE WAR

That Russia should have assented to such relatively light terms indicates the strain which Finnish resistance had imposed on her. Her losses, both in men and weapons, had been enormous. Out of some 500,000 casualties, 200,000 were killed in action, while an incredibly high proportion of the rest died of their wounds and of cold and hunger. The Finns claim that the Russians lost 1,600 tanks, many hundred guns and nearly 1,000 aeroplanes. The Finns had 60,000 casualties, nearly half their fighting force, of whom a third were killed. But they saved their army, and have since been busy creating a new line of fortifications as well as restoring their ruined homes and reorganising their national life. Truly a heroic people, and worthy of all help we can still give them.

It must always be an open question whether greater promptitude on the Allies' part in responding to the Finnish appeals for aeroplanes and guns would have enabled the Finnish line to hold on until May, when the thaw would have suspended all operations for some weeks. If so, Allied forces might have been sent, without recourse to Norwegian and Swedish permission, to Murmansk or even to White Sea ports like Kandalaksha and Kem closer to the main theatre of operations. It may be argued that the Allies thus lost a great opportunity for keeping Russia engaged and incapable of affording economic assistance to Germany. On the other hand, it may also be said that, as things turned out, we were saved from a difficult military entanglement and Russia prevented from being irrevocably committed to the German side. The event will show.

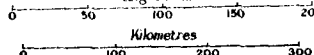
II. THE SEIZURE OF DENMARK AND NORWAY

WE do not know precisely what part Germany played in persuading Russia to bring the Finnish war to an early close. It was certainly her interest to do so, not only because of the strain which it involved on Russia's transport

SCANDINAVIA

Scale 1:8,000,000

English Miles



THE SEIZURE OF DENMARK AND NORWAY

system and on her oil supplies, but even more because its continuance immobilised preparations which she had been making for a very different solution of the Scandinavian problem. For months shipping and troops, including Austrian troops trained to mountain and ski warfare, had been collected in the Baltic ports with a view to the seizure of Norway. For months, too, German propaganda had been working upon certain susceptible elements in Norway and Denmark, including not a few of the officer class, and building up its network both of intelligence and of active agents.

The incorporation of Scandinavia in his Greater Germany had long been a favourite theme of Hitler's disquisitions to his intimates. This vague ambition might not have been enough if it had not been reinforced by strategical considerations which appealed powerfully to the German Admiralty Staff. In the last war Germany had insisted on Denmark mining the channels leading into the Baltic in order to keep out the British fleet and so retain her own local naval superiority over Russia. But by so doing she deprived herself of a second opening, whether for attack or retreat, into the North Sea, and thereby greatly weakened her prospects of breaking the blockade. The seizure of Denmark and Norway would give Germany, now free from any Russian menace in rear, the effective use of the Skagerrak and Kattegat, and it was hoped that the weakness of the German fleet would be more than made up by effective local command of the air.

More than that: the control of the Norwegian west coast would enable the submarine and air attack upon our shipping and upon our blockading forces to be carried out much more effectively, as well as allow greater opportunity for commerce raiders to get out into the open North Atlantic. A further consideration, though probably not a primary one in German eyes, was the fear that the Allies would not acquiesce indefinitely in the use of Norwegian

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territorial waters as a protected 'communication trench' for German shipping and, in particular, for the more convenient winter transit of Swedish iron ore from Narvik. Last, but not least, Hitler no doubt favoured the project because it would cut off Sweden from the outside world and bring her within the German *Lebensraum* without involving the serious military effort required for actually occupying Swedish territory. This might have been forced upon him if Sweden had let herself become entangled in Allied operations to help Finland. The cessation of hostilities in Finland cleared the way for German action against Norway.

Neither the scale nor the audacity of the German plan seems to have dawned upon the Allies. On the contrary they were so much impressed by the advantages which Germany was securing from Norwegian neutrality that they were mainly concerned with considering whether it was possible to go on tolerating a situation in which Germany violated every rule of international law, as well as of humanity, against Allied and neutral shipping, including Norwegian, on the high seas, and then claimed absolute immunity, on the strictest technical interpretation of the law, along a thousand miles of Norwegian coastal waters.

The absurdity of the situation was strikingly brought out by the affair of the *Altmark*. This vessel, on to which the *Graf Spee* had transferred the captive crews of the ships sunk by her in the South Atlantic, had managed to make her way by February 14 to the Norwegian port of Trondheim. Claiming immunity from search as a naval auxiliary, she proceeded to steam down the Norwegian coast with her 299 prisoners battened down under hatches, destined to be marched in triumph through the streets of a German port. This was too much for the Royal Navy, which had good information as to the nature of the ship and of her cargo. In spite of the protests of the commander of a Norwegian destroyer, Commander Vian of H.M.S. *Cossack* boarded

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the *Altmark* in Josing Fiord and released the prisoners. This dashing act won universal sympathy in neutral countries, even though it was generally assumed that we had been guilty of a technical violation of Norwegian neutrality. As a matter of fact the violation was on the German side, in so far as the *Altmark* was carrying on a military operation, viz. the forcible detention of prisoners of war, on Norwegian territory. Our action was as fully justified as it would have been if the *Altmark* had been caught actually attacking a British ship in the same waters.

In the last war the Allies had countered the illegitimate use of Norwegian territorial waters by inducing Norway to lay a minefield which would force German submarines out into the open sea. Following up this precedent the Supreme War Council would seem to have decided at its meeting on March 28 to take similar action. On April 8 the Navy laid three small minefields at points on the Norwegian coast, so selected as not to interfere with the normal course of traffic or to cause inconvenience to any part of Norway's coastal population, but compelling German ships to leave the protection of territorial waters. That this might result in some sort of German reaction against Southern Norway was thought possible. The forces that had been earmarked for the proposed Finnish expedition had mostly been sent elsewhere and the requisite shipping dispersed. A special battalion of ski troops, mostly young officers, equipped for northern winter warfare, was also dispersed. But a small regular force was kept in readiness to be rushed over in ships of war to assist in the defence of the Western Norwegian ports, viz. Bergen and Trondheim, if Norway should need help. That the Germans were not waiting for our action in order to carry out some partial counterstroke, but were already in course of executing their own daring and comprehensive scheme, does not seem to have been grasped, in spite of definite warnings from more than one well-informed quarter.

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How comprehensive and ingeniously devised the German scheme was is obvious from the fact that the plan not only included the seizure of every port with any reasonable facilities on the Norwegian coast—and these included all the main cities, military stores and, above all, aerodromes in the country—but that the units destined for the remoter ports like Trondheim and Narvik were despatched sufficiently far in advance to be certain of being on the spot at the zero hour. The Narvik force, indeed, seems to have sailed, hidden in empty ore ships, before the end of March, and were able by a cruel irony still to make use of the protection afforded by Norway's neutrality.

The zero hour was fixed for the early morning of April 9. On the 7th strong German naval forces were sent ahead up the west coast of Norway, part of them to assist in the capture of the various ports, the main body, including battle cruisers, to decoy the British fleet away north. Trusting to the cover of this daring move a large convoy conveying a formidable expeditionary force left the German Baltic ports early on the 8th and steamed all day up the Kattegat and into the Skagerrak, and so by night into Oslo Fiord. Other transports carrying troops and stores preceded the main convoy making for Stavanger and Bergen. These were continuously attacked by British submarines which inflicted heavy losses on troop and store ships during this and subsequent days. Operating without protection from either surface ships or aircraft in waters in which the enemy enjoyed the advantage of both, the Allied submarines (for both French and Polish submarines took part) showed daring and skill of the very highest order. How much of the German convoy would ever have reached the Norwegian ports if the Fleet itself had been on the spot is problematical. As it was, the first stage of the German plan was successfully achieved, though not without fairly heavy loss.

The next stage was an even more remarkable triumph of

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German methods of preparation and of German daring. At 1.30 a.m. on the 9th the commander of three Norwegian warships at the naval station at Horten on the west coast of Oslo Fiord received a telegram ostensibly from Dr. Koht, the Norwegian Foreign Minister, ordering him not to fight the German warships which were coming up the fiord, but to land his men without arms. He obeyed the order unquestioningly. At the same time the electrically controlled mines laid across the narrows farther up at Drobak were disconnected. The only hitch in these amazing proceedings was an oversight by which the conspirators forgot the mine-layer *Olaf Tryggvason*, whose commander promptly attacked the Germans when they arrived at about 4.30 a.m. and, helped apparently by one of the coastal batteries, did some effective damage and sank the cruiser *Bluecher*. At 5 a.m. the German Minister in Oslo demanded an audience of Dr. Koht and presented an ultimatum demanding Norway's immediate acceptance of a German occupation and a German protectorate. Soon after daybreak German planes roared over Oslo. Some of them landed and seized the aerodrome. Meanwhile the German troops were busy disembarking, and early in the afternoon a column of some 1,500 occupied the city amid a bewildered crowd of only half-comprehending civilians. The other ports were occupied simultaneously, mostly before daybreak, treachery, incompetence or sheer surprise preventing any effective resistance to the latest development of gangster tactics elevated to the international plane. Within a few hours every important port, aerodrome and military mobilisation and store centre in Norway was in German hands. King Haakon and his Ministers managed to escape, while the Germans set up a puppet government under a certain Major Quisling, head of a small local Nazi party, who dropped out a few days later.

At 5 a.m. on the same morning German armed forces poured over the Danish border into Jutland or were ferried

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across to the islands. Copenhagen was occupied for breakfast, and by nightfall the whole of Denmark, a small country, but still extending some 150 miles from the German border to the Skaw, and nearly as much from the west coast across to Copenhagen, was in German possession. At one or two points there was a little firing, but resistance was useless and King Christian immediately appealed to his people to accept the situation.

In the course of the next few days the Germans poured a steady stream of reinforcements both by sea and air into Oslo as their main base in Norway, while also reinforcing by air the outlying detachments in the other ports. From Oslo they proceeded first of all to occupy the country immediately west and east, both to secure elbow-room and to cut off the Norwegians as far as possible from the Swedish border. Such Norwegian forces as could be collected had meanwhile taken up positions in front of Hamar and Elverum in order to dispute the German advance up the Gudbrand and Oester valleys, the two main arteries of Norway, and so to bar the approach to Trondheim, in front of which they hoped, with British help, to call a final halt to the invasion. But with almost all mobilisation stores in the enemy's hands it was not easy to improvise an army, and in a long-neglected service there seems to have been, at first at any rate, some lack of leaders able to rise at once to so startling an occasion. As the strength of the German forces developed, the Norwegians were forced by April 18 to fall back on Lillehammer and some way up the Oester valley.

The British Fleet, meanwhile, were busily engaged, partly in covering the original laying of our minefield off the Norwegian coast, partly trying to chase and round up the German Fleet. Cruising in search of the Germans at the level of Bergen on April 9 our ships were subjected to a series of formidable air attacks. Only one destroyer was actually sunk, but two cruisers were slightly damaged and

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the battleship *Rodney* only escaped serious injury from a very heavy bomb, thanks to the strength of her deck armour. Far to the north off Narvik the battle cruiser *Renown* sighted the German battle cruiser *Scharnhorst* and a 10,000-ton *Hipper* class cruiser, inflicting serious damage on *Scharnhorst* at long range, but losing her amid the snowstorms of a tempestuous day.

In the sequel most of the German Fleet seems to have managed to slip back home having achieved its object. But seven destroyers which took refuge in Narvik Fiord were at once attacked on the morning of April 10 by Captain Warburton-Lee's flotilla of five lighter destroyers. In this most gallant attack the British Commander was killed, H.M.S. *Hunter* sunk, H.M.S. *Hardy* forced to run ashore, and H.M.S. *Hotspur* seriously and H.M.S. *Hostile* slightly damaged. But the operation triumphantly fulfilled its main purpose of destroying the German store and ammunition ships, while it also effectively crippled the enemy destroyers which were then finally disposed of by a larger British force led by H.M.S. *Warspite* on the 13th. One, if not two, German cruisers sheltering in Bergen Fiord were sunk by our air attack. In all it may be said that the first part of von Raeder's plan, the occupation of the Norwegian key-points, was carried out at the cost of nearly half his cruisers and a number of destroyers.

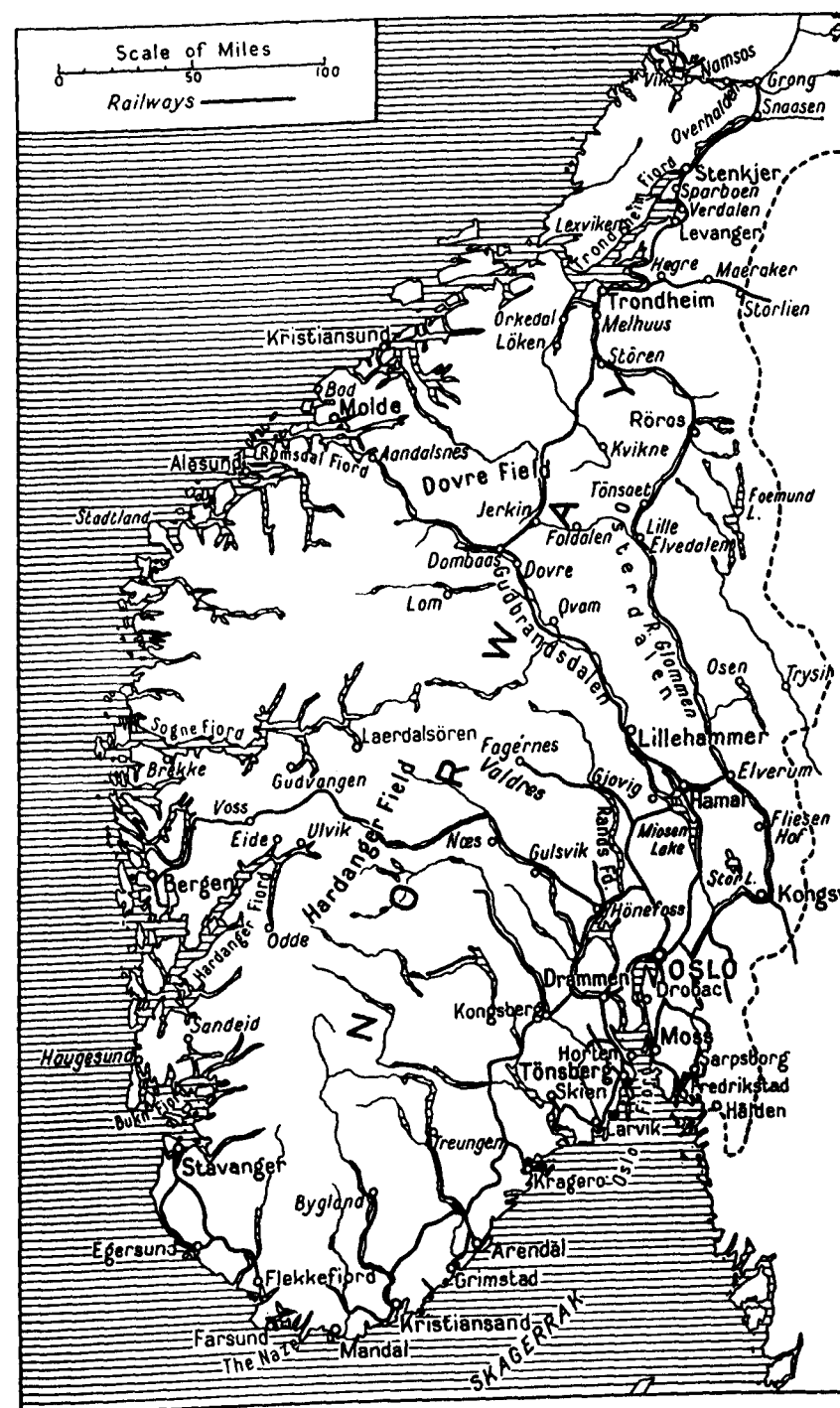
It is by no means easy to understand the reaction of the British Government to the German stroke and to the news that the Norwegian Government and such of the Army as could be collected were determined on resistance. The obvious move, if it was decided that Norway could and should be helped, was to retake at once, at all costs, one of the Norwegian ports, and land a force which would serve as a rallying-point and source of supply and equipment to the Norwegian troops. For this purpose Trondheim was almost ideally situated. The most spacious of all the Norwegian fiords reaches at this point to within 50 miles or so of

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the Swedish frontier, thus making possible the only short line of defence which could cover railway communication with Sweden and still retain for Norway a substantial area of populated and cultivated ground as well as the ancient capital of the country. At the same time it was far enough from Oslo to afford time for creating such a line before the German advance could reach it. Moreover, Trondheim itself was provided with the port facilities essential to landing the equipment of an army, and, even more important, with an aerodrome.

Instead of that the only idea was to despatch the small regular force available to Narvik, where it arrived on April 15. There was no strategical reason for this, as the German force at Narvik, 300 miles north of Trondheim, was cut off and bound to fall into our lap eventually if we held Trondheim. Nor was there any economic reason; for Germany's action by putting an end to Norway's neutrality had closed the Narvik ore route anyhow. It was a glaring case of irrelevant strategic dispersion, unless, indeed, we had already made up our minds that we could not save more than Arctic Norway. This, on the face of it, seems precluded by Ministerial declarations at the time, and by the fact that the retaking of Trondheim, the strategical importance of which was strongly urged by the Norwegians, was decided upon a few days later.

A plan was prepared for a direct landing in Trondheim Fiord under cover of the Navy, accompanied by two diversionary landings, one at Namsos, on the railway about 120 miles north of Trondheim, and one to the south at Aandalsnes at the head of the Romsdal Fiord, some 250 miles from Trondheim by a circuitous rail route through Dombaas, the junction of the Romsdal Valley line with the main line up the Gudbrand Valley from Oslo to Trondheim. These little ports were very inadequately equipped for landing anything like heavy guns or tanks; but, as there were no Germans near, and, indeed, Norwegian forces in



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both districts, they were well suited for the purpose originally assigned to them. The force landing at Namsos, in particular, could not only have joined up with the Norwegians at Stenkjer at the head of Trondheim Fiord, but would for a great part of the rest of its advance on Trondheim enjoy naval support as it advanced by the road along the shore of the fiord.

The essence of the plan, in any case, lay in the direct landing inside Trondheim Fiord. This was necessary, both to secure the quay facilities for landing the heavier equipment, and, above all, to secure the one aerodrome in that part of Norway. The aerodrome was essential, not only to enable our forces to be supported by fighters in order to meet German air attacks, but also for bombers to help our troops and the Norwegians in resisting the German advance from Oslo up the Gudbrand and Oester Valleys. Till then our bombers, with 300 miles of sea to cross, could only attack fixed targets, like the Stavanger aerodrome or the aerodrome at Aalborg in Jutland, from which the Germans transported reinforcements in large numbers by air across the Skagerrak. Even this, it may be added, they were not allowed to do for the first two days in pursuance of the curious tacit truce against bombing objects on land, referred to in previous articles.*

The main attack on Trondheim was timed for as late as April 25. Meanwhile the diversionary troops began landing at Namsos on April 16-18, and at Aandalsnes on April 18-19. The British troops were largely Second Line Territorials, reinforced a little later at Namsos by units of that admirable French force, the Chasseurs Alpains, well accustomed to work in the snow which still covered the countryside in many places to the depth of three feet or more. The total strength of the two detachments eventually amounted to some 12,000 men. But it was a force almost entirely unprovided with field artillery or anti-aircraft guns, largely

* See *THE ROUND TABLE*, December 1939, pp. 47-8, and March 1940, pp. 302-3.

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owing to confusion in the transport arrangements. For the immediate purpose for which these diversionary attacks were designed this was possibly less important than rapidity of movement. This was, indeed, achieved. General Carton de Wiart's force from Namsos soon got into touch with the Norwegians at Stenkjer and made ready for a combined advance towards Trondheim. General Paget's force moved up to Dombaas junction, from where part was sent on to Stören at the junction of the Gudbrand and Oester Valley railways, some 30 miles south of Trondheim, while a territorial brigade under Brigadier Morgan was hurried down the Gudbrand Valley to Lillehammer to help the Norwegians hold up the German advance.

These movements had scarcely begun when it was decided to abandon the central direct attack on Trondheim—the “hammer” as distinct from the “pincers”—altogether, and let the original diversionary movements become the main operations. The reasons for this, as given by Mr. Churchill in the debate on May 8, though they seem to have commended themselves to the Chiefs of Staff, are frankly unintelligible. It was not any fear, apparently, as to the danger of getting past the antiquated guns at the entrance, but, on the naval side, fear of leaving the ships exposed to bombing, and, on the military side, fear of making a landing in presence of an enemy, and a belief that the diversionary forces, which had not yet made contact with the enemy, were getting on all right.

It is difficult to see why warships armed with anti-aircraft guns should be in greater danger from bombing than defenceless storeships and troops, as was soon shown by the German attacks both on the troops themselves and on Namsos and Aandalsnes. The confidence in these troops, too, contrasts curiously with the belief that a German force of, by then, at most 4,000 men (about 1,200 originally, but reinforced by air), could really prevent a landing under cover of the guns of warships, not only along the

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30 miles or so of the coast of the fiord near Trondheim itself, but also 80 miles higher up at Levanger or even further at Stenkjer, where it could have joined hands with the Namsos force and covered the flank of its further advance. The importance of securing, before everything else, an aerodrome and proper quay facilities seems to have been entirely forgotten.

The inevitable followed. The Namsos force, advancing on April 21 beyond Stenkjer along the fiord, instead of being helped by the British fleet, were taken in flank by German detachments sent on one destroyer and one small torpedo boat (the only German warships in the fiord), as well as by fire from these vessels, and had to fall back hurriedly with considerable casualties. From that moment on they could do no more than remain on the defensive behind Stenkjer, while their base at Namsos and most of the buildings on their line of communications were wiped out by bombing.

South of Trondheim Morgan's brigade reached Lillehammer on April 20. Here the Norwegians, without artillery or medium machine-guns, were at their last gasp. Morgan's force was no better equipped except for a few anti-tank weapons just issued, and could do no more than help to cover their retreat. For the next week the British, reinforced by a regular brigade, and the Norwegians were pushed back, fighting stubbornly, towards Dombaas. Against continuous heavy air attack on the troops themselves and on their line of communication they had no air defence and only one Bofors anti-aircraft unit, sufficient to deploy one gun to every three miles of communication. Against German 5.9 inch guns and tanks they had no artillery at all, except a few anti-tank guns, until they received some Norwegian field-guns at Dombaas of which they made most effective use. Meanwhile a small German force advancing rapidly up the Oester valley against weak Norwegian resistance reached Støren on April 28 and made contact with the Trondheim garrison. To ease the almost impossible air situation an attempt was

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made to use a frozen lake near Dombaas as an aerodrome for a squadron of Gladiators. They put up a most gallant fight for some 15 hours against continuous attack by some 80 German bombers, and in the end, after bringing down some 30 Germans, were put out of action while on the ice refuelling.

The whole venture was obviously failing. The one chance of possibly still saving it, namely the resumption of the original attack on Trondheim itself, does not seem to have been thought of. On April 27 the Allied Supreme Council decided to order the immediate evacuation of both forces. The withdrawal from Dombaas was most skilfully conducted by General Paget, the troops marching by dark and sheltering in tunnels by day. By the end of the month the evacuation from both ports was completed without any further loss of life. King Haakon, with his Ministers and General Ruge, his Commander-in-Chief, also got away and took ship for the North. But most of the Norwegian troops, who had co-operated most loyally in the withdrawal, were left behind to surrender or, in some cases, to continue for a while what could only be a hopeless fight.

So ended a not too glorious chapter in our war annals. The Germans have achieved, at considerable loss of ships and men, the whole of the objective which they set before them, excepting Narvik. They are now free to organise the Danish and Norwegian coasts for their air and sea operations against this country. In time the growing strength of our own air force may possibly make that extension a liability rather than an asset. But for the moment it undoubtedly will serve their purpose. Economically the Germans have succeeded in including the whole of Scandinavia in their closed economic sphere, an immediate gain which should also, in the long run, add to their difficulties. What is most to be regretted is that we threw away, by slowness, indecision, and lack of grip, a great opportunity. A strong defensive line established in front of Trondheim might not only

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have rallied a steadily increasing Norwegian army, now lost to us, but the effort to break it would have imposed a wholly disproportionate strain on the German forces and petrol supplies at the end of 300 miles of a railway line of very limited capacity, not to speak of the constant threat to their communications across the Skagerrak. It might have been another Torres Vedras and the starting-point of another Peninsular War. The best consolation is the view, apparently taken by Mr. Churchill, that the German forces in Norway were, anyhow, of such overwhelming strength that they could not have been held, and that, in fact, we got away lightly from an imprudent venture and kept our forces free for even more critical issues elsewhere. That is as it may be. The fact remains that the Norwegians had no Mannerheim and the English no Wellington.

All that is now left for us is to make sure of capturing the Germans in and round Narvik and of organising an effective defence somewhere to the south of it before the main German forces make a renewed advance. This should not prove difficult, though the Germans, by establishing aerodromes north of Trondheim, may make Narvik itself uncomfortable, and possibly preclude its use for the export of iron ore to this country. But it will be useful for naval purposes, and at any rate a portion of Norwegian soil will retain its independence until such time as a renewal of the attempt to recover the rest of the country may be made possible by some action on Germany's part that may force Sweden into war or by the eventual exhaustion of Germany's furious war effort and the growing strength of the Allies.

THE ATTACK ON THE LOW COUNTRIES

III. THE ATTACK ON THE LOW COUNTRIES

NORWAY was only a preliminary element in Hitler's plan. To achieve his aim of assailing Britain it was necessary to hold the whole east coast of the North Sea and, if possible, the Channel Ports as well. That is why it has always been probable, as was emphasised in the last article,* that his main attack would be concentrated on the Low Countries. If, incidentally, the British and French forces could be smashed on their way up to support Holland and Belgium so much the better. But the main object was the coast with its ports and aerodromes as a base for the devastation, possibly even for the invasion, of England. So all through the winter and early spring the great operation has been prepared, on what scale and possibly with what new weapons will be disclosed before this article appears in print.

On the night of May 9-10 the mighty German war machine, laboriously mounted during the long winter months, was set in motion. While the Army advanced to fling itself, regardless of losses, upon the vital points of the Dutch and Belgian frontiers, the long-nursed German air force, following on a far vaster scale the policy adopted against Poland, launched its attack upon all the rearward communications both of the invaded countries and of France and, in particular, upon aerodromes and nodal railway junctions, such as Calais, Pointoise, Metz, Nancy, and even as far afield as Orleans and Lyons. Thus ended that strange experiment of the unwritten truce against bombing objectives on land into which the Allies had allowed themselves to be inveigled. The French, perhaps, were the more disposed to accept the truce because they wanted at the outbreak of the war to escape interference with the task of mobilization, but British civilian-mindedness was only too ready to acquiesce. For Hitler the advantage was obvious:

* THE ROUND TABLE, No. 118, March 1940, pp. 315-16.

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the entirely undisturbed preparation, within easy reach of Allied aerodromes, of the whole vast engine of destruction prepared against his unoffending neighbours and, incidentally, the saving up of precious petrol for the one gigantic effort.

A novel feature of the attack has been the employment of parachute detachments on an unexampled scale in order to seize aerodromes and even cities and so disorganise all mobilisation and transport arrangements as well as to create general consternation. This attack has been launched more particularly upon Holland, where the attempt was made to seize almost every important aerodrome and where a large part of Rotterdam fell quickly into German hands. How far this particular form of attack has really served its purpose cannot yet be appreciated.

While this war from the air, and its effective counter-attack by British and French aircraft has occupied the broadcast news at the moment of writing (May 12), the important question is whether the main German attack on land has really made any progress. That the Germans should have met no very effective resistance in north-eastern Holland was only to be expected. Nor is there any reason for anxiety in the fact that they seem to have broken through the outer line of the Dutch defences, the Yssel, and pushed some way beyond Arnhem. On this side they are still faced by the first line of inundations some 20 miles east of Utrecht and beyond that by the innermost and strongest line of inundations and defence works which covers "Fortress Holland", the busy and populous heart of the country.

What is a much more serious matter is the fact that the Germans seem to have forced the line of the Albert Canal at Maastricht, and claim to have captured the most important northerly outworks of the fortress of Liège by a combination of heavy bombing from the air with some undisclosed new method of attack. If the German claim is true,

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then the main German armoured forces may already be in a position to attempt to drive westwards towards Antwerp and Flushing on both sides of the Albert Canal. They would then still have to face the resistance of Dutch fortified positions at Hertogenbosch and Breda, and the much more formidable Belgian second line of defences extending south from Antwerp to Namur and up the gorge of the Meuse.

It is useless, however, to attempt to forecast at this moment the development of the battle which has begun and which may be over and decided, one way or another, before these lines appear in print. The main issue lies between the Germans attempting to drive furiously westward at top speed through Dutch and Belgian resistance, and the Allied Armies hastening northwards both to help the defence and to strike at the flank of the Germans if their advance should have gained ground. The German manoeuvre, which involves driving a lane between two systems of defences strongly held, and exposing one flank to the attack of powerful reinforcing armies, is a terrific gamble. It may be taken for granted that Hitler will throw with it the last ounce of his strength. Secure for the present on all his other frontiers—and this is the main German advantage now, compared with 1914—he can concentrate all his forces on this one great westward drive. But, if its weight is tremendous, so are its risks. If it fails, Hitler will have staked all and lost. The ultimate issue will then be no longer in doubt and the end may be in sight. If it succeeds, Hitler will have attained his immediate object—the control of the whole eastern coast of the North Sea for the great air war against England. But, if it succeeds, he may well attain much more. In that case Mussolini might be persuaded that he can join in on a certainty, and carry a profoundly reluctant people with him. He might then co-operate with Hitler in an attempt to break up Jugoslavia, seizing Dalmatia as his share of the spoil, without

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directly declaring war upon the Allies. Or he might even be emboldened by his confidence in air-power to pit it against Allied sea-power and, dragging in Spain as well, he could attack the whole Allied position in the Mediterranean and in North Africa. Nothing is impossible in this war. All we know is that the battle now engaged will be not only in itself the most tremendous in the world's history, but the most momentous in its consequences.

FINANCIAL AND ECONOMIC REALITIES

SIR JOHN SIMON'S budget speech followed orthodox lines in dealing in the main with the strictly financial aspect of the past budget year and the forthcoming one. It was only in the last part of his speech that he referred briefly to certain general but vital economic problems, inflation, consumption and so forth, which underlie and will determine the financial problem. The Chancellor was, of course, fully aware of the overriding and indeed urgent character of these questions, and it is to be assumed that caution as well as considerations of time prevented him from giving to the country some clearer indication of his general economic policy, though it is fair to say that in a subsequent speech he went in certain respects a good deal farther than in his budget speech. Since the strictly financial problems are in general secondary to underlying economic processes, it is to these latter that attention must first be paid, if the budget is to be understood in relation to its general war context.

When we are fighting for our lives, and our relatives, friends and fellow citizens face death for our sakes every day, the hardship of paying 1*d.* more on each letter and postcard, of 15 per cent. more on our telephone calls, or a little more for our drinks and tobacco should be clearly neither here nor there for any man or woman in the kingdom. Yet, apart from the Purchase Duty, the extent of which is as yet unknown but which represents certainly a very important and valuable advance in policy, the lowering of the super-tax level to £1,500, the effect of which is delayed for one year, the 6*d.* extra on the income tax which was imposed already last September and the limitation of dividends,

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which is not of very great importance, that is all that the budget contains. The writer proposes, therefore, instead of investigating in detail the new taxes, to take a wider view over the general economic state of the nation. A convenient preface to this task is to set out certain main figures as disclosed in the Chancellor's speech.

In the last peace budget total government expenditure (including Post Office expenditure) was £1,150 millions; in this latest budget it is estimated at something over £2,650 millions. It might be assumed on first thoughts that this whole sum represents the additional consumption by the Government of the product of the country's labour and material in the form of munitions of war of all kinds, and that, unless total national output can be proportionately increased, civilian consumption must be cut down *pro tanto*. Since economists place the total civilian consumption at pre-war prices at about £3,700 millions, it would follow that the nation's standard of life would have had already to be immensely reduced. But there are important deductions to be allowed for. In the first place, retail prices (excluding rents) have risen about 17 per cent. as compared with 1938-39 and therefore in terms of money national income and output have risen also. In the second place, the civilian population, whose consumption has to be provided for, has been reduced by the increase in the number of soldiers, sailors and airmen whose wants are now met by the Government. In the third place, the increase in government expenditure includes a very considerable sum representing pay and allowances which does not involve the direct employment by the Government of labour and materials. It is useless for anyone, without official knowledge, to estimate the net sum representing the actual additional consumption by the Government to be deducted from civilian consumption. But without doubt it amounts to by far the greater proportion of the total. If this huge increased consumption by the Government had had to be provided by

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our own daily efforts, then clearly we should have had to turn over, to a far greater extent than appears now, from producing civilian goods (or exports to buy civilian goods) to producing instead war goods at home or more exports to buy war goods abroad or to using existing exports for that purpose. Even if we could have increased our total home output very greatly, there would still have to be a large reduction in civilian consumption among all classes. But fortunately for us we do not yet have to live only on our own daily efforts. Probably we have increased somewhat our total national output and with better organisation we could, if we are allowed time before the vital test arrives, increase it very greatly. But what has really come to our aid and enabled us to extend our war effort as we have done and still to live at home without much sacrifice is that in two senses we can at present live on capital. First, we possess capital assets abroad which we can sell and are selling, and in addition we can in one way or another buy goods to an undetermined amount on credit within the sterling area by the sterling countries leaving the proceeds here. Second, we can live on capital at home by not maintaining as hitherto our factories, roads, houses, and other plant, and by not adding as usual new plant and equipment. We can, to begin with, also live on reducing our stocks of all kinds in this country and no doubt have done so, but this can only be a quite temporary resource. Mr. Keynes, to whom we owe a debt of gratitude for forcing upon the nation a full consideration of these fundamental questions, makes a rough estimate in his well-known pamphlet that from the first source we may be getting £350 millions a year, and from the second £450 millions, or a total of £800 millions. This estimate may be high. There will still remain, however, a very large balance that can be met only by increased civilian output, whether of war or civilian goods, or decreased civilian consumption.

Since therefore we should be mad not to develop the

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greatest war effort possible in the shortest possible time, we must recognise not only that, as Mr. Keynes has said, in war the size of the civilian's cake is fixed, but in fact that unless we are dangerously to dissipate our capital resources, and unless total output can be increased much more quickly than there seems any sign of, the cake must be reduced.

If our country were entirely self-contained, it could build up its war effort to a maximum simply by developing to the utmost its own resources of labour and material, and when once that point were reached it could continue indefinitely on that basis. On the other hand, a country which has to buy from abroad but has few or no foreign assets and no power of borrowing, must export to do so and must face the difficulty of finding foreigners willing to buy its goods in competition with other nations. That is more or less Germany's position, with the added complication of the blockade, though she now has the advantage of a very large "hinterland" under her control. But a country like ours, which has to buy enormous quantities of goods from abroad and can pay partly by exports, visible and invisible, and partly by the sale of foreign assets and by borrowing if within the sterling area, is in a good position economically to fight a short war, but in not so good a one to fight a long war, if it is so long that its foreign assets are dissipated before the war comes to an end. For its whole war effort, not only its intensity but also its character, is built up on the imports bought with these foreign assets. When these latter are all sold and unless it can borrow sufficiently to replace them, it will come down with a bump. Its imports must be greatly reduced, the character of its war effort must be adjusted and the intensity of that effort modified.

It is, of course, it must be remembered, a considerable mitigation of this difficulty that we have in the sterling area a great source of strength. This country has lent huge sums to the sterling countries in past years, and it is to be assumed that in our hour of need those countries will sell to us on

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credit those goods needed for the maintenance of the struggle which they can supply. Nevertheless, there are important and vital materials which the U.S.A. can supply and those countries cannot.

While therefore it is not open to question that we must sell our foreign assets to buy aeroplanes and other vital equipment abroad to develop the greatest possible striking power *now*, it is essential that we should not fail, simply because for the time being our task is made easier by the possession of foreign capital, to develop our maximum effort at home both in the way of output and the limitation of civilian consumption.

But to increase very rapidly our home output—at least under democratic conditions—remains nevertheless a difficult task. Great criticism has been directed against the Government because of the comparative smallness of our war expenditure. It is urged that we should be spending much more. All will agree that our main object of policy must be to develop the utmost possible war effort consistent both with the maintenance of sufficient health and strength in the civilian population behind the front and also with our power to continue that effort, once developed, sufficiently long to win the war. But in the first place we cannot overcome the fact that our nation, led or misled by our pre-war Governments, was as blind as democracies seem fated to be, refused to accept national military service or to create an army of any size till shortly before the actual outbreak of war and is now faced with the huge task, not simply of equipping mechanised armies of millions of men, but even actually of building the plant to make this equipment or of buying vast amounts of equipment abroad. To build a plant often takes a year or eighteen months and to bring it up to full output a good many more. Moreover, it is one thing to limit civilian consumption, quite another to set to war purposes the labour so freed. A textile worker or a man engaged in a shop cannot immediately make shells or

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aeroplanes. It is inevitable that we must expect serious delay in arriving at our maximum effort.

In the second place, given stability in wages, not only in basic rates but in overtime and other rates or bonuses, i.e. given stability in productive costs, then the main determinant of increased government expenditure is the increased programme of munitions supply. But, unfortunately, this is the main determinant also of the size of our adverse balance of payments. For it must be remembered that every increase in our production of munitions involves an increase in our imports of materials with which to make them and thus, unless we can increase our exports, or curtail imports for other purposes, an equivalent increase in the rate of sale of our foreign assets. But the very extension of our war effort makes the increase, even the maintenance, of our exports very difficult. Being some years behind Germany in preparations, we have vast plans for the building of factories and for the extension of war armaments, many of which will not come into action till 1941 or later. They must involve increased imports. But also they must make far greater demands on skilled engineering labour. Our exporters of machinery and other products will be hard put to it to keep their labour or, if they keep it in the face of intense competition from the Government and rising prices of labour and material, to hold their costs down to a level which still enables them to beat their competitors abroad.

Thus from two ends, increase of imports and decrease of exports, there is a serious danger of a further increase rather than a decrease in our adverse balance of payments and in consequence in the sale of our foreign assets. There is no course open to us but to reduce to a minimum all imports which are not vital for war, for export or for the barest needs of the civilian population, and the civilian population must make every sacrifice which helps to this end. They should of their own initiative and whatever may be their

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increase in income reduce to a minimum the consumption of everything into which imported goods enter, whether food or anything else, and of everything which employs labour and material which might otherwise be devoted to munitions or exports. On the other hand, where their spending only employs "services", such as is the case in theatres and other forms of entertainment, no such considerations arise and no harm follows, except in the case for instance of American films for which dollars must presumably be paid.

The Government alone know the needs and the facts, but if it is a question as between sufficient equipment for our troops to meet their foe on equal terms or sacrifices by the civilian population of everything not absolutely necessary, there can be and should be no hesitation in deciding.

But it is naturally hard for the ordinary man or woman, not being a student of the national economy, to reduce consumption if his or her income is going up, and it is this which leads to another and more immediately serious problem before the Government. In response to the rise of some 17 per cent. in the cost of living, standard rates of wages have in many instances been raised by some 10 per cent., the total increase perhaps amounting in the leading industries to some £100 millions a year. In addition there has been a large increase in the total remuneration paid to wage-earners through more workers, men, women and lads, being taken on, through extra overtime, extra bonuses and so forth. It was in an attempt to keep wages stable that the Government wisely decided also to attempt to keep the cost of essential foodstuffs stable by subsidies which are now costing some £60 millions a year. The kingpin of the inflation problem is in fact to be found in the stability of wages, and the food subsidies were introduced for this very purpose notwithstanding that prices of other articles less essential might rise in response either to scarcity of supply or increased demand through increased purchasing power.

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To demand additional wages because the prices of non-essential goods had risen would be to demand that in no circumstances shall the standard of life fall in any respect. In war such a demand cannot be met. It has not been and could not be met either in Germany or France and but for the extent to which we can temporarily live on capital, it could not possibly have been or be now met here consistently with the extreme war effort that we are being called upon to make.

The original rise of prices in September last was due to particular circumstances such as the fall of the exchange, cost of war insurance and increased freights. For the future, unless for some reason foreign nations can squeeze us and make us pay more for the imports that we must have, the only cause for increased prices will be internal pressure from constantly increasing purchasing power in this country, due either to government expenditure not being covered by taxes or by genuine savings and therefore to government borrowing being inflationary in character, or to wages rising all round as a result of competition for labour between employers. Increases for the latter reason are the more insidious and likely to be the more important and they will have the further effect that as wages rise all new orders and contracts placed by the Government will cost more and government expenditure will go up without any equivalent increase in output. This latter development is likely if unchecked to become much more marked as our war programme really gets into full swing. While most wage-earners probably wish to remain in the industries to which they are accustomed and in their existing homes, there is undoubtedly a spread of competitive bidding between one employer and another, following particularly contracts placed by the Government on a "cost plus profit" basis, in the course of which various inducements in the way of high remuneration are made. For instance, though it is vital for ourselves and our Allies that our output of coal should be maintained and indeed increased, skilled men

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from the coal-mines are, it is said, being enticed away to the engineering industry. Labour on the land has certainly been leaving for munition works. Men are likely also to leave industries working for export for similar reasons. There is nothing even to prevent men who are passed over for the army because they are in reserved occupations then leaving these occupations for more remunerative employment in some other job.

As our effort becomes greater and greater it will become apparent that this is a process which cannot be allowed to continue and that we cannot combine a maximum war effort without inflation with a policy of complete *laissez faire* towards the control of labour. What is the good of paying £60 millions a year in subsidies to keep wages stable if by another route they continue to mount? The water will be dammed at one main point of outflow, but will seep round through a thousand other channels. The Government presumably had this danger in mind when the Control of Employment Act was passed in September last, but concessions were made to parliamentary criticism which impaired seriously the efficiency of this measure. Both our enemies and our Allies have found it necessary to control the labour market. In Germany everything is controlled and was indeed controlled long before the war. In France no man or woman is allowed to make a change of occupation without the leave of the Government. Our nation has willingly—but, alas, very late—agreed to national military service because it recognised that dire need made it inevitable. It is a much smaller step to agree to whatever limitations as regards change of occupation are shown to be essential in order to avoid a fatal weakening of our economic and financial foundations. This is a matter which the Government and the trade unions should consider in the light, not of the past, but of the vital interests of the nation in the desperate, and perhaps prolonged, struggle in which we are now engaged.

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Let us assume, however, for the moment that the Government takes all measures to limit, as far as vital needs allow, the dissipation of our liquid capital assets, and on the other hand to control wages. Let us suppose, in fact, that a comparatively stable price-level is maintained. We are brought then finally to the budget and to the strictly financial problem revealed to us in Sir John Simon's speech. He estimated the current year's expenditure at £2,667 millions. He calculated the total revenue at £1,234 millions. There remains to be found by borrowing £1,433 millions, subject to what the new Purchase Tax will yield. We can for the present, without much danger, dismiss this latter consideration, since its yield in that period is likely both to be comparatively small and to be swallowed up in increased expenditure beyond what Sir John Simon allowed for. An adequate discussion in this article of all sides of the financial and economic problems involved is not easy. The simplest course may be to state a series of propositions.

(1) As the war lasts, the financial and economic strain is bound to grow more severe. In the first place, Government expenditure will increase greatly. In the second place, "living on capital" will be likely to diminish, involving further demands on the public both to reduce their consumption, and either to bear increased taxation or to save more. For "living on capital" almost automatically provides additional savings. If a man sells \$4,000 of American securities to the Government the latter pays him £1,000 here. The Government has the dollars to set against the sterling paid out and the investor has £1,000 capital to invest in this country. If Australia sells us goods and leaves the sterling so obtained here, in effect she lends this country the money temporarily and invests it here. If no new private capital issues are made for new works, the savings usually devoted to that purpose are available to be lent to the Government. If companies and individuals or municipalities let their plants and houses depreciate, the money normally

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devoted to this purpose can also be invested in loans to the Government. All these methods of living on capital now provide us with many hundreds of millions for investment a year—perhaps £700 millions or more. But, if the war is prolonged, and but for additional borrowing abroad, the amount available, at any rate to buy in foreign countries, must become less. It should be understood that the consequence of this, so far as the necessity of savings is concerned, cannot be evaded by making more exports; for exports, while invaluable to enable us to purchase imports, reduce *pro tanto* the amount of goods available for consumption at home without reducing the amount of purchasing power within the country. Thus, if undue increases in price are not to follow, there must be additional savings. It must also be noted that in taking credit for the savings resulting from "living on capital" at home through the diminution of expenditure on depreciation and new capital, we have "mopped up" practically all normal savings, since it is to these two objects that these latter are devoted. Any long-term policy must therefore take into account the constantly increasing intensity of the problem before us.

(2) As Government expenditure increases, so will civilian incomes in general and purchasing power increase to the extent that unemployed or new workers are enrolled in industry or longer hours are worked. But the whole argument of these pages goes to show that, failing a wholly unlooked for increase in total output, civilian consumption must tend to decrease if our war effort is to be adequate. In other words, the general population with more money to spend must spend less. This is to ask much of ordinary human nature. A man who has never had much to spend and has many wants, and who suddenly finds he has more money, may resist the temptation not to consume more and may save the rest voluntarily. But will such a human being, man or woman, voluntarily save enough in such circumstances to *reduce* his former standard of living, though for war

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purposes this may be necessary and will indeed in one way or another—and if by no other means then by inflation—be inevitable. Can the National Savings Movement by itself alone, and however successful, be expected to achieve so much?

(3) The two problems, (a) of holding down civilian consumption and (b) providing the Government by taxation and savings with enough money, are two sides of the same medal. In effect the people as a whole, after reserving the minimum needed for their day-to-day consumption and to meet their financial commitments and liabilities, have to return to the Government by way of taxation or savings the income that the Government's expenditure has put in their pockets. It was this which led Mr. Keynes to urge that the fairest and most satisfactory method, for the wage-earning class at least, was the establishment of a system of compulsory deferred pay. But, politically and in other ways, this proposal comes up against great obstacles. In any event Sir John Simon rejected it. Thus it becomes necessary to consider how by other alternatives the end in view can be, as it must be, reached.

(4) It is impossible for an "outsider" to give any figures which may not contain gross errors. It may be that, the rise of prices being taken into account, normal savings plus the savings provided by the sale of foreign assets plus borrowing from sterling countries may give us, say £800 millions or £900 millions towards the £1,433 millions required, leaving £500 millions to £600 millions still to be found out of *new* savings after the public have had extracted from them the new taxes. The richer income-tax-paying class—except for the few new rich—cannot do much to increase their savings. As Sir John Simon said, to reduce everyone with over £2,000 a year to that figure would only provide £60 millions. And that sum could only be found by those concerned shutting up their houses, and putting the burden of rates on to other shoulders, by dismissing dependants,

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cutting off charities and so forth. Institutional saving, i.e. by institutions, banks, insurance companies, industrial companies and so forth, cannot be very greatly increased without inflation.

One is driven to the conclusion that the greater part of the residual sum required must necessarily come from the great bulk of the population which will receive and, if there is no serious inflation, should retain in full value the majority of the Government's expenditure, and whose consumption represents more than three-quarters of the total consumption of the country.

If so, how is it to be found? The National Savings Movement will provide a very large amount. But for reasons already given it seems beyond human power for their efforts alone, without further government measures, to meet the whole bill. Just as in the case of military service, a point of intensity is reached where the individual can no longer tell what further and exceptional sacrifices duty demands and when full liberty can no longer be left to him.

(5) "We are aiming", Sir John Simon said, "at maintaining a level economy in which prices and profits and remunerations are kept as steady as war conditions will allow, and in which the flow of such goods as are available for civilian consumption is kept in regulated supply". He instanced, as the measures taken to that end, restriction of imports applying to 75 per cent. of the total value of all imports, control of raw materials, control of staple foodstuffs, subsidisation of certain essential foodstuffs, control of certain industries, control of foreign exchange, control of prices through the Prices of Goods Acts, instancing all these measures as "part and parcel of a single economic policy". Through the Purchase Tax he has carried this policy further by wisely, in the writer's opinion, imposing a wide measure of indirect taxation. He went further again in his subsequent speech by stating, as regards the income tax, that "the Government might have to have

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recourse, before the war was ended, to this instrument of taxation in most formidable fashion"—he certainly offered no assurance to the contrary. "The fact must be faced that there must be a substantial increase of tax at the lower end, though, naturally, the Government must let those people who were in the very lowest position have such protection as they could. He had felt that it was his duty to enlarge the field in which surtax could be imposed, but the additional revenue which would hereafter be obtained from incomes of between £1,500 and £2,000 a year would, comparatively speaking, be small."

In place, therefore, of Mr. Keynes's scheme Sir John Simon hoped to avoid inflation, and at the same time to find his money, by subsidies to keep necessities at a stable price, by indirect taxation, by further direct taxation and, presumably from his words, largely on the now famous class earning £10 a week and under, from the National Savings Movement and from public loans, the bulk of which must be subscribed by institutions. The Government may intend also, or be forced, to extend still further rationing, and this, together with a growing shortage of many articles, may compel much greater saving merely owing to there being little for people to spend their earnings on. This is the direction in which the German economy in similar circumstances has to work.

Let us take the budget aspect. It is hardly possible for an outsider with no official knowledge to estimate whether by such measures the Government will find this year the *new* money still to be found, amounting, on the hypotheses we have made, to perhaps £500 million or £600 million. He has stated the rate to be applied in respect of the Purchase Tax is to be "not a small contemptible rate but something substantial". Nevertheless, in view of all the preparations to be made and organisation to be created, not a great deal can be expected this year. We must also, it is to be presumed, for this year ignore Sir John Simon's references to further

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additional income tax burdens, since he appeared to have no date in mind for such new impositions. Thus we have to look to the lending capacity of the nation to make up the gap. Can the National Savings Movement together with non-inflationary borrowing from the income-tax paying class and from institutions provide the whole amount? While it is much to be hoped that under Sir Robert Kindersley's stimulating leadership the National Savings Campaign may surpass even his most ardent hopes, only the future can give the answer. It is certain that any large additional increase in Government expenditure must require most drastic measures.

That the Government's plan is not likely, as it stands, to be a complete barrier to inflation is not open to much doubt. There is one fatal flaw in it. Despite food subsidies, despite all the controls, the determination of wages is left absolutely free to be settled, not according to vital national interests, but, so far as basic rates are concerned, by negotiations between employers and employed according to peace-time methods and for the rest by competition, which must become more and more acute, between one employer and another. It may be noted that railway workers are at this moment demanding from the railway companies increases of basic rates which would amount to some £15 millions more. Suppose again that the Purchase Tax to be imposed turns out to be at a heavy rate. It must at once increase the cost of living. As matters stand at present, the big trade unions would demand an all-round increase of wages. It is true that indirect taxation of the character of this tax has been proved in all countries and times to be an effective and suitable method of obtaining revenue, but under such conditions it would, of course, be reduced to an absurdity. The dog would chase its own tail.

Those who urge restriction of the freedom of labour and control of wages are certain to lay themselves open to violent criticism. But their consciences can be quite clear.

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Their object is to maintain, not to lower, real wages, and to protect, not only vital national interests, but the poorest and most defenceless from the unjust consequences of inflation. It cannot be repeated too often that there is no way of escape but only a choice of alternatives. *Real* wages cannot possibly be increased and must almost certainly be diminished in such a war as this. The amount of goods available for the civilian population cannot be increased and must almost certainly be diminished, even if our total output including war goods is rapidly increased. Let the rich by all means be forced to reduce their consumption to the bone, but since in total it is relatively minute, no appreciable relief can be obtained from this source. No one should complain that Sir John Simon limited dividends because otherwise, to use his own words, shareholders "may be tempted to devote a good deal of them to the purposes of consumption". Those words indeed support the whole argument of these pages. Shareholders have not so very many votes and can be "treated rough". They are more comfortably off on the average than the rest of their fellow citizens and should not complain. Yet the sum concerned is very small compared with the total consumption of the nation and, since it is consumption that matters, Sir John Simon's words are directly applicable to the whole as well as to the part. As between one plan or another and the no-plan of inflation there is, from this point of view, no difference except as to which achieves the greatest fairness of distribution of a definitely limited supply. Anything else is an illusion. The Government should constantly bear in mind this fundamental fact. It is not by chance that both our enemies and our Allies have long ago by their policy been forced to recognise it. Some moderate amount of inflation may be inevitable and indeed useful in such extreme times. But an uncontrolled inflation is disastrous.

The formation of a united Government to lead a united nation gives hope that the inescapable facts will now be faced without hesitation. Till quite recently war in its

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harshness had not come home sufficiently to the minds of the people to make it easy to run counter to innate sentiments and prejudices, and, for whatever reason, the late Government made little effort to enlighten them. It was content to fear rather than to lead public opinion. Now that there is no possible excuse for any failure to recognise the extreme nature of the effort demanded from every one of us, all this may be different. If the war lasts, our expenditure must become much greater, and then measures much more severe than those indicated by Sir John Simon will be necessary. If the war lasts, it is quite certain that a policy of complete *laissez-faire* as regards the movements of labour or the determination of wages will no longer be possible. While our expenditure will increase, the goods available for civilians will decrease. It may be that the safest line of progress will be through the institution of an "iron ration" at subsidised prices covering the essentials of life, food, clothing and so forth, coupled with the stabilisation of wages. The scarcity of other goods would lead to an increase in the unspent portion of incomes in general and, after deduction of taxation, the balance must in some form or other be saved.

FRANCE AND THE FRENCH ARMY*

I

MOST articles which have appeared on France at war fall into one of two classes. Some of them discuss the technical and material aspect of France's war effort, as, for example, the formidable system of the Maginot Line, or the French Navy and the important part that it plays in the destruction of U-boats and mines as well as in the working of the convoys and of the blockade, or again the economic structure of France, which, with the help of the increasing contribution of the colonies and of severe restrictions put on the consumption of the civilian population, is able to attain comparatively easily a high degree of self-sufficiency. The other class of articles are intended to explain French war aims. In this respect they endeavour to couple, not without difficulty, the prudent laconism of official pronouncements with the various opinions on the matter which have lately appeared in the French press—as to which it need only be said that they are all the more striking and expressed in all the greater detail in so far as they are put forward by private individuals or irresponsible bodies.

However interesting these approaches to the question of France at war may be, it seems to me that they leave out the essential thing. War is primarily a political phenomenon, which the analysis of the technical means and economic factors involved may aptly describe, but cannot fully explain. Further, a war such as this war is such a complex of action and passion that to a large degree its nature remains obscure to those who are engaged in it. In these circum-

* By a French contributor.

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tances it is rather vain, I think, at the beginning of a conflict which will probably be long, to ask what are the aims pursued by a people who no doubt saw clearly that it had to fight and did not flinch, but certainly did not want war. These hazardous anticipations only reflect the attempts of a minority to understand now a state of affairs which will only be intelligible to the historians of the future.

The essential reality seems to me to lie between the two extremes. War is both an experiment and an experience. It is up to us to profit from its lessons by understanding it as such. Through the fearsome trial which it imposes on a nation, war reveals its structure like a surgical operation, and it shows up its functions like a disease those of an organism. It is also a pitiless test of the relative power of the forces opposed and of the relative strength of the complex machinery through which they are organised. It is thus rich in teaching for the reconstruction of that stable international equilibrium which we call peace.

It is this experimental point of view which I want to discuss here in regard to France at war. I should like to describe how she reacts physically to the war in order to win it, and how she reacts psychologically to her own action. This should provide an exceptional opportunity of understanding what France is, and one that may usefully enlighten us as to France's outlook at the end of the war and her rôle as a vital element in the European system.

Moreover, this empirical viewpoint is in keeping with the present attitude of the French people. The outbreak of war was to them the supreme disillusion at the end of a long series of bitter disappointments. This bitterness has not weakened in any way their resolution to go through with the struggle; on the contrary, it has stiffened it; but it has had the effect of inspiring them with an extreme caution—with a profound mistrust of ideas and a firm determination to find out and face the hard facts. To-day, it might be said, the peasant side of France predominates over the intellectual

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side. The plain man feels that there is something scandalous in the recurrence of a conflict of such magnitude after only twenty years. Hence the absolute determination of everyone this time to arrive at some radical solution. *Il faut en finir.*

But the more they are resolved to make an end of it after the war, the more careful they are to-day in their search for the right solution. They want to build a firm edifice in which their peaceful civilisation may find shelter for at least half a century. That is the object of their observations and inquiries. For that purpose they need solid foundations based on essential realities. They want to use only real forces, to rely only on proved truths. Nothing else matters.

This silent searching has already begun. What direction does it take? That can best be discovered by studying the main aspects of the French war effort and the way in which France reacts to it. Such a study, to be complete, would require an examination of the economic and financial 'drive' and the sacrifices of France's civil population, as well as some account of her sea-power and her colonial empire. But within the limits of this article it must suffice to discuss the dominant feature of her whole war-effort—the Army and the Maginot Line.

II

THE general mobilisation order of September 2, 1939, called to arms nearly 5,500,000 Frenchmen, that is, all men fit for active service between the ages of 20 and 40, a great many of those between 40 and 49, and all officers on the reserved list up to 60 and 65 years of age.

That should never be forgotten. Five and a half million men under arms, within a few days, out of a population of thirty-eight and a half million,* already cruelly ravaged

* The latest census (1936) gave a total population of 41,906,000, of whom 2,454,300 were foreigners.

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a generation earlier by a war which had cost France 1,400,000 killed and about 1,000,000 severely wounded and mutilated. *No nation in the world but France was capable, morally and physically, of such a feat.*

The French military effort has not been limited to the mother-country, and due account must be taken of colonial contingents. In the French Empire conscription applies only to French citizens, whose number may be reckoned at about three million out of a total of seventy-five million. Special troops led by French officers are recruited from the native peoples by a system under which the drawing of lots is combined with voluntary long-term enlistment. One of the most remarkable features of the war has been the ardent loyalty displayed throughout the Empire by its coloured populations. This loyalty would be unthinkable if half the German and Russian propaganda on the theme of 'imperialist exploitation' were true. It is due on the one hand to the gratitude of the natives for all that France has done for their material progress, for their education and for their gradual political assimilation during the last half-century, and on the other hand to their deep instinctive hatred of the racial creed and brutal conduct of the Third Reich. All this explains why the number of voluntary enlistments has been so great in the French colonies—far greater, indeed, than the Government required. And nowhere, it may be noted, has the proportion been so high as in the former German colony of the Cameroons, which has been under French mandate since 1919.

Figures must not be quoted, but those of the last war are public knowledge. Between 1914 and 1918 the French colonies supplied the Home Country with 275,000 men—of whom 65 per cent. came from West Africa, 16 per cent. from Indo-China and 15 per cent. from Madagascar. Now, as M. Mandel, Minister for the Colonies, has pointed out, the war-potential both in material resources and in manpower has considerably increased since 1919, and the figures

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quoted above should be considered as a minimum. Furthermore, these figures only cover the Colonies properly so-called, which are under the Colonial Ministry. They do not take into account either the Protectorates such as Morocco and Tunisia, or the Colonies administered by the Ministry of the Interior which are an integral part of France, as, for example, the French West Indies and Algeria. They thus leave out the North African *bloc* and its considerable army which is one of the strongest bases of French power, and therefore of the power of the Entente, in the Mediterranean world.

Since September, taking advantage of the calm which has reigned on the Western Front and in order to meet the imperative needs of the economic situation, the Government has sent back to their homes all soldiers and N.C.O.s between 44 and 49 years of age, a great number of skilled workmen, and 10 per cent. of the factory workers between 30 and 40. It must be emphasised that these are purely temporary measures which will last only as long as circumstances will permit. If need be, all these men can be recalled within a few hours, since according to the law every Frenchman remains at the disposal of the military authorities up to 50 and is further liable between 50 and 52 to be called up for A.R.P. service. Moreover, if the Government has temporarily released some men since September, it has called others to the colours: those aged between 40 and 44 who were not called up at the outbreak of war, most of the new class made up of the young men born in 1919, and those who, exempted when they were of age to do their military service as physically unfit, have been reported fit after a fresh medical examination. All changes taken into account, the number of Frenchmen in arms in April 1940 could be estimated at four and a half million.

The advisability of such a gigantic effort has sometimes been questioned in Britain in view of the strength of the Maginot Line and the calm prevailing on the Western Front

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on the one hand and the severe drain which it imposes on productive labour on the other. The big economic effort and sacrifices which it entails for the civilian population cannot be denied, and indeed they testify magnificently to the patriotic spirit of the French nation. But from the purely military point of view, the criticism seems ill-grounded and unfair. Unfair because it was only this instantaneous and general mobilisation in September and the constant watch and readiness since then which gave and is still giving time to Britain and the British Empire to assemble, train, equip, and transport the vast army which will be necessary for that extension of the conflict which is now beginning. And the criticism seems ill-grounded when one thinks of the immense obligations the French High Command has to carry out. First General Gamelin had to keep a very big army in the north-east of France at the outset to meet the German challenge and to try to relieve the pressure exerted on the Poles. In spite of the exceptional strength of the Maginot Line and the growing reinforcements of the B.E.F. this army, which is under the command of General Georges, had to be kept at a formidable strength, not only on account of the numerical superiority of the Germans, but also to be ready to meet a challenge—always possible—from the enemy either through Switzerland or more probably, as events have shown, through Holland and Belgium. In these circumstances it was a very long front which had to be guarded—from the North Sea to the Jura. And it must be added that in this respect the French Army and the B.E.F. did not waste their time; for they built up an extensive and thorough system of fortifications, several lines deep, which reinforces the Maginot Line and prolongs it on both sides along the Belgian and the Swiss frontiers. But that is only a part of the picture. In addition to the continental theatre of operations there has always been another potential theatre, owing to the close relationship between the Axis Powers, namely, the Mediterranean. This has obliged France not

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only to keep watch over the strong natural defences of the Alps, but also to maintain very large forces in North Africa under General Nogues and in Syria under General Weygand. To say that all these precautions were entirely unnecessary since no major operation has taken place either on the Western Front or in the Mediterranean was as if one said that the Dover Patrol was useless since the cross-Channel communications between England and France have never been endangered.

I do not think, therefore, that the fact that for the whole winter all was quiet on the French front or fronts was serious ground for arguing, as some economically minded people were inclined to do, against the size of the French mobilisation. But there was another series of conclusions, no less mistaken and dangerous, drawn from that same fact by the exponents of a different school of thought. These people approved of the magnitude of the French mobilisation: they thought that it was necessary, but that it was sufficient by itself and that there was no need for any supplementary help from the British, at least in France. The main value, according to them, of the immensity of the French military effort was that it would enable Britain to dispense with any major military contribution and allow her to concentrate upon tasks more in accordance with her traditions and resources—naval warfare and blockade, armaments, and last, but not least, the building up of an overwhelming air force.

This seemed at first sight to be quite a rational idea, based on the rational principle of specialisation of work. The truth is that it was far too rational and did not take into account all-important factors—military, economic and psychological—which explain the need for a considerable British Expeditionary Force on French soil. From the military point of view, there was the necessity, mentioned above and now grimly manifest, for covering, notably on the left of the Maginot Line, a front much more extensive than it may appear from the *communiqués*. From the economic point of

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view it was, and still is, urgent to give back to the war-economy machine of France part of the labour which was snatched away by general mobilisation and which it badly needs. Two examples will suffice. In the banks and big companies about 45 per cent. of the clerical staff are mobilised. In agriculture the autumn sowings suffered so much from the absence of men and from a very severe winter that it was estimated at the beginning of the spring that only 30 per cent. had been successful. Fortunately the French Government was then able to organise a system of special leave for the mobilised peasants belonging to the older age-classes in order that they might help to start again with new sowings. Otherwise the harvest would have been a disaster. Even now, exceptionally favourable weather will be necessary to avoid a big drop as compared with the normal yield. As Sir Walter Layton has put it: "It would be very unfortunate if our merchant ships had to import additional supplies of food across submarine-infested seas because we had not been able to take full advantage of the rich food-growing territories of France."*

But apart from these technical reasons, military and economic, very strong in themselves, there are also moral considerations which cannot be forgotten. In case, indeed, we were inclined to forget them, German and Communist propaganda has been doing its best every day to remind us of them. In the first place, however the experts may explain it away, the fact that there is an alarming shortage of labour in France when there are still not much less than a million unemployed in England remains a mystery to ordinary Frenchmen, especially when there is so much talk about the possibilities of union and of a rational sharing of resources and activities between the two countries. Secondly, it is obviously very difficult to resist the implications, both economic and moral, of a remark which was made, I understand, by a French Minister to his British colleague: "Every

* "France's Economic Effort" in *London Calling*, No. 31.

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time an English soldier under 30 puts his foot on French soil, it means a French soldier over 40 returning to his field or to his factory." Such thoughts and questionings cannot be fully met by the reminder that Britain has taken most of the burden of the Allied effort on sea and in the air.

More generally speaking, it is essential for the good working of the Franco-British Entente, on which not only victory itself depends but its outcome too, that *on all fronts, in all fields, in all respects* the two Allies should contribute to the common effort, not, of course, in a strictly equal manner—for the resources they possess are in no given case equal, being for the most part complementary—but according to a fair proportion, so as to avoid giving to public opinion in one of the partner nations the fatal impression that the other is either selfish or powerless. That is why the presence in France of as big a B.E.F. as is technically possible and desirable is a primary psychological necessity of the Entente.

"*Les Français donnent leurs poitrines, les Anglais leurs machines*": that has been the favourite slogan of German propaganda at the Front. Of course the good sense of the French people, intelligently enlightened by the authorities, has not been deceived, and no doubts need be entertained as to the splendid morale of the French Army. It is unshakable and will remain unshakable for as long as the war lasts. But we must not think only of the war-alliance, but also of the work of international reconstruction, which we, British and French, will have to do *together*. (If we do not do it together, it will not be done at all.) That work will require complete mutual confidence, which a friendship without *arrière-pensées* alone can give. We can never take too much pains to establish and preserve this friendship; and in this respect it must be borne in mind that for the great mass of the French, who have little understanding of naval warfare and blockade but who have a deep experience and an almost physical sense of the war on land, there is nothing that can touch their peasant hearts more than the fraternity of the trenches.

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III

BESIDES the magnitude of the mobilisation of manpower for military purposes, there are features of the modern French Army about which the British people should know more, I think, in order better to understand how the war affects France.

The first is the very low level of pay. A private is paid frs. 0.75 a day—that is 1d. Those who are in the very first line (to a depth of about 5 miles) receive a supplement of 10 francs a day (about 1s. 2d.). Even if one takes into account various privileges that are not granted, at least to the same extent, to the British soldier, such as free rations of wine or beer and tobacco, free postage, free travel on the leave trains (10 days every 4 months), etc., this is far removed from the 2s.—2s. 6d. a day of the British pay-roll, not to mention the Canadian or Australian. The same applies to the allowances paid to needy families of mobilised men. In Paris the wife receives for herself 12 francs (1s. 4d.) a day and 5.50 francs (8d.) per child; in the provinces the rate is adjusted according to the size of the locality and is about 7 or 8 francs (10d.) for the wife and 4 to 4.50 francs (6d.) for each child. The corresponding British figures are much higher.*

In sum it has been calculated that if the French Army were paid on the British scale, it would cost over £400,000,000 more a year to maintain than it does to-day.†

* These figures would have to be corrected in order to take into consideration the difference in the standard of living between the two countries, and in each country the difference between the nominal value and the real purchasing power of the currencies. A further contrast between the British and the French systems of allowances is that no deduction is made in France from the pay of the soldiers, and that the money is supplied largely by the National Solidarity Fund, which is maintained by the sums deducted from the salaries and incomes of civilians of military age placed in reserved occupations, as, for instance, armament factory workers.

† "France's War Effort", *The Economist*, April 20, 1940.

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Now this régime, worthy of ancient Sparta, by means constitutes a problem *in itself*. It has its root age-old principles which are deeply engraved in the French character—one being that to serve in the Army is an honour and that in any case money is nothing to him who is ready to risk his life; another that when *la Patrie est en danger* the citizen ceases to have any right to an easy life; and another that in times of emergency one must avoid spending money and rely rather on the resources of intelligence, courage and capacity for work among the population. But if there is a problem in so far as France alone is concerned, it cannot be doubted that the comparison of the French and British systems, coupled with a rate of exchange greatly in favour of the British Army in France, raises a difficulty of a psychological kind which may affect the good relations of the B.I. with the French Army and civil population, and which the German and Communist propaganda is only too prone to exploit. It never pays to deny facts or to delay matters. Although a minor one, here is an Anglo-French problem which requires attention and will not be solved except by an Anglo-French solution, that is, by contributions on both sides—which need not be of the same nature—so as to bridge the far too wide existing gap between the two systems.

The second feature of the French Army I would like to stress is its democratic recruiting system and its rôle in the general frame of French democracy in war-time.

All classes of society are mingled one with the other: such a constant physical solidarity and spiritual brotherhood as hardly exist in normal times, even in France. Commissions are not the prerogative of any social or intellectual *élite*, but are given to those, whatever their origin, who before, during and after their military service have given proof of particular aptitude and have taken the practical and theoretical courses of study required to qualify as reserve officers. In France at war, the Army is the embodiment of the best virtues of French social and moral democracy.

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The Army is gradually becoming conscious of this, and thus attains a kind of civic sense of responsibility not only for the salvation of France in the present emergency but also for her future destiny. At the same time there is among the civilian population an immense feeling of respect, admiration, gratitude and compassion for the soldiers. The Army in fact is the first and foremost thought of the whole nation. Anyone who has listened to the wireless or read the newspapers or studied the accounts of parliamentary debates in Britain and France cannot have failed to notice the great difference in the space devoted to the interests and preoccupations of the men in arms. In Britain, however deep the sympathy of the public for those who protect them, the fighting services are regarded as the servants of the nation. In France, I would almost say that the reverse is true: nothing or nobody counts there except in so far as it or he helps the Army to achieve victory. It is not that France has suddenly turned militarist. Very far from it. It is that the Army, as I have said, constitutes by its strength, its composition and its spirit the essence of the nation.

These two facts—its own new-born consciousness of civic responsibility and the place it has won in public esteem—give the Army an importance which is not always fully realised abroad. Of course the Army does not dabble in politics. That is a fundamental principle on which the Republic is based—a principle that is followed even to the point that no bye-elections are held in France in war-time because so many electors are mobilised. In fact the French in arms hate politics as much as they enjoy them in normal peaceful times. But on certain essential questions, which directly touch its interests or its sensibility, the Army holds strong views, to which Parliament (a good third of the deputies are serving with the colours) and the Government are bound to pay the greatest attention. These questions are: Communist activities (which the soldiers consider as sheer treason), the reserved occupations

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(as to which they very much resent any injustice that may occur), the Anglo-French alliance ("as close and intimate as possible, but the British must not let us down again after the war"), and war aims (*Il faut en finir*).

IV

THE character of the French army is derived from that of its component elements. First there are the peasants. Whereas a great many workers over 30 are in reserved occupations in armament industries, there are no reserved occupations in agriculture. On the other hand, there are very few peasant officers; the reserve officers—with the sole exception of those who gained a commission on the battlefields of the last war—being drawn mainly from those who attend special courses of military preparation while at the University. The result, in a country where the peasants represent 48 per cent. of the population, is that the ranks are mainly composed of peasants. The peasant stock—the *piétaille* whose praises were sung in magnificent verse by Péguy, himself a peasant, killed at the battle of the Marne in 1914—is the basis of the French Army perhaps even more than it is the basis of the French nation. Consequently the French Army assumes a definite character which it is worth trying to define. It is an army vested with immense resources of physical and moral resistance, trained to hard work and unflinching courage. It is at its best when it entrenches itself in its own land in order to defend it. It is not an army for adventure and crusade. Conquest has no appeal to it. It is precisely the opposite of the German Army. It is in essence an instrument of security. It is as remote as possible from being an instrument of imperialism.

But there is another aspect of the modern French Army, which is to be found not so much in the ranks of the ordinary infantry, where peasants predominate, as in the specialised units, like those which man the Maginot Line or

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compose the mechanised divisions, and among the officers generally, including the reservists. This is a great appreciation of technical skill and a very definite taste for efficiency.

Those who were accustomed to look upon the French as easy-going or light-hearted or lacking a due sense of order have found it difficult to recognise them now. For they have suddenly revealed themselves as the most spontaneously disciplined of all peoples, and the most serious and diligent. It is in the Army, of course, that this metamorphosis has been most apparent, but from the Army it has spread to the nation in so far as it is being increasingly regimented for war. Everywhere the thought of efficiency, of output, has replaced the thought of happiness, the idea of duty and responsibility that of the rights of the individual. We are faced, indeed, with a very definite hardening of the French character. Practical intelligence takes precedence over speculative intelligence, will over sensibility. I do not think that *la douce France* will ever abandon anything of her gentle humanity or lose her gift for making an art of happiness; but I do believe that the great moral changes she is now undergoing will leave profound traces on the mentality of the generations who will have to take their part in rebuilding a peaceful world. Already it is quite clear that those who are engaged most closely in the grim struggle are equipping themselves not only to resist and defeat the assaults of totalitarian inhumanity, but also to face the vast undertakings and responsibilities of post-war civilisation.

V

IN a sense—in a sense which was not understood at the time abroad or even in France—the making of the Maginot Line was an illustration of this underlying, now predominant aspect of the French character.

So much has been written on this "Line", now as famous as the Long Walls of Athens, the Roman *Limes* or

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the Great Wall of China, that it seems as if there were no more words needed to describe it. But if the wonders of its technical organisation and the fine morale of those who man it have been widely and quite justly praised, its political significance and the all-important conclusions which the French are inclined to draw from the fact of its existence and the function it fulfils have been very much overlooked.

Planned as early as 1926 by Painlevé, and begun in 1928 with the faith of an apostle by Maginot, Minister for National Defence (1928-31), it took ten years to build—from Switzerland to Strasbourg and from Strasbourg to Luxembourg—at a cost of some 700 million pounds. Its creation and progressive strengthening were always in close relation to the development of the international situation, assuming in French eyes an ever-changing rôle according to that development. First it was intended to allow for the pursuance of international disarmament by enabling France to reduce the size of her Army in spite of the clandestine rearmament of Germany. Later on it was to compensate for the continued disarmament of Britain and the British Empire as opposed to the now open and vast rearmament of the Third Reich. And finally, from 1935 onwards—when France, having had to let the Germans remilitarise the left bank of the Rhine, observed their systematic breaking down, with the tacit permission or even encouragement of other Powers, of the system of Eastern alliances which she had built up to balance the loss of the guarantee promised by the United States and Britain in 1919—then the Maginot Line assumed the value of a rampart behind which France could take shelter whatever might happen on the Continent, and inspired quite a new trend in French foreign policy, that of “Imperial isolation”. France emerged from this policy only after Britain had decided to abandon “appeasement” as a result of the German seizure of Czechoslovakia and had introduced conscription.

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Remembering this sorry story of missed opportunities, retreats and failures, to which they are quite determined to put an end, the French now look upon the Maginot Line as one of the very few firm realities on which they can rely in these days of trial. In their disillusionment, their gratitude goes out to those whose foresight and civic courage gave them such a powerful shield against invasion, at a time when it was fashionable all over the world to trust the Germans not to break again the word they had so often broken in the past. The French do not fear war, they hate it; but they desperately fear *invasion*; and the contrast between 1914 and 1939 will never be forgotten by them.

The Maginot Line has not protected only France against the onslaughts of the enemy. The French think that it has also protected Britain, as much as the Home Fleet itself. At any rate it enabled Britain and the British Empire, during the crucial first weeks of the conflict, to concentrate on naval warfare and then to organise and gradually mobilise with comparative leisure and in absolute safety the vast array of their resources.

For this the French do not ask for the recognition of any special debt of gratitude, though they have deeply appreciated the tributes paid to the Maginot Line by responsible British statesmen, as for instance, significantly enough, the Secretary of State for the Dominions. They have always been well aware that England's frontier was as much on the Rhine as on the North Sea and that therefore the Maginot Line was covering Britain and the British Empire as well as France, but they do not grumble at the fact that they were left alone to build up this vital element of the common Franco-British system of defence. They realise perfectly well that it is the special mission of France to be at the same time the shield and bridge-head of the Western World on the Continent of Europe. This mission, this honour, which is one with the security of France herself, the French will

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never abdicate, whether they stand alone or not. The or thing they want is that others should *always* recognise, clearly as they recognise in times of danger, the importance for the world at large of this historic mission and geographical necessity. They cannot help remembering the attacks of certain British critics not so long ago on "French militarism" and "French imperialism", the somewhat scornful references to the disorder of French finances caused by the huge sums spent "for nothing" on armaments, or the expression of moral displeasure at the insufficiency of French assistance in the various international schemes for the restoration of Germany's place and power. On that vital point the French are earnestly hoping that there will be a definite and lasting conversion of British public opinion. They regard this conversion as the foundation-stone of genuine co-operation between France and Britain after the war.

For, while France is certainly prepared to work in close collaboration with Britain in any attempt to create a new order of peace and justice after the war, she does not want to risk her existence once again in this attempt. As long as therefore, as the German menace persists—and that is as long as there is a chance for any man or any régime in Germany to organise and mobilise in the service of a policy of violence the resources of 80,000,000 German-speaking people in Central Europe, surrounded by nations physically or politically too weak to resist them alone—so long France must insist on having (to quote M. Daladier's telling phrase)* "material and positive guarantees for her security". *The nature of these "material guarantees" will be determined on the one hand by the boldness of the scheme adopted for reconstruction of Europe and on the other hand by the degree of strength with which Britain supports France, not only on sea, but also on land and in the air.* Such is the political lesson which the French are drawing from the past history and the present function of the Maginot Line.

* In the Senate, December 29, 1939.

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I

IT used to be said that the United States would only come into the war if its own interests were directly attacked or if the Allies were reduced to a desperate plight. The more successful the Allies were in staving off the Nazi assault on civilization by themselves, the less the United States would feel disposed to help them. Yet that is not the way opinion has in fact been shaping. A graph—if one could make a graph—of American sentiments toward the war would show that interventionism has been heartiest when the Allies were going ahead with positive, forceful and successful policies, while isolationism has been strongest when the Nazis were making coups.

In short, depressing though it may be to confess this from the American side, it seems true that nothing succeeds like success, and that our unofficial co-operation with the Allies has been strongest at those moments when they themselves have been carrying on with most energy and skill. The *Graf Spee* sank—and the United States cheered, though the battle took place in American territorial waters well within the paper security of the "safety belt". The *Altmark* was overhauled and its prisoners freed—Americans were almost as enthusiastic as if they had done it themselves, though the action was in possible contravention of neutral "rights". The war spread to the North. When the Allies suffered the indirect blow of Finland's settlement, and thus when their difficulties mounted, America receded back toward its ostrich sands. But when Britain began mining the Norwegian coast, and later sank German ships no matter where, and established landing parties and expeditionary forces in

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Scandinavia, and the war broke out in earnest, the United States became less isolationist than it had been since the war began.

The psychology of all this seems to be that Americans need to feel confidence in Allied vigor and ability. In some respects it could probably be said that American public opinion is not very unlike British opinion. Is it not a fact that pacifism was at its height in Britain at those moments when the war seemed to be going badly? So it is that the Ministry of Information need make no special efforts to win over Americans. Lecturers exported to these shores are less than valueless. "Propaganda" is of no avail. But action—that is the thing!

It may be both redundant and exasperating to point this out. The Allies may well say: "As if we didn't know it!" Still, since reports reached the United States that the British Government was greatly worried over the American reaction to the *Altmark* business and other such forward policies, it may not be useless to say that no kind of Allied action need greatly fear American unpopularity, even when it goes so far as to affect indirectly this nation's interests, so long as it can be proved to be necessary and useful to the task of winning the war.

Perhaps an exception should be made. On commercial policy all is not plain sailing between the United States and Great Britain. The exchange controls now in effect, particularly as they bear on South America, may before long produce a serious state of irritation. One American business man remarked, consciously overstating a case that is increasingly felt, that "Great Britain has declared economic war against the United States".

The reasons for this feeling are, of course, the depreciation of the pound and increasing exchange controls; the foreign trade restrictions now being imposed in countries like the Argentine as a result of British policy; the sharp drop in British purchases here of staples like apples, tobacco,

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cotton, wheat, etc. A good deal of the irritation is based on mistaken premises and is not likely to be long-lived. It may soon be perceived, for example, that Britain simply does not have the manufactured goods for export to South American markets which might otherwise be facilitated by the exchange controls. Second, and more important, the time-lag which has up to the present made the drop in normal United States exports more perceptible than the rise in war exports, will soon be at an end. In 1940 as a whole, it is expected that British purchases in the United States will at least double their normal totals, and French purchases will be from five to eight times greater than in peace years. Although all these exports will be concentrated in fields where they are least felt by the general public, the net result must be to remove most of the commercial irritants which are now so apparent.

Another kind of economic impact is likely to affect us very soon: the pinch of cash-and-carry neutrality. Allied cash reserves in the United States, or available for use here, are very great, but purchasing officers are naturally going to husband them with fullest possible economy. The time is probably not far distant when foreign exchange will no longer be available for purchases of non-war commodities. Then the clamor for loans and credits will intensify. Probably the first great breach in the American economic dike of neutrality will come toward South America. There a triangular trade position will probably lead to substantial United States loans and credits, through which South American countries can buy from the United States but sell to the Allies. Without lifting the Johnson Act, under which loans to debt-defaulting countries are forbidden, the United States will thus be able to extend some financial assistance to the Allies through three-way transactions.

Soon thereafter, pressure will naturally redouble for financial advances to pay for "non-war" purchases here by the Allies. And without much doubt such financial aid will

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also be available. The final step—still rather remote—would be the repeal of the Johnson Act itself and some relaxing of the financial clauses in the Neutrality Act. The greater are Allied munitions purchases, the swifter this process will be from one viewpoint, for available cash reserves are being used up. But from another viewpoint the abundance of munitions purchases cushions the economic shock to the United States and makes the pinch of cash-and-carry less palpable.

On the positive side the United States has thus far been a rather useful economic ally, considering that public opinion here refuses to permit closer ties. On the negative side—assistance in the blockade of Germany—the United States is far less co-operative. This is a curious state of affairs, because while public opinion very energetically seeks to avoid being drawn into the war by assistance to the Allies, it has never hesitated in condemning Germany. But the fact remains that a great many products of the United States are finding their way to Germany through the various back-doors. Neutral and American ships are still plying steadily across the Pacific to Vladivostok, bearing cargoes of such essentials as copper, molybdenum, etc. An abundance of American iron scrap, oil, aluminium scrap, and so on is being shipped to Japan, and such of it as Germany feels to be worth shipping on the Trans-Siberian probably makes the long journey to Europe that way. But the major leakages occur in essential minerals which are not heavy nor of great volume, and can thus be transported on the Trans-Siberian.

The British naval controls can scarcely be set up in the Pacific under present conditions, and so far neither Japan nor Russia is willing to cut off the shipments. Nor will the United States. The day has not yet come when this country is prepared to adopt the necessary controls on exports. Doubtless any effective system of co-operation with the British blockade would require an airtight plan of export

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licensing here. The "moral" embargo now applied to a few shipments to belligerents is far from adequate to meet the situation either as regards assisting Japanese aggression in China or German aggression in Europe. A great deal of private pressure upon the Administration has so far been unavailing to produce the extension of this embargo to some few leaking essentials in which the Allies are naturally most interested.

British representatives in Washington, seeing the difficulties in the way of establishing an export licence system here, or a more comprehensive "moral" embargo, have begun to talk about negotiations with Russia and Japan to help in closing Vladivostok. Indeed, the talk of an Anglo-Russian trade agreement is felt in Washington to be for the purpose of closing that port. Such polite threats serve to make the United States more willing to act, but they were at this writing still in a tentative stage.

II

NO strong and responsible voices have yet been raised to tell the American people of their real stake in the war. President Roosevelt and Secretary Hull are probably privately convinced that a more actively co-operative policy is necessary. Some Republican leaders, like Henry L. Stimson and a few other isolated men of affairs, are equally convinced. An occasional churchman, a leader in business, a bold newspaper, will from time to time say that: "This is a war for the preservation of civilization's values; it is thus our war too; when are we going to do something effective about it?" There are plenty of private citizens who will say: "Wouldn't it be better if we got into the war right away? Won't the job be harder later on?"

But such convictions have little effect on the great mass of public opinion. The dam still holds. No important public man, at least none who is running for office this year,

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dares to turn against the current, ventures to tell the American people what many of them secretly know to be the facts. We are in a time of grandiosely wishful thinking. Everybody, speaking for publication, says almost the same thing: "We must stay out of war." They say it very loudly; they whistle it as if to keep up their courage; but they are almost in the terribly human position of the person who says "No, No!" when he knows he really means, or will soon mean, "Yes, Yes!" Probably, to people in the European crucible, this attitude will seem strangely blind. So it well may be. Its toll in blood and treasure may be tragic. But it is another illustration of human frailty, no less natural, perhaps, than the British reluctance from 1933 to 1938 to pour resources into rearmament and come to the decision to fight Germany. Consider that, unlike Britain, the United States is still 3,000 miles away from the conflict, living for the most part behind mountain barriers in a seemingly self-sufficient empire, without the traditional and instinctive feeling of menace from a nearby continent. The threat to American civilization is incomparably less palpable than the physical threat to Britain and France had become by 1938. It takes a time to realize that the impalpable threat is no less real.

An experienced correspondent of mine, who has recently returned from an investigating trip across the American continent, convincingly summarizes the state of mind of the people in these words:

The sentiment against the United States getting into the war is deep, determined and universal. It is stronger today than it was just before or just after the war began and rests not only upon a desire to keep out of war but a strengthened conviction that it is possible to do so in the military sense.

This anti-war sentiment is not synonymous with pro-isolationist sentiment, if isolationism means that the United States should insulate itself from the rest of the world and make no positive contribution toward a more secure and more prosperous world after the war.

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Popular opinion is simply not crystallized on America's peace and post-war role. It does not yet see clearly and concretely what the United States can do, and is not prepared to underwrite an international policy so far ahead of the shape of events. It is in a state of watchful waiting and will very likely respond to constructive leadership or in due course demand constructive leadership.

Nowhere in the United States are the people indifferent to the issues of the war or to its outcome. Opinion is overwhelmingly anti-Hitler and substantially pro-Ally. It is honestly and earnestly desirous that the Allies win, but little attention is yet being given as to what it might mean to the United States if the Allies did not win.

The only point in the foregoing summary with which an observer might quarrel is the assertion that the people are increasingly confident that they can stay out of war. Such confidence, outwardly expressed, seems—as we have said—more like whistling in the dark. The fact is that people are confident of their ability to resist being "dragged" in, for they have seen various intense emotional shocks come and go without disturbing public opinion. They are, however, beginning to realize the final point in the foregoing summary: that the consequences for the United States of an Allied defeat are bound to be disastrous. And yet, so paradoxical is public psychology, they have been more isolationist when the Allies were set back, and more interventionist as the Allies thrust ahead.

There are a great many Americans of Scandinavian descent. The attack on Norway outraged and infuriated most of them. It did not make them anxious to see the United States go to war. Indeed, their foremost public man, Senator Hendrik Shipstead of Minnesota, came out with a public statement attributing the attack on Norway to the British mine-laying. Senator Shipstead is a confirmed isolationist and has long been anti-British. For his rash statement he was seriously rebuked by his constituents. Indeed, the extremeness of his attitude may well defeat him

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for re-election, according to shrewd political observers in Minnesota.

The states of Minnesota and North and South Dakota were perhaps the greatest strongholds of isolationism, as well as heaviest in Scandinavian-American population. In Minnesota alone, persons of Scandinavian birth or parentage constitute fully one-fourth of the population, and there are some 60,000 Finns in the state. The invasion of Norway brought a hitherto remote war home to this people, and filled them with a fury combined of grief and sorrow. Yet, in the words of one leader: "We are boiling hot, but we don't think that America can correct these things by going to war."

If the spread of the war to the North did not greatly increase participation sentiment, it seems to have removed most of the remaining objections of those opposed to large-scale sales to the Allies. Assistance in every way short of actual intervention is now a widespread sentiment. One Senator estimates that of the big bloc which voted against repealing the arms embargo, at least half have either changed their view or would no longer dare to vote against assistance to the Allies. There is more and more talk of repealing the Johnson Act since the invasion of Norway. One former isolationist Senator was quoted this week as saying: "It's as impossible to hide our heads under the sheets as it would have been for pioneer Americans to hide their heads when menaced by the Indians."

Of all aspects of the Scandinavian war, nothing alarmed American opinion more than the revelations of treachery and perfidy within Norway—the "Fifth Column". American newspaper correspondents unearthed extremely full and explicit documentation of these events, which were published here from coast to coast. They made Americans think: "Can it happen here?" Or, at the very least, "Can it happen in Mexico?" It has long been known that extensive Nazified German colonies were established in Central

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America, and Mexico has for years been infiltrated with Communism possibly more than any other country outside Russia. Reports that the Communists and Nazis are working together in Mexico, in troubled waters always roiled for revolution, have genuinely alarmed United States citizens. The "boring-from-within" tactics, by which relatively few Communists and Nazis can control a whole movement, have often been exemplified elsewhere.

Moreover, it is recalled that Germany sought just such effects in the United States and Mexico during the late war. The activities of Franz von Papen are thoroughly remembered here. Communists and German Bundists (Nazis) have been active in the United States, too. Hitherto, mid-road citizens have been inclined to scoff at reports of these plottings. Once it was fashionable to call anybody to left of center a Communist, and anybody over toward the right was a Nazi. But now that the unexpected cohesiveness of the Communist movement has been revealed—a surprising number even in the United States are violently anti-war, anti-Finn, anti-Ally—and the financial strength and energy of the Nazis has been uncovered, real apprehension is growing. Prosecutions are underway against some members of the "Christian Front", a group of Irish-Americans and Germans of Nazi persuasion under the influence of anti-Semitic Father Coughlin. Americans are determined to follow the precedent of Finland toward its Communist movement rather than Norway toward the Quislingites. And in any event, even though these subversive activities in the United States may be in part uncovered and hence destroyed, there is continued fear about Mexico. The United States could certainly not tolerate a puppet State south of the Rio Grande. It was a great historical blunder for Germany to foment revolutionary activities in Mexico in 1916 and sabotage in the United States. Repetition of this mistake would do as much as anything else could do to draw this country into closer co-operation with the

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Allies. There are plenty of tentative indications that the mistake is by way of being made.

Occupation of Denmark made the United States acutely conscious of Greenland and Iceland. Washington immediately established diplomatic relations with Iceland, which it defines as being not quite within the western hemisphere and hence not clearly protected by the Monroe Doctrine. Greenland, President Roosevelt announced, is definitely within the American orbit. Any effort on the part of Germany to take over Denmark's colonial possession, therefore, would have been met by United States resistance. It may be recalled, in passing, that it would also be a violation of the Monroe Doctrine for Great Britain to occupy Greenland! Perhaps Canada could do the job. Or the task might be left for the United States. For the time being, the American Red Cross, under Mr. Norman H. Davis, will go ahead to maintain contact with the Greenlanders and do the sort of job which otherwise might require navies.

Should the Netherlands be invaded, similar steps would be taken to prevent Dutch possessions in the Americas from falling into the hands of non-American States. Machinery is already set up among the Latin American republics to assume joint responsibility. The guarantee applies also to Greenland, technically. There, as in the Caribbean, the United States would do any necessary policing. The happy adjustment of inter-American relationships under the "good neighbor" policy of recent years, means that no conflict between these nations over enforcement of the Monroe Doctrine under such circumstances is now likely. The stress would come, of course, if the British Navy were out of the way and Germany or Italy tried to reach across the South Atlantic. Then all the fine words of the "good-neighbor" policy might not prevent conflicts; pro-Nazi Governments might easily come into being in the Americas; and the Trojan Horse is demonstrably an export commodity.

As to the Far East, Secretary Hull did all possible to warn

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Japan that its expression of interest in the Dutch East Indies was enough to arouse apprehension in the United States. He plainly told Tokyo that any Japanese intervention in the Dutch possessions would be regarded as an unfriendly act. Yet the warning, like all our other recent ventures in Asiatic affairs, was in the realm of words alone. With the present relative strengths of the Japanese and American navies—which may work out at a 5-4 United States-Japan ratio in ships, but when translated into action in the western Pacific would mean a Japanese superiority of at least 5-4—it is unlikely the United States could prevent a Japanese occupation of the Dutch East Indies. At the very least, only if the American fleet-in-being were based on Singapore could an effective challenge be offered, and the risk would be very great. Of course, the United States is enlarging its navy as rapidly as possible, but so is Japan, and it will certainly be 1944 before anything like the old 5-3 ratio can be achieved. Even then, the great distance across the Pacific means that Anglo-American co-operation could alone make United States action in Asia comfortable. Thus Secretary Hull's statement on the Dutch East Indies was but little more than another effort to set the record straight—and hope for the best.

III

DOMESTIC affairs, for all their real importance, seem singularly trivial when played against the backdrop of world war. The tempo of business has lagged for many months, since mid-December. Yet nobody has worried very much. An upturn was momentarily expected, and appears to have come with the spring. Unemployment figures have increased, and yet there is a growing feeling that they are partly fictitious: that many so-called unemployed are not actually in need of full-time work, but are the usual waifs and strays and misfits of any economic

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civilization. Nevertheless, the need for relief spending has mounted in recent weeks, and President Roosevelt plans to spend in nine months what had been appropriated by Congress for twelve. When the first Congress after the November Presidential election meets, in January or perhaps sooner if called, the legislators will have a major problem on their hands unless the business boom in the meantime has been substantial.

The New Deal is still in cold storage, all of many needed reforms and adjustments waiting for the presidential campaign to rage and terminate. President Roosevelt has made few positive recommendations to Congress, and an early adjournment is expected so that the politicians may give themselves whole-heartedly to the orgy of selecting Presidential nominees. No important legislation affecting our relationship to the war is expected before adjournment in early June, and then Congress will not be back until late November or December at the earliest.

Mr. Roosevelt has not yet said whether or not he will permit his nomination for the third term. Enough Democratic party leaders have indicated their willingness to support him to make it certain that he can be re-nominated if he desires and probably will be unless he countermands the effort. It still seems clear that the President would prefer to step into an honoured and important retirement. He would certainly wish to avoid a bitter struggle and possible defeat in November, the victim of a Republican reaction. Thus, if the world situation demands his experience and he alone seems able to defeat the Republican rival, Mr. Roosevelt may well decide to run again. For the present he clings to the hope that he may not have to, that the Republican will not be particularly formidable and another Democrat—like Secretary Hull—can be a successful nominee. If Secretary Hull should be nominated, the Vice-Presidential post will be important. Robert H. Jackson, the Attorney-General, a vigorous, well-informed, world-

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minded young lawyer, is one possibility; Senator Burton K. Wheeler, an isolationist-inclined westerner from the mining country, also has much strength; Paul V. McNutt, mid-country politician with much experience as High Commissioner to the Philippines, is another possibility.

As for the Republicans, the young "gang-buster", Thomas E. Dewey, has shown a good deal of popular strength, while rather contradicting himself in several policies, notably in the foreign field. His youth and lack of experience are beginning to work against him among thoughtful persons and with politicians. Yet as a forthright opponent of the New Deal, a brilliant master of radio and cinema technique, Mr. Dewey may well be the Republican nominee. He has defeated Senator Vandenberg in some state primary elections, and Senator Taft has fled before him in other state elections, to await the arbitrament of the Republican National Convention, a feverish quadrennial political circus which meets in mid-June.

Altogether this is a hopeless time to read the political auguries. In two and a half months, the nominees will be chosen and the struggle will be on. Perhaps it will include a significant issue on foreign policies, with the Republicans on the isolationist side. But probably not. The Administration's foreign program has been rather too popular to admit of a frontal challenge. Rather, the Republicans will say they intend to keep us out of war, and that the Democrats are leading us in. The Democrats will say the precise opposite. Both parties will profess to be peace parties; either will be the prisoner of events when it takes responsibility.

IV

BARRING spectacular events directly affecting American interests, the course of events is pretty clear. Growing awareness of the world threat of Hitlerism, growing horror at reckless Nazi policies, are bringing all of

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American opinion toward closer economic co-operation with the Allies. The prospect of American military participation is still very remote. No formal legislative deviation from cash-and-carry policies is likely before the autumn. But when Allied supplies of foreign exchange and stored-up credits in the United States begin to run a bit short, American opinion will surely be unwilling to do anything to jeopardize Allied chances of winning the war. Our stake in an Allied victory has already been made perfectly clear. Sooner or later, the need for wider action will probably bear itself in upon public opinion. We are, as has been often said, very much like the British public before or just after Munich. And even if we are able to keep out of actual participation in the war, the degree of our co-operation is bound to be very wide. As was said at the outset, a forthright Allied policy brings American collaboration along in its wake. Allied reverses, thus far, have driven Americans farther into their storm cellars. But as the threat of aggression darts now and again across the Atlantic, the moods of 1916-17 return. And the safest thing that can be said is that while American policy is immensely responsive to Allied energy, the ultimate precipitant of our involvement would be Herr Hitler—or Signor Mussolini.

United States of America,

April 1940.

POSTSCRIPT (May 15)

Stirred to the very depths by the outbreak of total war and encouraged by the unified, vigorous resistance the Allies are now putting up, the United States is steadily moving towards greatly more extensive economic and financial collaboration. Public opinion, which has been deterring the Roosevelt Administration, is coming to realise the menace presented to this Republic. That national interests demand the giving of the fullest possible aid to the Allies short of actual participation in the war is now the widely

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advocated view of the principal newspapers, public men, and leaders of thought in private circles.

Proposals in Congress to repeal the Johnson Act, which prohibits private loans or credits to defaulting nations, indicate how swiftly public opinion has reacted. The Argentine suggestion that the status of the Americas should be changed from neutrality to non-belligerency is further evidence of the extent to which the feelings of the New World have been roused. The repeal of the financial restrictions is not very likely to come about before Congress adjourns, but the even more important step of expanding and facilitating Allied purchases of aircraft in this country is certain to obtain the fullest official backing.

Naturally the strengthening of American national defence is the first step receiving legislative attention. The increase in spending for armament purposes here this year is likely to reach \$3,000 millions. This means an expansion of American factories and of their capacity to serve the Allies as well as the United States in the production of munitions.

President Roosevelt's personal views on the crisis are now thoroughly vindicated, and the isolationists have had a setback. The former's re-nomination for a third term now seems highly probable, with a good deal of non-partisan support, especially if the controversial phases of the New Deal are placed in suspense. A no less important factor in arousing American opinion than the outbreak of total war in itself has been the gallant unified resistance now being offered by the Allies. The re-making of the British Cabinet is heartily applauded here. In short, Americans, with the feeling that the Allies are fighting with their backs to the wall, are gradually but steadily accepting the widest implications of Nazi aggression and are prepared to do their utmost to help in resisting it short of a declaration of war.



A SKETCH-MAP OF SOUTH-EAST EUROPE

THERE would be very few German visitors in South-East Europe, and there would not be a large Allied army in the Near East, if the factors dividing or uniting the peoples of South-East Europe were not vital to this war. And if, when this article appears, the Balkans are already a battlefield, these factors will be still more important. Here, then, is a sketch-map showing them.

The Balkans earned their bad reputation in the nineteenth century through no fault of their own. After four centuries of Ottoman domination, which destroyed what was in some of them a high civilisation and brought them nothing except poverty and tax-gatherers, the Balkan peoples (other than the Hungarians) shook themselves free, one by one, by means of a series of national awakenings which could hardly be tidy. Weak and raw, they became inevitably the bargaining counters of rival Great Powers. It is from this wider history, not from any inherent degeneracy of the Balkan peoples, that there arose the Balkan Wars and then the Great War of 1914. These wars gave to South-East Europe a further cause of disunity, by dividing it into two classes, the countries that took the winning side and the countries that took the losing side. To Hungary and Bulgaria revision became an obsession, making them the ready tools of any Great Power that would speak for revision or break a treaty, while they dinned into their citizens for twenty years (using every device of propaganda which is used in war) a dangerously rigid desire. Another main cause of disunity has been that the peoples are so interlocked as to make it impossible to draw any frontiers without creating large minorities,

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while nationalism has been so essential to their emancipation that they could not coalesce like the French or federate like the Swiss.

None the less, and though the last twenty years have seen plenty of terrorism and plenty of Great-Power intrigue in South-East Europe, Balkan immaturity has passed. Stambulisky and Radić tried to create a union of peasant peoples, the idea of which has not died with them; and the Little Entente and Balkan Entente are practical achievements of difficult co-operation, of which the Germans have so far destroyed only one. But one fact prevented these countries from freeing themselves, alone or together, from the intrigues of Great Powers, and that was their economic situation: each of them is mainly a peasant country, their produce is competing rather than complementary, and they are rich in soil but poor in capital. The economic crisis placed them at the mercy of the first Great Power that would give them a market, and that was Hitler's Germany. Germany's economic dominance tended naturally to bring political dominance with it. One country only mounted a considerable counter-offensive—Czechoslovakia.

Munich not only deprived South-East Europe of its one market and source of capital alternative to Germany, but added all these resources to Germany's. Militarily it deprived South-East Europe of its one natural bastion and of its arsenal. Morally Munich had two effects in these countries: it made each of them regard the Western Powers with anger and distrust; and it tended to sharpen the opposition both between the revisionist and the *status quo* countries and between Governments and the minorities under them. For, while the revisionists and the minorities had smelt blood, to the *status quo* countries the fate of the Czechs, who had accepted Lord Runciman and gone to the limit of concessions in vain, was a vivid warning against making even reasonable concessions.

The outbreak of war found the countries of South-East

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Europe all anti-Hitler (this even applies to Bulgaria and Hungary to a very large extent), but not pro-Ally—not, at least, after the fate of Poland had confirmed the impression made by Munich. Revisionist tension remained, to be exploited by Germany, Italy and Russia. But the war sharpened in most countries of South-East Europe a sense of a common interest in neutrality. To this the Serbo-Croat Agreement, the Belgrade Conference, and the agreement to police the Danube without Germany, bore witness.

Let us now look at each country in turn.

I. HUNGARY

HUNGARY'S friendship with Germany is old and deep-rooted. From 1867 (the year of the *Ausgleich* between Hungary and Austria) onwards the Magyars sought common cause with the Germans against their own Slav subjects. For thirty-nine years, from 1879 to 1918, they were allies; defeat and a common indignation at the "injustices" of the peace settlement drew them again to each other. Gambetta's advice to his compatriots after the Franco-Prussian War, "Think of Alsace-Lorraine always, but speak of it never", had little effect in post-Trianon Hungary, where the demand for revision was practically unanimous. Hitler's accession to power in 1933 was welcome to many Hungarians largely because it seemed to bring the day of restitution nearer. They could reconcile themselves to the violence and thuggery of the Nazi régime because they approved of anti-Communism (remembering with hatred and terror their own brief experience under Béla Kun), and because they approved of anti-Semitism, having a Jewish problem of their own. They approved also of anti-internationalism, because they believed the League of Nations to be wholly in the hands of the Czechs and the French and a mere instrument for the maintenance of an eternal *status quo*. The *Anschluss* seemed to them to show overwhelming evidence

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of Germany's might, and they felt that the closest co-operation with this powerful ally might be their only hope. By Munich the liberal and pro-Western intellectuals, few enough at any time, were silenced and discredited in Hungary as in other countries. Great Britain and France appeared as weak and cowardly, and friendship with Germany as the only thing that paid.

There seems to be very little doubt that if war had broken out in September 1938, or even in March 1939, Hungary would have joined in on the German side. But since then there has been a change. The Hungarian ruling class has at last begun to show a faint understanding of the fact that the Czechs, whom they so willingly helped to destroy, were their own first line of defence. The German treaty with Russia, Hungary's hereditary enemy, and the destruction of Poland, the one country to whom she was sincerely attached, have shocked and frightened them. At last there is some realisation of what Nazism really means to Hungary—that its revolutionary qualities threaten her social structure, that its imperialism threatens her independence, and this without any assurance of further gains. Count Teleki's Government, strongly backed by the Regent, has taken active measures against the Hungarian Nazi party; in February last it even gaoled two of its deputies, M. Gál and M. Gruber, for terrorist activities. It is a symptom of public feeling that, when on November 10 the Minister of Justice resigned, his successor, Dr. Radocsay (a high official of good standing but entirely unknown), won a tremendous victory at the by-election over the Nazi candidate, M. Mecser, polling 12,000 votes to his 2,600. The constituency contains large estates vulnerable to agrarian reform, and there had been violent Nazi propaganda among the local peasants. There has also been a very noticeable cooling off in the Nazi enthusiasm of the Germans in south Hungary and around Budapest since Hitler's plans for mass migration became known.

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This need not mean, however, that the Hungarians have suddenly become pro-Ally. True, they like the dignity and truth of Allied propaganda, comparing it favourably with the German. But they fear that the peace settlement after an Allied victory, far from giving them back Transylvania or the rest of Slovakia, might take from them what they have already gained. The recognition of the Czecho-Slovak National Committee has, as Count Csáky's attacks on it have shown, caused the deepest mistrust. The Hungarian press comforted itself with the thought that the Allies had given recognition only to a Committee and not to a Government, but the mere use of the phrase "Czecho-Slovak people" (the British text actually said "peoples") spurred the inspired *Pester Lloyd* to assert that such language "does not correspond to reality". It later described the recognition as being "an affront, hard to explain politically" to the Hungarian Government, and warned the Allies against repeating the mistakes of the last peace treaties—"he who makes the same mistake twice is not a wise man". It seems that the Hungarian Government fears that, unless it can show convincingly that Central Europe will not be reconstituted as it was in 1918, there will be another swing-over to its Nazi opponents.

Its opponents, who are not only to be found in the nominal Opposition, are at the moment gathering under the wing of M. Béla Imrédy, the memory of whose Jewish great-grandmother seems to spur him on in his Nazi activities. On April 5 the Imrédy faction emerged defeated from a meeting of the Government party; but after the elections in the 're-won' territories in May the position may change. The deputies from the re-won territories have entered the Government party, but many of them favour a radical social programme which threatens the painfully maintained domination of the gentry and the great landlords. There is much discontent in Slovakia and Ruthenia. Under the Czechoslovak Republic their inhabitants, Slovaks, Ruthenes,

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or Magyars, had mostly attained a far higher standard of life than exists in Hungary. The return to a system imbued with a spirit of caste and privilege, rising prices and lower wages, too much centralisation in Budapest and too many officials have caused increasing discontent. On November 14 M. Holota, a deputy from Upper Hungary, demanded greater speed in settling the social problems of that province, remarking that the wearing of monocles should be forbidden for five years—a nice indication of the differences between the restored aristocratic bureaucracy and the “freed” population accustomed to twenty years of democratic administration.

The Land Reform Bill is also causing trouble. Though it must be described as modest, since it only affects a part of the great estates (only 1.5 million acres are to be distributed, at an annual minimum of 100,000 acres) and leaves in suspense the urgent question of prices, it has caused ill-feeling among the magnates, and Count Bethlen, in particular, has criticised it as an attack on the class which for centuries produced the leaders of Hungary.

Hungary's economic position, however, unlike that of her neighbours to the south-east, is fairly healthy. Prices have risen very little since September, unemployment has decreased. Supplies of raw materials are a problem, partly because of the blockade, partly because of the shortage of “free currency”. By the end of 1939 Germany was taking approximately 56 per cent. of Hungary's exports and supplying 54 per cent. of her imports. Exports to Italy have increased. In every other direction trade has dropped considerably.

Can Hungary remain neutral? Can she be persuaded to join the Balkan Entente, sinking her differences with Yugoslavia, which are modest, and with Rumania, which are vast? There have been in Hungary obvious attempts at a *rapprochement* with Yugoslavia. Many sympathetic articles on Serbo-Croat difficulties, and the reconciliation, have been

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published in *Pester Lloyd* and other official papers, and Dr. Maček, in an interview, pointed out that the two countries must co-operate because they were both peasant nations. *Pester Lloyd*, which certainly cannot be said to represent the peasants of Hungary, referred to this interview warmly, and embellished it with compliments to Italy, the “centre of civilisation in South-East Europe”.

With Rumania, on the other hand, in spite of Yugoslavia's attempts to build a bridge, Hungary remains on bad terms. Count Csáky, in an insulting speech on November 22, said that Hungary had taken the initiative towards disinfecting the atmosphere, and left the rest to Bucarest, which must show whether it was still capable of facing realities. Count Csáky also referred to the “idea” of the Crown of St. Stephen as a force making for order and organisation, which unites without confounding. M. Gafencu made a relatively moderate reply. But Count Csáky retorted by declaring: “At the period when the treaties of peace signed in the neighbourhood of Paris are crumbling, the Rumanian State cannot remain the sole war profiteer.” The atmosphere seems scarcely hopeful for Hungarian neutrality.

II. RUMANIA

“I AM ready to cut myself in two halves for the sake of the country. One half I would give to the Germans, and the other to the British. More than that, however, I cannot do.” That is what King Carol is reported to have said a few weeks ago: and of all the countries of South-East Europe Rumania's position is undoubtedly the most difficult and perilous. She is rich in raw materials, and therefore covetable; she is poor and ill-equipped, and therefore weak; and four of her five neighbours are hostile.

That the Rumanian Government will maintain its nerve-racked neutrality until the last possible moment, and that the Rumanian people support this policy, there is no doubt.

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They may hate and fear Germany, and especially since the invasion of Norway most of them are convinced that one day very soon Germany will decide to "protect Rumanian neutrality with arms". But until that day comes the *homme moyen roumain* sees no reason why his country should expose itself to the terror and destruction that fell upon Poland and Norway. Rumania is a satisfied country. She has no territorial demands, practically all the Rumanian people now live within her borders. The Rumanians were ready to fight without question in September, 1938, but then came Munich, the surrender to Funk, and the Ides of March, which dismayed and disgusted them. The local Germans and pro-Germans were triumphant. The whole post-war policy of co-operation and friendship with the Western Powers seemed shamed and discredited, all liberal and pro-Western opinion lost ground, the Little Entente was shattered, and nothing was left of Rumania's alliances but the Polish alliance and the Balkan Entente. The Polish alliance, originally directed against Soviet Russia, had meant little to Rumania for years past, and Poland's invasion of Czechoslovakia seemed to the Rumanians so wicked and foolish that there was never the remotest chance that they would go to Poland's help in September, 1939. And when, after six days fighting, they saw the Polish army in full rout, all their worst fears and presentiments were confirmed. "Look", they said, and the German propagandists willingly repeated, "Poland had an army of three million men, far larger and better equipped than ours. She was your ally, yet you did not help her, and she has been destroyed in these few days. What would have happened to us?" The Polish refugees who flooded into Rumania, angry, embittered, desperately anxious for a scape-goat to comfort their own consciences, accused France and Great Britain of having betrayed them—of dropping leaflets on Germany while the Germans rained bombs on Poland.

One other factor holds Rumania to her neutrality—her

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fear of Russia. The Rumanians mistrust Russia to the depths of their being. The grounds for their fears are sometimes ideological, but far more often they are historical. All Rumanians know about the Russo-Turkish War of 1878 (when Rumania fought with Russia against Turkey, only to see the Russians take Southern Bessarabia from her by the Treaty of Berlin). Nor do they forget the War of 1916-18, when there was little to choose between the enemy, Germany, and the ally, Russia: and no Rumanian who fought in that war is likely to forget having to stretch out a thin line still further, in order to cover the gaps left by Russian companies which had deserted during the night. Rumanians of all classes fear that, once they were embroiled in a war with Germany, Russia would seize her opportunity, as she seized it in Poland.

But if Rumania is resolved to hold on to her neutrality as long as possible, what is her attitude towards the two belligerents? Popular feeling is strongly pro-Ally. On September 3, 1939, a group of peasants in a country village was listening to the wireless in an outdoor café. The news came through that Great Britain had declared war on Germany. A peasant rose from his seat and crossed himself. "Thank God", he said, "that the dishonour has been wiped away. And now may God give them the victory." This incident is by no means exceptional. Most intelligent Rumanians realise that the Allies are fighting not only for their own lives but for the independence of the small nations of Europe, and that a German-Russian-Italian triumph would mean that Rumanians, Jugoslavs, Greeks, Bulgars, and Turks alike would become vassal peoples.

Economically the Rumanians are in difficulties either way—from German exploitation on the one hand, from the British blockade on the other. Since March, 1939, one German economic mission has succeeded another in the restaurants of Bucarest, and in the German Legation a special economic section headed by two Austrians, Herren

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Guido Schmidt and Neubacher, has been installed, but they are still very far from their goal—that of conquering Rumania as they conquered it in 1917, but this time without war. A German, Herr Ernst Wagemann, in his book *Der Neue Balkan*, describes the German-Rumanian trade treaty as being for the

development and management of Rumania's agricultural production, the development of Rumanian timber and forestry, German assistance in Rumania's industrialization . . . , the joint exploration and exploitation of mineral wealth, the improvement of the Rumanian railway system, the delivery of war material for the Rumanian army, and collaboration between German and Rumanian banks in the financing of special business propositions.

Many German-Rumanian corporations have been created, the Germans have become owners of several Rumanian enterprises—notably, the invasions of Austria and Czechoslovakia had already brought them the heavy Austrian and Czech interests in Reșița, Rumania's greatest metallurgical concern—they have bought up the “Petrolul Românesc”, the “Foraky Româneasca”, and the “Industria Româna de Petrol”. Germany has founded several metallurgical concerns, including the “Škoda Industrială Română”, a branch of Škoda, and the “Acier Union”, a subsidiary of a Düsseldorf company. The Germans have also taken over the “Rimina” iron and steel works from the State, and are preparing to enlarge it. Above all, they have increased Rumania's exports to Germany. Though figures are unreliable and difficult to get, it seems that in 1939, out of 2 million tons of agricultural products exported by Rumania, 650,000 tons, or one-third, went to Germany and the “Protectorate”; that of 4 million tons of oil products Germany took 1·3 million tons (30·8 per cent.), and that of Rumania's total exports, which amount to some 7½ million tons, Germany took 2·4 million tons, or over a third. A short time ago Rumania, like Hungary, was compelled to introduce two meatless days a week in order to supply the Reich, and

to demobilise a number of peasants and agricultural workers so that the harvest, so essential to Germany, should not suffer. The latest official statistics show that from September to December of last year Germany purchased goods to the value of 4,855,000,000 lei, more than three times as much as Great Britain, and more than sixteen times as much as France.

The Allied blockade is also playing havoc. Iron, rubber, cotton, and other raw materials essential for Rumanian industry are being held up through the black list system, by revoking export licences, or by delays at Malta and Gibraltar. Rumania's steel industry can only work on army contracts, her cotton industry is dependent upon small supplies from Turkey. Prices have risen (the cost of living has gone up something like 20 per cent. in the last eight months and there is little chance that it will drop again).

How has Rumania succeeded in resisting Germany's demands? Difficulties of transport have been her principal ally. Since communications between Germany and Rumania by sea are closed by the blockade, all transport must be by the Danube or by rail. The freezing of the Danube, the floods that followed the thaw, and Germany's shortage of barges, have slowed up Rumania's exports to Germany so much that in January 1940 Rumania exported to Germany 27,000 tons of petrol, instead of the 120,000 tons agreed upon or the 100,000 tons which was the monthly average in 1939. The railways through Hungary and Yugoslavia have been heavily overcharged, since they must carry Rumania's own trade with those two countries as well as her exports to Germany. As for the railway through Cernăuți and Lwow, formerly the main traffic artery between Rumania and Germany, the few trains which have been sent by it either have never arrived, or have been mysteriously delayed, or have arrived with half their contents missing. (Germany has recently opened a new office in Bucarest to deal with the problems of transport in the Balkans.) Rumania

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has also made use of the price-raising device—goods bought by Germany, especially petrol, have continually increased in price, and though the Germans have tried to counter this by raising the value of the mark *vis-à-vis* the leu, the Rumanian Government refused the most recent suggestions of this kind. They have been strengthened in their opposition by discovering that German exports of machinery are far behind schedule, and that German letters of credit are frequently not honoured. The Rumanian National Bank gave orders in mid-April to Rumanian banks to make no advances against German letters of credit until the National Bank has announced that the money has been paid into a clearing account; and, as a result of this, exports of meat have been temporarily stopped.

What is Rumania's internal position in the face of all this pressure from without? Rumania is the paradise of the Fifth Column. It contains a German minority of 700,000, of whom nearly 200,000 live on the German and Russian frontiers; at least 1,400,000 Hungarians, bitterly unreconciled to their present lot; half a million Ukrainians, whose poverty, illiteracy and propensity to terrorism make them a heaven-sent field for German and Russian propaganda; and another half-million disgruntled Bulgarians, again much influenced by Russian propaganda. The Iron Guard is still active, and many of its members boast quite openly that they are as well organised and powerful as ever. The horrible repression carried out after the murder of Prime Minister Calinescu merely created many more blood-feuds between the King and the Guardists, and awakened sympathy for them in many quarters.

The Rumanian intellectuals, the older ones brought up on Professor Jorga's theories of "Latin Race", the younger ones often violently pro-German, or at least pro-Fascist, are united in one thing—in their hatred of Russia. Even those who are pro-German continue to be anti-Russian. Most of the older ones, Liberal or National Peasant, are pro-Ally.

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The peasants, desperately poor, the last leu in taxation ground from them in order to pay for the constant mobilisations, have bitter memories of the Germans during the last war, and have sympathy for the British and French peoples, though they have bitter memories also of Munich, which must be effaced. The authorities, imbued with a strong *l'état c'est moi* patriotism, balance uneasily, but realise that for them either of two things would be fatal—for Rumania to fight on Germany's side, or for the Allies to lose the war.

Can Rumania continue to balance for long? "We do not intend, to-day, to let our property be anyone's tool in their war plans", said M. Gafencu recently to his Senate. What is Rumania to do? She can capitulate to Germany wholly. This policy was mooted in September, and crushed by the late M. Calinescu, who threatened to resign rather than to put it into effect. King Carol undoubtedly hates and fears Hitler, and probably believes, as do many Rumanians, that if Rumania becomes completely subservient to Germany the Allies may make use of Hungarian and Bulgarian revisionist claims against her. Secondly, Rumania can capitulate to Russia as the Baltic States have done. This is scarcely likely, for the Finnish War has both strengthened the anti-Russian feeling and created a new (probably ill founded) confidence. Thirdly, Rumania can prepare to fight two or more of her neighbours at once, put the country on a war footing, and ask for further Allied credits to do so. This again is unlikely, since Rumania is still (especially after the Allied evacuation of South Norway) afraid that Allied help would not reach her in time. It seems, on balance, therefore, that her uneasy neutrality will continue as long as Hitler wishes.

III. JUGOSLAVIA

IN no country in Europe, except perhaps in Greece, can there be a more passionate and universal sympathy for the Allies than in Yugoslavia. This does not mean that the

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Jugoslavs are blindly uncritical. Far from it. For them Munich was the betrayal of an allied and sister nation, to whom they were bound by the deepest ties, and they will not soon forget or forgive it. The Polish defeat aroused in Yugoslavia the same feelings as in Rumania. Why, asked the Serbs, a notably courageous and warlike people, shower leaflets on Germany while Poland is fighting for her life? Is your Government making this war seriously or not? Why was there so much delay in sending help to Poland? What would have happened if it had been us? Both Serbs and Croats dislike the Germans and have cruel memories of them from the last war; and the Serbs, especially, cannot understand why their country remains neutral—neutrality is a state unknown to them, Serbia has never been neutral in her life before. They feel that the Allies are fighting for *them*, and they long to be allowed to deliver the *coup de grâce*. For the French, in particular, all Jugoslavs have a feeling of almost personal affection and admiration which is lacking in their attitude towards the British. The serialisation in a Belgrade newspaper of Sir Nevile Henderson's book, with its derogatory references to the Slavs in general and the Czechs in particular, has not drawn them nearer to us.

The outbreak of war caught Yugoslavia at a bad moment. The *Sporazum*, the Serbo-Croat agreement, had been signed only a few days before, few of its details had been thought out, the consent of the Serb and Croat peoples had not been obtained. The agreement is still being worked out in detail, and the country is far from united. The Serbs, wholeheartedly though most of them welcomed the *Sporazum*, cannot quite rid themselves of the suspicion that the Croats would be ready to compromise with Germany at Serbia's expense. The Serb Opposition, which worked so long and so faithfully to secure the agreement, has been wounded and alienated by Dr. Maček's somewhat tactless treatment; the Serb people have begun to feel that the agreement was concluded above their heads, that they, who paid the heaviest

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price for Yugoslav freedom—670,000 dead out of a population of 4,000,000—were never consulted. Many of them feel, too, that there is nobody in the present Cabinet who really represents the Serbs; that the Croats, the Slovenes, the Bosniaks all have their representatives, but that the Serb Ministers are too discredited, or have too little following, to count. The Croats, on the other hand, believe that the Serbs still want to found Great Serbia at Croatia's expense, that they were forced to conclude the *Sporazum* only by the threat of war, and that they will go back on it if and when they can. There is a *fronde* against Dr. Maček inside his own party, where he is accused of having made unnecessary concessions to Belgrade. This *fronde*, of course, is worked upon by the Italophile and Germanophile Croat extremists, who aim at playing the same part in Yugoslavia as Tiso and the Slovak Populists played in Czechoslovakia. The long discussions on the federal boundaries have given them plenty of troubled waters for fishing. The Croats originally demanded control of an area stretching right down to the Boka Kotorska in Montenegro, and including Bosnia, for which in particular the Serbs felt that they had fought the Great War. In the end the "Banovina" of Croatia stretches only as far as Dubrovnik, but it includes over a million Serbs. The Slovenes, too, are upset that so little attention has been paid to them, and that they are not treated on a par with the Croats. As for the German minority, which numbers over 500,000, it is as blindly Nazi as the Sudeten Germans under Herr Henlein, and settled in much too uncomfortably good strategic positions, strung along the Danube.

Jugoslavia has also had to suffer a severe economic strain since September. Her imports of raw materials and semi-manufactured goods have fallen heavily, especially in textiles (her raw cotton imports fell 32 per cent., cotton yarn 62 per cent., raw wool 69 per cent., and woollen yarn 55 per cent.) Her geographical position makes it difficult for her to trade with non-clearing countries, while her heavy

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rearmament immediately before the war ate up her foreign exchange reserves, so that it is hard for her to buy raw materials in a non-clearing country now. There is a shortage of coal, tin, oil, petrol and jute, so that there has been a general and sharp rise in prices, which are anything from 20 to 50 per cent. above the August level—coffee, for instance, has risen from 52 to 70 dinars per kilogram, soap from 9 to 13 dinars, cooking oil from 11 to 20 dinars, and coal from 300 dinars to 550 dinars per ton. In 1939 half Yugoslavia's foreign trade was with Germany. Recently Krupps have created three subsidiary Yugoslav companies, "Yougocotton", "Yougomineral" and "Ferrowolf". In the latter half of 1939 German exports to Yugoslavia were deliberately increased to enable her to build up a heavy credit balance in Yugoslavia, so that she might buy up every available export surplus. So far there has been no real counter-attack from the Allied side, and though Yugoslavia *must* import from the Allied countries at least two thousand million dinars' worth of raw materials this year, her exports to them in 1939 amounted to only 507 million dinars. It should surely be possible for the Allies to divert Yugoslavia's valuable supplies to themselves and bridge that gap.

Could and would Yugoslavia defend herself if she were attacked, as she probably would be, from two sides at once? That the Serbs would fight, however weak-kneed their Government might be, there is not the slightest doubt. Of the Croats and Slovenes it is difficult to feel so sure, while as for the local Germans they are Hitler's helots to a man. The Yugoslav army is large, its morale is good and its fighting tradition superb, but its equipment is poor and out of date, and its general staff, though honest and courageous enough, is hide-bound and old-fashioned, still too accustomed to war with the knife to deal adequately with invasion by tank. A superb opportunity was missed after September 1938, when the Czechoslovak Government offered Yugoslavia a large quantity of the best and most modern Czechoslovak

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military equipment at bargain prices, and the offer was turned down by M. Stojadinović. For this, as for all his other mistakes, Yugoslavia will continue to suffer.

IV. BULGARIA

SINCE the present war began, Bulgaria has been unexpectedly becalmed. Munich and March 1939 had seemed the beginning of a new era, in which all the revisionist countries would recover their lost territories with Germany's help; the revisionist demonstrations in Sofia on the anniversary of the Treaty of Neuilly in September 1938 were decidedly pro-German. But both Rumania and Greece refused to submit to any chipping at their borders, and the presence of a large Franco-British army in the Near East, as well as of considerable Turkish forces on her southern frontier, dissuaded Bulgaria from fishing in troubled waters after war had broken out. Tension decreased after November 10, when both countries decided to demobilise the troops concentrated on their common frontier. M. Saracoglu's visit to Sofia after the Balkan Entente Conference in February was another success, though he neither made nor received any concrete proposals, and the Bulgarian Prime Minister has recently declared that territorial demands will be cold-stored until the end of the war.

With Yugoslavia, Bulgaria is now on terms of cordial friendship. Last July M. Kyoseivanov, the Bulgarian Prime Minister, visited Belgrade twice on his way to and from Berlin, and after his second visit a *communiqué* was issued calling for closer economic co-operation between the two States, emphasising the importance of a policy of independent neutrality and "good neighbourliness" and reminding the world of the significance of the Pact of Friendship of January 1937. During the same summer some 8,000 Yugoslav Sokols visited the celebrations of the Junaks (the Bulgarian branch of the Sokol movement), and were warmly

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received. There were also frequent conversations between leading Croats and Bulgars. The Croats have never forgotten the agreement between Radić and Stambulisky in the early 'twenties, when these two great peasant leaders tried to found a new peasant democratic South Slav State; the Bulgars have feelings of special sympathy for the Croats, and welcomed the Serbo-Croat agreement. In February last a Bulgarian delegation visited Belgrade to discuss closer economic co-operation, and a Customs Union was actually suggested. Dr. Maček, it is said, declared on this occasion that no sacrifices would be too great, in the existing international situation, if it would lead to unity between all the southern Slavs, from the Adriatic to the Black Sea.

Jugoslavia is anxious to win Bulgaria for the Balkan Entente, but Bulgaria would prefer an "arrangement" with each of her neighbours to any collective agreement into which they might be tempted to read a renunciation of her territorial claims. Her *terra irredenta* is threefold: the southern Dobrudja, which she claims from Rumania; Western Thrace, which belongs to Greece; and Macedonia, which belongs to Jugoslavia. Lately she has concentrated on the demand for the Dobrudja, although an outlet to the Aegean Sea through Thrace is far more vital to her. The population of the Dobrudja is a mixed one, and the Bulgarians are undoubtedly still in the majority. They complain of the usual minority grievances about schools, churches and Rumanian colonists, and the Rumanian administration has certainly not always been as wise and tactful as it might be. Rumania refuses to cede the territory on the ground that it is a strategical necessity to her, and the example of Czechoslovakia scarcely encourages her to make concessions. Bulgaria, on the other hand, demands it by right of nationality, history and economics. Agricultural yields in the Dobrudja, though higher than in other parts of Rumania, are less than in the very highly cultivated Bulgaria; and southern Dobrudja's 2,956 square miles amount to 7·8 per cent. of Bul-

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garia's territory, but only 2 per cent. of greater Rumania's. Varna, Bulgaria's chief port, has suffered a good deal from the loss of its hinterland, though it is hard to see why it should be thought by the Bulgarians to have such extraordinary advantages over Constanța as the province's *débouché*. The most sensible solution to this itching problem would be an exchange of populations—there are about 150,000 Bulgarians in the Dobrudja, and about the same number of Rumanians in Bulgaria—but although the Rumanians would be glad to do this, the idea makes no appeal to Sofia. The Rumanians are therefore extremely unlikely to do more than make a few local educational and religious concessions, such as they made at the beginning of the war to the Germans in Bessarabia. It is possible, however, that Moscow may bring pressure to bear on Rumania to support Bulgaria's demands. A still more dangerous possibility would be that Russia might take Bessarabia for herself and make over the whole of the Dobrudja, thus cutting Rumania off from the Black Sea and vastly strengthening her own position.

Economically Bulgaria has suffered little from the war. She has no industries which require raw materials, and the blockade therefore affects her less than her neighbours. Prices have not yet risen very much, and the two meatless days a week and the scarcity of petrol seem to be the only signs of shortage. Germany, who in 1938 already took 63·4 per cent. of Bulgaria's exports and supplied 67·9 per cent. of her imports, now monopolises her trade almost completely, although Soviet Russia and Italy show a desire to compete.

Although she has remained relatively quiet so far Bulgaria cannot be altogether written off as a possible trouble-maker. She is certainly far from being pro-Ally. Her rulers and her army are, if anything, pro-German, and her peasants are passionately, mystically pro-Russian—the old pan-Slav ideal, the feeling for the "Slav mother", the maker of San Stefano,

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is still overwhelming. Turkish diplomacy may bring about a change, and an interesting sign was that a leading Bulgarian newspaper recently printed as a leader a summary of an article taken from the Turkish newspaper, *Tan*. This article was headed "How the Allies can get the Balkans on their side", and its main points were that the Balkan States wanted to avoid Germany's economic penetration, that the Allies, unlike Germany, could pay for goods with free currencies, and that the Allies, since they could control the sea communications of the Balkan States, could reply to German pressure with pressure of their own. But if (it concluded) the Allies were to regain the ground lost by their indifference, there must be no hesitation about spending money. An interesting article, but one straw does not prove the wind has changed.

V. GREECE

THE Greek people are fervently, unshakeably Anglophile. Munich and the Polish collapse mean less to them than "Lordos Byron" and their affection and respect for the British Navy, and in no country of the South-East can the Allies rely upon more complete and united support. The effective head of the Greek State may have made speeches in the past showing sympathy for the Axis, he may have been trained in Germany, insulted by the British military authorities in 1915 and disgusted by the way in which Great Britain and France treated Greece during the last war, but he could not, if he would, bring Greece on to Germany's side. The spirit of the Greek people and the strength of the Turkish alliance make any such move out of the question.

Yet even in Greece, where Britain finds such avid listeners, and where the people understand naval warfare as they do nowhere else, German propaganda is not without its successes. Greek sailors have recently been refusing to sail to

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British ports, because the Germans had managed to convince them that the British convoy system was useless.

But Greece, in her relations with Germany, is far more fortunate than her northern neighbours. She is on good terms with all her neighbours; she has little to fear from Fifth Column activities. The Turks who remain in Greece are there by agreement with the Turkish Government and are perfectly satisfied with their life; the 80,000 or so Bulgarians are scattered in the Florina district, separated from the Bulgarian frontier. There is no anti-Semitism, even in Salonica, where there is a large and ancient colony of Spanish Jews and a newly founded and active Nazi club. There is very little German capital in the country and only about 2,000 German residents, and as for the possible native Quislings, they would not even make up the fingers of one hand. Economically, too, Greece has suffered least. Her trade with Germany had declined considerably before the war began, and since then successful Allied counter-measures and the difficulties of transport from Greece to Germany through the blockade have caused another heavy drop.

For the Allies it is vital to have the people of Greece on their side. In the last war Salonika was for them a means of attacking the Central Powers at a weak point: in the present war Salonika may be one of our weak points, vital and urgent to defend. Its defence is urgent because Italy already has Albania (less than 150 miles away) and because, if Germany and Italy invade Jugoslavia, the Yugoslav army will have to face the German army itself, not the inefficient and disaffected Austro-Hungarian army which it beat back in 1915. Its defence is urgent because, if it falls, the whole of Eastern Europe will be unable to resist, Greece and Turkey will be separated and perhaps immobilised, and Franco-British sea-power in the Mediterranean will be further strained. Franco-British sea-power, indeed, is likely to need the ports of Greece more than ever. The faith and confidence of the Greek people may yet be necessary to us.

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VI. CONCLUSION

THE future of South-East Europe is obviously uncertain. Turkey's intelligent and tireless efforts to build a united neutral block have not so far been very securely successful, and Germany, Italy or Russia might take advantage of weakness and dissension at any moment. If they do so it is unlikely that Hungary and Bulgaria will keep quiet. Even if they themselves are not yet the battle-field, the fate of all these countries is at stake in the war; for, if Germany won, the tyrannic powers would carve up the Balkans as they liked—partition *à la Polonaise* being far more likely than a quarrel over the spoils. But when the Allies win they must in their own interests, put forward an alternative to the German *Lebensraum* theory. Germany, with all her faults recognised the economic interdependence of South-East Europe and gave to all the Balkan countries a market not to be found elsewhere. France, in spite of her policy of Balkan alliances, failed lamentably to give it, and Czechoslovakia alone tried to compete with Germany and understood the need of doing so. The Balkan countries have grown up and they can no longer be airily dismissed as a kind of German Africa. If we are to make a good peace settlement Great Britain, France and Turkey must help to develop them economically, must help to plan and develop their industries on rational, not merely national, lines. A union of 70,000,000 consumers would be a superb instrument of economic reconstruction; and it might go far to solve the problem that German militarism creates for Europe. No longer divided, nor economically dependent, South-East Europe would cease to serve as a lure and a cock-pit for new imperialist ambitions.

SHIPPING CONTROL

SHIPPING is a key industry, in the sense that it is an industry whose size, in terms of capital equipment, or number of persons employed, or direct contribution to the national income, is an inadequate measure of its national importance. There are small and large industries, and in times of peace the way in which the amount of our labour and other resources is distributed between the parts of the whole system of production and exchange is simply a technical fact. A key industry derives its chief significance from its relation to conditions of war. In the entire process of production, industries are dependent on each other. The effect of war is to put a much greater pressure on a group of such interdependent industries. But this pressure acts with special force on a few of them, and their power to respond to it becomes a critical influence on the whole rate of expansion of supplies. After the last war this was recognised by the passage of the Key Industries Act. The way in which the impact of war conditions is felt varies as between industries of this kind. In some cases the question is one of the availability of special materials or special skill. In respect of shipping, there is a particular liability to the destruction of its existing equipment by enemy action, or to the slowing of its pace in order to avoid this. Again, when the Government requisitions ships and shipbuilding yards for Admiralty purposes, this means that a depleted mercantile marine has to bring home extra raw materials in order to replace its own diminution. More will be said on these points later. It was natural, therefore, that the Departmental Committee of 1918, in view of the experience of the last war, should have based its recommendations and findings on "two hypotheses, neither of which is likely to be

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controverted—the first, that the maritime ascendancy of the Empire must be maintained at all costs, and the second, that the grave wastage sustained by the mercantile marine must be repaired without delay”. For many reasons of policy and circumstance, these assumptions did not obtain in 1938. The technical peace conditions, depending on international trade, placed shipping in a less favourable relation to the needs of a new war, since these needs would depend only on the war. So far as military and naval requirements were also behindhand, the key position of shipping was more evident. Shipping is, no doubt, a key to other things that matter besides defence. We have always realised the high prestige which has been derived from the greatness of our mercantile marine; a fine ship is perhaps the finest thing we make; the flag is carried all over the world; the adventure of the sea has had a great influence on national life and outlook and literature. We personify the ship, and children know the names of our fast liners. But defence and safety are what shipping means to us in the end.

The most powerful weapon of economic war has been blockade, that is, the stoppage of shipments. Military war has gone out first against the ships. If a factory making military requirements is bombed, another factory, even from another industry, can be adapted. Only ships can replace ships, and only ships can bring the materials needed for the replacement. This is the nature of our economy as a whole. The real resources on which we must draw are located at home and abroad. The former are our own labour and land and materials, and our reserves if we have accumulated any. The sinews of war are our labour, including that on ships, rather than our finance. Finance is a thing that can be arranged. That part of our labour which is for export, as well as our reserves abroad in the form of investments and credits, are turned into realisable assets by the mercantile marine. That alone does not make shipping the weakest link in the chain. It is the combination of

its vital necessity and its special danger which makes it that.

The amount of our own shipping which is ordinarily needed to make this chain is a technical fact. The volume of the world's trade is so much, and so much shipping is required to carry it. We have so much help from foreigners, and need so much of our own. We also do a great deal of carrying for foreigners, especially in distant seas by the work of our tramps, and this is a sort of operative reserve, which we can call to work more directly for ourselves. We had therefore subsidised it on a ton-day basis in recent years. There still remained, however, the technical fact, depending on the volume of international trade and our share in it, which fixed the amount of our shipping. That fact includes both the number of ships, and the tonnage of this number as a whole. The distribution of the tonnage is an important aspect of the supply, especially when we have to turn to war conditions. The tendency in time of peace in this, as in other industries, is toward larger units of operation, and this soon shows its effect on the general position, since the life of a ship is about twenty years. But the largest ships are not the most useful in time of war, so that the natural tendency of peace conditions is to some extent opposed to what will be most desirable in war. No doubt this is important only if there has been a substantial concentration of our tonnage, but, as will be seen, this has been taking place. It is not a question of war risks only, but also one of unfilled space on certain journeys, when war cargoes take the place of peace cargoes.

We may now consider how we were placed at the outset of the war by these technical conditions. A recent speech by Mr. Churchill led to all sorts of figures being bandied about in the subsequent debate in Parliament. It is natural to want to make the figures look as large as possible because, even though the percentage of our losses should be about the same whether we take gross or net tonnage, the larger

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figure is still more impressive, and makes our staying-power look better. There were figures in the neighbourhood of 20 million tons. In fact, the Empire had in 1938 over 23,000 steam or motor ships registered, with a net tonnage of about 12 millions. But only 3,100 of these, of which the United Kingdom had 2,500, were ocean-going merchant ships of a tonnage of 1,000 or more, and a total net tonnage of 10.6 millions. It is the net tonnage that defines the cargo space. In 1913 the Empire had nearly 4,100 of such ships, with a tonnage of 10.8 millions. The United Kingdom's tonnage had fallen in this interval by 900,000, and the number of its ships from 3,750 to 2,500. We had concentrated, besides reducing, our shipping capacity, and both these facts were disadvantageous. Considering the size of the figures in which our foreign trade is quoted, the fewness of the ships required to do it is surprising. As war makes its own conditions for supply without regard to the trade carried on different motives in peace, we were at least in danger of paying some price for the inter-war restrictions on foreign trade. We may compare the figure of our ships at the outset of this war, which we have happily been able so far to maintain, with the known facts regarding the submarine campaign in the last war. In a single fortnight, at the height of that campaign, we lost 78; in the first six months of 1917, the average monthly loss was 80, and against an initial 4,100 that was enough to create a very grave position. It is not a question of how soon we shall lose a great number; the losses have rather to be reckoned against the proportion of shipping that remains available for civilian needs, or that will not aggravate the problem of priorities. We do not know where this war will yet lead us; we can realise the task, and the qualities required for the task, of the Ministry which has to administer these scarce resources.

The idea of shipping as a "life-line" applies more specially to our food position than to any other aspect. A threat to

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food-supplies has a greater effect on the national morale than a threat to any other supplies. The experience of the Great War led its agricultural historian, Middleton, to the conclusion that a larger tilled area should be the future aim of our domestic food policy. This was partly a question of employment in peace-time, partly a war insurance. In the first place, the direct value of arable crops as human food—their effective war value—is much greater than their indirect value when converted into meat. So far, therefore, as a change was desirable and possible in the type of farming, it should have been in the direction of more tillage. There were in 1919 about 6 million acres on which it was possible to operate. In the second place, our dependence on imports is far less per acre of arable than of pasture land. The import of fertilisers, besides being so much smaller, is also much easier to get. We produce our own nitrates and general fertilisers, potash comes from France, and mineral phosphates from Morocco. Five or six times as much tonnage, in animal feeding-stuffs, has to come a long and dangerous way. But the inter-war development of our agriculture, with all-round aids and subsidies, produced the opposite to the desired result. It was arable which fell by about a sixth of its acreage, while the head of stock greatly increased. It takes a year, when war comes, to make a change effective, and a year may be too long. Meanwhile, we depend on ships to maintain the expanded import requirements of the existing methods. As an example, we needed in 1938, as against 1913, an extra 1,325 thousand tons of maize, or 25,000 extra tons a week. This meant about forty extra ships for that article alone, while the tonnage of ships available for foodstuffs, and still more the number of ships, was less disposable.

One way of lessening the strain on a vital and limited service is by the accumulation of reserves. There can be reserves of producing capacity, of shipping capacity, and of supplies. The two former are operating reserves, capable

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of diversion in war to more urgent purposes than in peace. The latter are idle reserves, and can be created only in respect of things that can be stored. Our protective policy did no doubt create an operating reserve of manufacturing power, but could not rid us of our dependence on materials which had to be carried on our ships. The tramp subsidy at least prevented the diminution of our operating reserve of shipping, and the result of that is included in the shipping figures as they stand. We have not the same power to protect shipping as manufactures, because our land is our own, but the sea is everybody's, and it would not pay to protect the red ensign in our own ports. There is left the question of idle reserves of storable supplies. This was urged on the Government in the danger period after Munich. A Committee of Lord Astor's reported that a year's supply of wheat for storage was a much more practicable proposition than the home-production policy. "If this reserve were drawn on to the extent of one-quarter in each year of war, it would enable us to sustain a four years' war while adding to our available supplies more than would be added by a doubling of our home production." It would also have the incidental effect of supporting the mercantile marine in peace as an operating reserve, and sparing it in war. Wheat is far richer than meat in the essential food content to which we should have regard in war, and meat is far less storable, and requires special shipping facilities, which in turn diminishes the "availability" for all purposes of shipping as a whole. The trade figures show that some effort to create reserves was being made; but the picture is a mixed one. In the twelve months September to August 1938-9, as compared with the preceding twelve months, and when the war issue was in our minds, we increased quantity imports of wheat by about 18 per cent., a little less than three-quarters of our home supply, or a seventh of our consumption. The import of all sugars increased by 10 per cent., of whale oil by 34 per cent., of animal feeding-

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stuffs by only about 5 per cent. The import of maize fell by about a sixth. Other results were that wool increased by 25 per cent., petroleum by 5 per cent., while iron ore was down by $4\frac{1}{2}$ per cent. The most noticeable consumers' sacrifice was in respect of tobacco, which fell 20 per cent. Shipping appears to have taken the war strain without any great alleviation from the side of stored reserves. We simply depended on it, or on the policy of appeasement.

We could not extend the operative reserve of shipping beyond trade requirements. The tramp subsidy was rather meant to enable the ships on that trade to meet the subsidies that were paid by foreigners. It kept the trade in being. Any further reserve of shipping would have had to be an operative one, and the conditions of our trade are against this. The demand for tonnage is unequally borne by the import and export requirements. We import largely raw materials, which are bulky in relation to their value, and export goods of which the opposite is true. There is more ships' room available outwards than inwards, a fact which had already created the problem of the Conference system to protect at first the rates in the line trade. The spread being unequal, it would have been a serious complication, to outward trade especially, to try to extend the operating reserve. An idle reserve of shipping, or strict merchant "navy", is not absurd, since a "sure shield" can have little priority over a "life-line". But the two cases are not similarly practicable.

We return, then, to this, that the amount of our shipping was dependent in a technical way on the amount of our trade in peace-time; for that reason, and because of the chequered history of shipping, shipbuilding, and foreign trade between the two wars, it had been greatly reduced in terms of ships, and had almost stood still in terms of tonnage.

The amount of shipping is still, however, not its effective war-time supply. There is, as a first deduction, the Admiralty requisition. It falls on both the ships and the

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building yards. It is not possible to estimate its amount. So far as ocean-going shipping is concerned, it may have taken the larger and faster vessels of the passenger trade; but even this deduction is likely to be shifted round, and to affect cargo space. The requisition of the yards at the same time increases the need for imported ship-building materials, and to that extent the demand for tonnage. This is so, whether it is naval vessels or merchant ships which have to be put in hand at a more rapid rate than in peace-time. Ships have in this way to assist in providing for their own replacement and, if the pace is changed, the technical balance which sufficed in peace-time is turned to the disadvantage of shipping. The requisitioning of other manufacturing plant obviously accentuates this condition. As between more naval building and more cargo ships, the judgment of priority may become a very difficult one. "I agree", said the Secretary to the Admiralty, "that there may come a stage in the war when a merchant ship is almost a more precious thing than a war-ship. Without a capital ship, a merchant ship could not function, and without a merchant ship a capital ship would have nothing to defend." It is, in the words of the Secretary to the Ministry of Shipping, "a tremendous task, and also a novel task" to decide on such adjustments, with the bias, if our argument is right, always against the existing supply of tonnage.

The second deduction in effective strength arises from the precautions required for safety on the seas. Here again, the pre-war technical balance has to be disadvantageously disturbed. Our war effort as a whole means the increase of employment and the speeding up of production. But shipping, as a part of that effort, is not speeded up. A large part of it has to be slowed down. The convoy system came into full use earlier in this war than in the last, because the submarine also came into its stride sooner. It has been a most efficient safeguard. But the fact that we have not suffered losses which we would have suffered without it is a fact

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within the war, while the slowing of the average pace of steaming still reduces the potential of shipping, in relation to supplies, which previously existed. Besides reducing pace, since the faster ships must go at the pace of the slower, convoy requires a time for assembly, and the time of turn-round is an important factor in the efficiency of shipping. It was also urged that the efficiency of a class of ships built for a speed of about fifteen knots, and compelled to steam at about half that rate in convoy, was reduced by vibration, to the extent of actual damage; but, in fact, convoys are so arranged as not to include ships of such wide differences in speed.

These deductions from effectiveness can to some extent be offset by other methods, which would seem to depend on the completeness of the Shipping Control. The military position may and at present does compel us to get some supplies by longer routes; but, so far as it permits, we can substitute shorter for longer ones, for example, in the grain trade. We can call back our tramps from the work they do in distant seas, on the third leg of their triangular voyages, where they are carrying between one foreign port and another, and make them run more directly in the home service. We can lessen as far as possible the number of ports of loading and discharge, or shorten the turn-round by better port arrangements. This, of course, means other sacrifices, in foreign exchange, or in future trade connections. It would appear that the question of port facilities is a particularly urgent aspect of saving in effectiveness. Then there may be some problem, when a Control takes charge; of the interchangeability of ships for different kinds of cargo. This is plainly a most important aspect of the effectiveness of the whole supply of tonnage. In the March debate it was pointed out that about four times as much of that supply was tanker tonnage in 1938, as compared with 1914, and this was taken as a reduction in the all-round effectiveness of tonnage. Other tonnage is specially equipped for the frozen meat trade. Does this mean more than a statement of

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the changes in the nature of our supplies? There is a minimum of such tonnage up to which its specialisation is hardly a disadvantage; that amount would be wanted for that trade, anyway. There is still some handicap on disposability all over, as an immediate fact, but we would lose more in the absence of specialised tonnage. As between tramps, there is great interchangeability; it is a quality they are meant to have. They are the bull-dog breed, which will go for anything, and they look it. Again, the tramp and the liner frequently interchange their functions; many tramps are taken into the lines, and many liners revert to vagrancy. The peace-time distinction between them is one of speed and routing, and is bridged by the "berth trade", which is line cargo carried by tramp routing. The convoy system has had, in any case, to reduce the importance of the speed difference. Generally speaking, over and above certain minimum amounts of tonnage which would be needed anyway for the imports to which they are specialised, the whole cargo space has to be considered as fairly well disposable, by what may be called the A to Z rule. A may not be immediately and directly interchangeable with Z, but the shift round has a continuous intermediate range of substitution. All these aspects of the availability of tonnage have yet to be related to the war-time meaning of "effectiveness".

There are two other points which should be specially noted here, because of certain criticisms of the efficiency of the Control. About 80 per cent. of our imports are now on account of the Ministries of Food and Supply. This means a change, as compared with peace-time, in the nature of the cargoes which come in. This change will be greater the more we have to attend to the "effectiveness" of our imports. These Ministries do not want such things as furniture, or ostrich feathers, or even tobacco, but materials which, by the nature of war-time needs, are all over heavier to carry. If we take a peace-time ratio between measurement tonnage and dead weight, that ratio diminishes in

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war-time, so that a ship is down to her Plimsoll mark before her space is fully occupied. This new condition means that a ship may sail with empty space, although there is no waste of space, so far as that ship is concerned. But, in order to avoid a waste all over, the allocation of different cargoes between "dead-weight" and "measurement" ships has to be watched in the interest of importing capacity, or the latter may have too much unused space which cannot be shifted round. It is obvious that the Control must have strong powers, in order to make the economy as great as possible. The second point affects the export trade. It is an immediate loss to have to send ships out in ballast; in some trades, at some times, it also means danger. We want to export all we can, and in proportion as we restrict consumption of our own products, the Export Council may be expected to work in with the shipping Control. But in war-time we have to use shipping with regard to the timing of the round journey. It was stated in the Commons debate that "scores of ships" had left this country in ballast, for which cargoes were "available", as a charge against the Control. The right question is, whether the cargoes were kept from going at all. There is generally ships' room outward, and the foreigner is not so pressed for goods at a certain place as we are liable to be for an importing vessel at another place. So that a ship which is wanted at a particular foreign port to bring home a cargo that is urgently required may have to go out in ballast to fetch it, before an outward cargo suitable to that port can be arranged. These war diseconomies are not to be taken as wastes.

How far can we depend on the help of neutral shipping? This war is unlike the last one in its effects upon the neutrals. At the time of writing, it is hard to estimate the balance to us of advantage and disadvantage. Although it is we who keep the seas open, the neutrals are able to make great profits on freights to this country. They may choose to replace us on routes from which we have to recall ships,

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or, by sailing without the limitations of convoy, to make faster and therefore more frequent journeys at rates much higher than our controlled rates. Strong instances of the profits they have been making were given in the House. Norwegian sailors were said to be making thirty pounds a month on certain routes. We cannot avoid paying them higher rates, and must use what bargaining power we have, with their shipowners or Governments. We cannot let them set the rates for our own ships, nor lose their services. It is the availability of their ships that is the more urgent question. In the last war, we were able to use some means of pressure upon them. Our control of bunker supply depots enabled us to make conditions. If they preferred to lay up their ships, we had another bargaining resource with their Governments, by possible concessions in the blockade. Finally, we resorted to compulsion, either by refusing clearance from our ports except against the arrival of other ships, or by actual requisitioning, as allowed by international law. At the Armistice, nearly 40 per cent. of neutral tonnage was in the service of the Allies. "This supplement", writes Sir Arthur Salter, "was of vital importance during the last critical years of the war."*

This war started with the unforeseen banning of our waters to American shipping, and the enforcement of the "cash and carry" clause. Neutrals have suffered to a far greater extent from enemy action, and the position of Scandinavian shipping is uncertain after the German occupation. We may obtain control over a considerable amount of their tonnage but, on the other hand, we have to turn to longer routes for foodstuffs and timber. On figures made known as this is being written, it seems fair to say that, if we get control of a good supply of their tonnage, we can maintain the position which has been stated, that by building, captures, and purchases we have just held our own against enemy and marine losses.

* *Allied Shipping Control*, pp. 102-4.

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All these issues are so numerous and involved that it is not surprising that the Control has soon found it necessary to use all its powers. There is another aspect of this necessity. The word "effectiveness" has a war-time meaning. It is not the same as, though it includes, efficiency. In time of war, we have to look at what we produce or import by the test of its substance, rather than of its market value. The more urgent the question of shipping resources, the more we must keep this in view. A good statement of the meaning of the transition to a war standard is given, in relation to food supplies in the last war, by Sir Thomas Middleton. The transition was from "farming" to "food production". The former is the supply of the market, according to the tastes of the consumer and the index of prices. But "in war we were forced to consider the needs of the consumer, and as we had not too closely to consider his tastes, we were able to concentrate our efforts on increasing the soil's output of energy in a form available to man. We reckoned up calories as we counted rifles or shells; every million represented the food required by one of our people, every billion reduced by some 500,000 tons the demands made on our shipping. Thus we insisted on the vital importance of tillage, ignored peace-time rules of husbandry, abandoned ordinary considerations of profit and loss, purchased tractors as we purchased guns, and secured manures, binder twine, and other farming requisites as we secured munitions." As "from farming to food production", so "from shipping to supplies". "You can no longer decide", said the Parliamentary Secretary to the Ministry, "what the cargo the ship should carry, or what is the voyage which should be undertaken, by asking which is the cargo which pays best, and which is the voyage which will pay best. You can no longer look to prices and profits to help you except to a very small extent." Over and above all the problems of the best disposal of our tonnage, under conditions which did not apply to any other part of the industrial field, the extent

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of the Control had to be decided by reference to a new standard of the quality of imports.

It is here that there comes in that special feature of war-time administration which is called priorities. They are the methods in detail by which an industry is severed from its usual criteria, and adjusted to the war-time standard. It is a question of particular cases whether such means as propaganda or subsidies, or such restrictions as import licensing, will be enough to produce the diversion of effort that is aimed at. If not, the Control has itself to enter the field, and simply make the arrangement. Priorities mean that supplies have to be handled in larger totals, that all alternatives are not present at the same moment, and that a high standard of empirical judgment is required. There is first the priority of the war needs over all considerations of what the post-war position, as so affected, will be. We cannot take much account of the fact that neutrals may, out of their war-time profits, outbuild us after the war. The second priority is that of supplies with high standard war quality over those with less. Some room has to be left for the consumer's less essential demands. The third sort of priority is between the essential requirements themselves. This is probably the most exacting problem of war-time administration. The unknowns are to be guessed; the decisions are an echelon, with an imperfect total disposability at any time.* We have not requisitioned in every industry. We subsidise the farmer to induce him to produce the most "effective" foods. In the case of shipping, it was simply the nature of the conditions which soon made it plain that only with full requisitioning could the task of the Control be properly discharged.

It may be thought, in view of all that has been said above, that the Government should at once have requisitioned the whole supply of tonnage. For not taking this step, there appear to have been three reasons. In the first place, the difference between the line and the tramp trades. The lines

* For an example see Salter, *op. cit.*, pp. 77-9.

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have to maintain their connections, their routes, and their port organisations; the latter are more adjustable to new requirements in all respects. Secondly, the Government had, at first, a greater interest in imports than in exports, and it was not desirable to interfere more than proved to be necessary with the owners' own interest in obtaining outward freights and rapid turn-round. Thirdly, the acquired skill of an intricate industry is an asset to be preserved, within the scope of public policy respecting freight rates.

Therefore, as the Minister has explained, we began with the licensing of tramps. This meant that the owner, having in hand an arrangement with an importing merchant, could ask for a licence, which would be granted if the voyage appeared suitable, and the freight rate reasonable. It might be refused, until a more suitable voyage was offered, and owners no doubt came to understand what voyages were likely to obtain licences readily. But, whatever merits this method might have from the standpoint of keeping the owners' interest active, it was a negative and slow method of arranging for the most "effective" public requirements in cargoes homeward. The refusal of a licence meant delay in arranging another charter, and the owner could also lay his ship up. The greater the share of our imports which were taken over by the Ministries of Food and Supply, the more necessary it became that shipping should work directly to a general plan. When that share reached 80 per cent., the licensing system was out of relation to the needs of planning, and the importance of time. Requisitioning was soon found to be necessary in two trades which are unattractive to the ship-owners, the Narvik ore trade, and the North Atlantic grain trade, particularly at certain seasons. It then had to be further extended, until fairness between owners meant its general application. When, in January, the liners had also to be brought in, there was no difference of principle; it was a matter of the planning of cargoes, mainly inward, but by the nature of the case a greater use can be made of

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the organisation of the line trade. The terms of hire must be for longer periods, but these are questions of detail.

What is of more interest is the nature of the settlement which has been made in the shipping trade as an aspect of war-time planning, not simply on its technical sides, but in respect of its method of using the acquired skill of an intricate industry, and its incentives to efficiency in the business sense, in the service of public policy, in order to realise "effectiveness" in the national sense. Thus, the line companies are asked to "run the ships as for themselves though on account of the Government, and the Government rely on the willing co-operation of the companies in managing the ships so requisitioned, and look to the companies to conduct the business with as much zeal and care as if their interests alone were still involved". They retain, it is understood, an interest in outward cargoes, but it is the Control which decides and directs the employment of the ships, which the owners manage and supply in good trim. As one of many types of "nationalisation", this seeks to unite the pride and prestige of the service of the sea with national interest and direction.

This means, again, as in other Controls, a just combination of "civil" and "business" service. It has been said that there are no experts in at least the economic problems of war. War is not prepared for by any economic manoeuvres; in that field, it is a change to the unforeseen, to a new standard of efficiency, and a new meaning of the disposition of resources. What is called "civil" service is a faculty which is trained to enter at such times into combination with strict business skill. Neither side has, then, all the qualifications for "running" the industry. There has to be in the Control a marriage, that is more than a cohabitation, of judgment with technical experience. This is obtained in our system by the appointment of leading shipowners as the heads of the responsible Committees of the Control.

Yet is not this rather a kind of expertness, broadly based

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on the nature and spirit of democracy? What is the test of results? "At a moderate estimate", writes Sir Arthur Salter of the last war, "between a half and two-thirds of the productive capacity of the country was withdrawn into combatant or other war service. And yet throughout the war Britain sustained the whole of her military effort, and maintained her civilian population at a standard of life which was never intolerably low, and for some periods and for some classes was, perhaps, as comfortable as in time of peace. She did this without, on balance, drawing any aid from other countries. She maintained the whole of the current consumption both of her war effort and of her civilian population, with a mere remnant of her productive power, by means of current production." May the service of shipping, with this practised hand to help it, enable us to write another such record when the guns are silent again.

CONFLICTING POLICIES IN INDIA

I. A POLITICAL FERMENT

INDIAN politics are in a state of ferment for which no parallel is to be found since Lord Halifax (as Lord Irwin) occupied the viceregal throne ten years ago. Now, as then, the situation is fraught with grave, even dangerous, possibilities. The political unity which the reforms of 1935 were designed to achieve has not materialised; and the semblance of unity which emerged from the establishment of provincial autonomy is rapidly disintegrating. Communities and parties are aligning themselves behind conflicting policies, making demands which are mutually destructive. The constitutional controversy which opened when the Congress party asked for a British declaration of India's independence has ceased to be a direct issue between the British authorities and Congress, although Congress leaders would prefer to keep it so. Other elements insist on being heard, and the Congress assertion that a declaration of independence, "pure and simple", would automatically end the controversy has been buried in an acrimonious discussion between rival groups. The result is an intensification of communal feeling for which no counterpart exists in recent political history.

The Congress party insists that the British Government must transfer its ultimate trust on behalf of the Indian people to some vague national authority in India which does not at present exist. Congress leaders rightly maintain that they represent nationalism, but they undervalue the rightful claims of their opponents who say that no Indian nation is in being and none is likely to develop without the sanction

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of the minorities. Thus the unifying influences which were an inherent feature of the federal project have been dissipated, while political and religious extremism is encouraging divisions and fostering communal acerbities. The Congress party, having forsaken the seats of authority in the Provinces, is brooding over constitutional theories in the wider political wilderness. Its leaders, while no longer claiming to speak for all sections of the people, still maintain their right to make demands on behalf of an undiluted nationalism, asserting that nothing short of independence will be accepted by the Indian people and that through the medium of a constituent assembly all domestic difficulties will vanish. Their views are opposed by the Moslem League, the Princes, and by representatives of other minorities, who say that no constitutional readjustments are to be made without their approval and agreement. Moderate elements outside these three main groups are growing restive and would like to see some broad central organisation created that would counter the extremist policies of both the Congress party and the Moslem League and, in collaboration with the British authorities, make some rational attempt to end the deadlock.

Against the background of the war the controversy is singularly unreal and inopportune. The nationalist newspapers seek to convey the impression that the Congress case is based on international idealism, but it is a depressing thought that the new President of the Congress party could assert, at the annual meeting of the party at Ramgarh, that, while India cannot endure the prospect of Nazism and Fascism, she is even more tired of British imperialism. For Maulana Abdul Kalam Azad must be well aware that British imperialism in its "jingo" sense has long since gone, and that Indian nationalism, in whatever degree it exists, will not survive if the British Commonwealth should perish in this war. Happily there are other and important elements in the country which are prepared to put first things first

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while Great Britain and the Commonwealth are engaged in a war to protect freedom everywhere. The Princes, the majority of Moslems, and those who represent the Liberal tradition in India are fully aware of what is at stake in Europe and are willingly associated with the campaign to eradicate Nazism and what it means from international life. While Congress newspapers are continually emphasising that no bargaining spirit underlies their demand for a declaration of independence, their claim is now being viewed with suspicion, chiefly because the Congress Working Committee has clearly indicated that the only solution for the controversy lies in accepting the Congress demand in full.

II. CONGRESS AND DOMINION STATUS

THE Viceroy's announcement that Dominion Status of the Statute of Westminster variety was the early objective for India was at one stage heralded as likely to end the deadlock. All reasonable opinion regarded the announcement with satisfaction, and sections of the nationalist press declared a solution to be possible. It is true that a flood of comment was immediately let loose regarding the relative merits of Dominion Status and independence, but political realists admitted that the distinction between the two was only academic. Not so the Congress party. Its Working Committee, meeting at Patna, rejected the Viceroy's offer with the assertion that "Indian freedom cannot exist within the orbit of British imperialism", and that Dominion Status or any other status within the imperial structure is wholly inapplicable to India, not being in keeping with the dignity of a great nation. It was reiterated that the people of India alone can properly shape their own constitution and determine their relations with other countries through the medium of a constituent assembly.

Although the Congress party is reputed to make a close study of international affairs, chiefly under the guidance of

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Pandit Jawaharlal Nehru, the unreality of the resolution prepared at Patna was emphasised by a statement which implied that the British Government is carrying on the war for imperialist ends and for the preservation and strengthening of an empire which is based on the exploitation of Asiatic and African peoples. For that reason, the resolution said, Congress could not in any way be a party to the war and would not assist in its prosecution by means of supplying men, material or money. Communal harmony, it went on, was possible through a constituent assembly and Congress did not admit the right of the Indian Princes to stand in the way of Indian freedom. The future constitution must be based on independence, democracy and national unity, and Congress would resist all attempts to divide India or split up her nationhood. It was conceded that foreign interests which did not conflict with national interests would be protected. The Congress Ministries, the resolution continued, had been withdrawn from office as a means of dissociating India from the war and to enforce the Congress determination to free India from foreign domination. These were to be regarded as preliminary steps to civil disobedience, to which the party would resort when it felt itself fit to do so or in case circumstances so shaped themselves as to precipitate a crisis.

The intransigent character of this resolution came as a shock to all those, including many Congress men, who had been anxiously working for a settlement. Some pleaded, by way of excuse, that the party was facing exceptionally difficult problems. It was admitted that its Bengal section was in open revolt and that its extremists were urging other and more drastic means of dealing with the constitutional difficulty. Mr. Gandhi had constantly been preaching the need for greater discipline; and action in this regard had been taken against Mr. Subhas Chandra Bose, who had been insisting on direct action and deploring any attempt at compromise, of which Mr. Gandhi was suspected in

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extremist circles. The communal problem was growing more difficult. Under Mr. M. A. Jinnah, President of the Moslem League, the organised Moslems in the country were buttressing their position in hostility to Congress and threats were openly made that civil disobedience, however non-violent in character, would deteriorate into civil war. The Princes, as well as the Moslems, were perturbed about the Viceroy's promise to assist in inaugurating Dominion Status, which they regarded as carrying the democratic idea to greater lengths than was implied in the scheme of federation, to which they objected.

None of these factors weighed with the Congress party. Having set their eyes upon a constitutional ideal, its leaders seemed determined to ignore all opinion in the country which did not coincide with their own. They shut their eyes to the fact that, the more they insisted that Congress spoke for an Indian nation, the more those opposing elements intensified their opposition. Those Congress newspapers which had said that Dominion Status had virtually met the Congress demand quickly forgot their previous views and unhesitatingly supported the Patna resolution, although some newspapers said in undertones that those who demanded independence were willing that a free India should retain its association with Great Britain. Non-Congress commentators interpreted the resolution as indicating the extent of the disunity within Congress. It was framed, they argued, with a view to undermining the attitude of the extremists, who sought an *immediate* conflict with the British authorities, by intimating that the Congress party would in due course engage in such a conflict if its demands were not met. For the first time it was definitely suggested that, in the light of the resolution, the demand for independence marked an attempt to exploit British difficulties in war-time.

The only hopeful feature of the resolution was the hint that civil disobedience would not be resorted to until the

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conditions laid down by Mr. Gandhi had been fulfilled. In former statements Mr. Gandhi had indicated that he was unwilling to lead a civil disobedience movement until his constructive programme was being carried out. That programme is based on non-violence, communal harmony, the removal of untouchability and the spinning and use of *khaddar* (home-made cloth). For some months Mr. Gandhi has been laying stress on the need for greater discipline within the party, and he has made it clear that he will not be "hustled" into launching civil disobedience, either by pressure from the left or from policies which have given insufficient consideration to peaceful methods of settlement.

III. THE POLICY OF THE PRINCES

IN spite of the tendency in nationalist circles to regard the Indian Princes as a creation of the British, endowed with no special claims to consideration except through the voice of their subjects, the Rulers who assembled in Delhi for the annual session of the Chamber of Princes showed that they had their own ideas as to their future under any constitution that might be devised. The Chamber now represents something new in organisation. In the past two years it has undergone a process of reconstruction which has made it more representative of the States, even if some of the larger ones, such as Hyderabad, still remain aloof from actual membership. Under the Chancellorship of the Jamsaheb of Nawanagar the Chamber has acquired a new value, and many of the petty divisions which formerly marred its work have been eliminated, with the result that on the occasion of the Delhi meeting it reflected a more decisive and clear-cut policy than has been the case in recent years.

That policy plainly showed that the Princes are not unaffected by the constitutional controversy raging in British India and are determined to see that in any future plan of constitution-making their interests receive due weight and

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consideration. The Chamber welcomed the Viceroy's proposal that India should attain its due place among the Dominions under the British Crown, but it also made it plain beyond doubt that the Princes intend to preserve their status and individuality in any constitution that may be framed. The Princes insist that in any constitutional discussions they should have a voice proportionate to their importance and historical position. They demand effective provisions for the preservation of their States' sovereignty and autonomy by means of safeguards which will protect their treaty rights and engagements with the Crown. Such provisions must ensure that no single political unit in India shall be placed in a position to dominate the others or to interfere with their guaranteed rights. The Chamber further recorded the view that the voluntary agreement of the Princes is necessary for any constitutional scheme which transfers the existing relationship of the States with the Crown to any other authority in India, and that their prior consent is required for any arrangement which permits of alterations affecting the rights and interests of the States.

These observations, embodied in a resolution, were obviously directed at the Congress party. The Jamsaheb of Nawanagar, in presenting the resolution, refuted the criticism that the Princes stood in the way of ordered progress and were conspiring with the British Government against the political evolution of the country. He maintained that the Princes stood for India attaining its full stature under the aegis of the Crown, but on the condition that all its component parts and interests are assured of the fullest scope for their moral, material and cultural development. He held that the Princes are convinced that for all practical purposes the country can secure political freedom, both in the internal and external spheres, within the British Commonwealth. In his opinion the retention of the British connection is essential for unity and progress, and he maintained that ordered progress under the Crown demanded

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that no political unit in India should be dominated by any other unit. To ensure this required a specific constitutional and moral code among all the units composing India. The Jamsaheb implied that the Princes are determined to move forward from precedent to precedent, but are not prepared to accept the dictatorship of one particular group or have their territories violated by those who seek to coerce them in matters which are their own concern. Such tendencies, he said, if not arrested, would be an invitation to civil war. Finally, the Jamsaheb expressed the willingness of the Princes to take part in any consultations which may be initiated by the Viceroy for formulating a constitution, but he made it clear that the Princes opposed the idea of a constituent assembly as a means for settling All-Indian difficulties.

The opinions expressed by the Chancellor were endorsed by all who spoke and the resolution was unanimously carried. The Princes are clearly of the opinion that the existing Act has failed to ensure the protection of their rights, particularly in the matter of incursions into their States by propagandists and agitators from British India, and they are apparently determined to insist that their obligations to the Crown shall be upheld in any future constitution that may be devised in association with British India. They therefore oppose the idea of complete independence as demanded by the Congress party and intend to strengthen their position in maintaining that opposition. They seek no expansion of their own powers over any federal body that may be established, but they are unwilling to relinquish any of their existing powers to a federation which is bound to extend its federal authority over the States unless clear-cut stipulations are made regarding the extent of that authority. All the Princes reflected their apprehension at the growing influence of Congress, and indicated that they will not consent to a policy that is likely to lead to its political supremacy.

CONFLICTING POLICIES IN INDIA

IV. THE MOSLEM ATTITUDE

THE Congress party and the Princes, although favouring different remedies for the constitutional ailment, have something in common in that both continue to think in terms of a unified India. While the Congress leaders demand independence, the Princes are willing to support Dominion Status provided that their sovereignty is sufficiently protected to ensure the existence of their States. But neither independence nor Dominion Status is an acceptable solution to the Moslem League if the constitutional operation of either is based on the simple theory of majority rule on an All-India scale. The League claims that democracy is unworkable in India, that majority rule is undemocratic as it implies Hindu domination, and that an independent India means the subjection of vast minorities to a majority with which they have no cultural or religious affinities. Thus the Moslem League, meeting at Lahore, presented an old solution for the Indian problem in a new guise. Under the direction of Mr. Jinnah the League convention declared for Moslem independence, to be obtained by permitting the Moslems to establish separate homelands for their community within the country. A project of this kind has long tempted some Moslem leaders, but the League is now seeking for the first time to give it concrete shape by the creation of independent Moslem States from the predominantly Moslem zones of north-eastern and north-western India.

The resolution passed at Lahore said that the scheme of federation embodied in the Act of 1935 is unsuited to the country and is unworkable in the peculiar conditions which prevail. While appreciating the Viceroy's declaration that the Act will be open to post-war revision in consultation with all affected interests, the League clearly indicated that Moslem India will not be satisfied unless the constitution is considered *de novo*, maintaining that no revised constitution will be acceptable unless it is framed with the consent

THE MOSLEM ATTITUDE

and approval of Moslems. The resolution also holds that no constitutional plan is workable unless it is designed on the basic principle of segregating the two main Moslem zones of northern India into independent States, with adequate safeguards for non-Moslem minorities within their boundaries and for Moslem minorities elsewhere in India. The Working Committee of the League has been authorised to frame a new constitution along these lines, providing for the assumption of all those powers which normally vest in independent States, such as defence, external affairs, communications, customs and the like. Already about a dozen such schemes have been prepared by individual Moslems, but the League is committed to none of them and is examining them all, presumably with a view to devising a final project behind which the organisation may take its stand.

The Moslem League does not admit that either the British Government or the Congress party has the right to determine the future constitutional status of the Moslem community. The claim is made by Mr. Jinnah that Indian Moslems are a nation, coexisting in India with a Hindu nation, and as such they have the right to self-determination in the form best suited to their interests. Moslem support for independent Moslem States has developed as a result of Moslem discontent with the working of provincial self-government under the new constitution, especially in the Congress-governed Provinces. They claim that under Congress Governments their community has suffered, although it is significant that none of the Provincial Governors was called upon to use his special powers on behalf of the minorities while Congress was in office. But it is the case that, since provincial autonomy was inaugurated, Hindu-Moslem bitterness has increased. Moslems now assert that they will oppose the return of Congress Ministries to office. The Congress demand for independence has further incensed the Moslems, who maintain that Congress policy

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is designed to secure the establishment of a Hindu *raj*. While favouring self-government for themselves the League is unwilling to share it with the Congress, although it acquiesces in the establishment of a Hindu State for non-Moslem India.

In sponsoring this policy the League has acquired a new importance in current politics and is consolidating Moslem opinion in opposition to Congress policy. In the elections under the 1935 reforms the League made a poor showing; when provincial autonomy was introduced there were no League Ministries anywhere. Since the elections the League has made great headway and can now claim to be the most representative Moslem organisation in the country. In this it has been helped by the Congress party which, after the elections, organised a "mass contacts" campaign among the Moslems in an effort to broaden its claim to represent all elements in India. The campaign, while legitimate enough, had the effect of unifying the Moslems, who rallied under the old cry of Islam in danger. In less than three years the Moslem League has recovered its place in politics and, under Mr. Jinnah's leadership, it is now regarded as the centralising agency for Moslem opinion. Congress leaders assert that Mr. Jinnah does not truly reflect Moslem opinion, but the fact remains that the largest Moslem organisation in the country has given him a mandate to act in any constitutional negotiations which may take place. Lesser Moslem groups oppose the League, and it is often cited that younger Moslems are not in agreement with League policy; but no alternative Moslem body appears to be able to supplant the League or eliminate Mr. Jinnah from its leadership.

V. THE BRITISH DILEMMA

THE conflicting policies enunciated by the Congress, the Princes, and the Moslem League confront the British Government with a dilemma of extraordinary complexity.

THE BRITISH DILEMMA

A solution that might meet the demands of one of the parties would almost certainly be rejected by the other two. The obvious outlet from the dilemma is for all three groups to accept the offer of Dominion Status and to readjust their differences in a manner which will prove that even in the peculiar circumstances which obtain in India Dominion Status is a practical project. But the difficulties in the way of its realisation have yet to be removed, and they can only be removed if the party leaders are willing to collaborate and compromise.

Though the Congress demand for independence was duly endorsed at the party's annual convention at Ramgarh, political commentators saw hopeful signs in the fact that the Ramgarh meeting was a triumph for Mr. Gandhi and marked the repudiation of direct action as urged by Mr. Bose. But actually the resolution passed at Ramgarh did nothing to end the deadlock between the British and the Congress or to settle the differences between the Congress and other political elements. It only marked a reiteration of the Congress claim, which is simple enough—independence and a constituent assembly to devise a constitution. It is generally accepted that Congress men have once more placed their fate in Mr. Gandhi's hands and have shown themselves unwilling to follow less moderate leadership. Even in giving emphasis to civil disobedience as "the next step" the Ramgarh convention displayed caution, for the delegates were well aware that Mr. Gandhi does not intend to launch civil disobedience in the absence of those conditions which he regards as essential to its success. As one Indian commentator remarked, Mr. Gandhi at Ramgarh "struck a note which is a mixture of caution and compromise on the one hand, and a vague but confident threat of action on the other". The trend of events in India in the coming months now lies with Mr. Gandhi, and many believe that he will be unwilling to embarrass the British authorities while the Commonwealth is at war in a cause

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which seeks to uphold the principles of justice and freedom for all.

But Mr. Gandhi is in a difficult position. The Congress insistence on its own solution as being the only solution of the deadlock has been largely responsible for the Moslem League decision to press for the creation of separate Hindu and Moslem nations. It is clear that no settlement of the constitutional issue is possible until the Congress leaders frankly recognise that the Moslems are suspicious of Hindu political intentions. The removal of Moslem suspicions is necessary if the unity of India is to be maintained, and their removal is possible only if Congress leaders are prepared to negotiate with the Moslem League and find a basis of agreement. Mr. Gandhi has admitted that the communal problem must be settled before a constituent assembly can devise a constitution. To demand independence before communal agreement is reached is to stiffen the Moslem opposition, for they will reject independence if it means an extension of Hindu domination. Outside the Moslem League the scheme of partition is generally condemned, but it will not be abandoned by Moslems until they are satisfied with the form of constitution under which they will be expected to live. So far as the Moslems are concerned, the prospects of a constitution based on independence or Dominion Status are disquieting enough, whether such a constitution is devised by a constituent assembly in which Indians alone will take part or by other methods of discussion and consultation with which Great Britain will be associated. In both cases the Moslems are apprehensive about their future, particularly if it is to be determined by the democratic principle of majority rule.

Much "wisdom after the event" is being shown in some sections of the press in India to the effect that the British Government should have acted differently when the war broke out. The view is constantly expressed that some "gesture" should have been made towards India, though

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none of those who now hark upon the theme appears to have thought of it last September. In any event, the Viceroy's offer to assist in the early establishment of Dominion Status has been made, but with little effect on nationalist opinion. Some response from the Congress side would virtually end the deadlock. Lord Linlithgow has shown exceptional patience in a situation of extreme difficulty, and none of the political developments which have lately occurred need have arisen, had Congress responded to the Viceroy's overtures. As it is, the deadlock will continue so long as Congress leaders maintain their attitude of insisting on a declaration of independence as a condition precedent to any constitutional or communal negotiations. In the light of Indian conditions the attitude is illogical. Sections of the nationalist press have admitted that defence, the question of the minorities, and the position of the Princes call for special consideration if any scheme for a unified India is to be promoted. Clearly these and other special problems qualify independence in its complete sense. Nor can Great Britain divest herself of her obligations to India simply because she is at war. Congress men anxious for a settlement—and there are many—take great pains to make it clear that India desires to retain her connection with the British Commonwealth; but the Ramgarh resolution does not give that impression. The hope is still held that Mr. Gandhi will assist in saving the situation. He will find the Viceroy ready to collaborate in any proposal that takes cognisance of the realities of political conditions in the country.

VI. THE PARLIAMENTARY DEBATE

INDIANS expected that some specific proposal for ending the deadlock might emerge from the debate in Parliament when the Government sought sanction for continuing Governors' rule in the seven Provinces. In this they were

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disappointed. Both in the Lords and the Commons, from Opposition as well as Government speeches, it was obvious that no clear-cut, simple solution of the problem was in sight. The conciliatory nature of Lord Zetland's speech was noted and appreciated, but nationalist commentators pointed out that the views expressed by Sir Hugh O'Neill, in the House of Commons—when he said that the Congress demand for independence was unacceptable, that the Moslem League scheme for dividing the country offered no solution, and that civil disobedience would be counteracted by official measures if it were launched—were negative and did nothing to loosen the deadlock. The India debate, in fact, left matters where they were.

But anxiety to find a solution runs as an undercurrent through all Indian comment. Congress spokesmen declare that neither Mr. Gandhi nor the Congress wants a clash with the British, and it need not occur, they say, if the British Government will give convincing proof that the principle of self-determination will be applied to India after the war. Nationalists maintain that the offer of Dominion Status is lacking in sincerity, in that the British Government reserves the right to have some say in defence, the question of the minorities, and the position of the Princes. This is regarded as being inconsistent with Dominion Status of the Statute of Westminster variety. Yet prominent Congress newspapers, as well as Mr. Gandhi, have admitted that defence, the minorities, and the Princes call for special treatment. It would therefore appear that the Congress attitude is largely a psychological one. It asks that self-determination should be conceded in principle as a right to which India is entitled. After that all issues affecting British India, including the communal problem, can be settled by a constituent assembly. Since the Moslem League will have nothing to do with a constituent assembly, some Congress leaders are now saying that some smaller body than a constituent assembly might be acceptable, provided

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that it were based on the electorate. They also maintain that in such a body the Moslems would have the right to determine their future status, provided that it did not run counter to "national" interests.

The India debate had the effect of focussing attention on a resolution passed by the Council of the National Liberal Federation, which described the demand for independence and a constituent assembly as impracticable. The Council holds the view that a small conference should be convened to determine the principles of the future constitution, and this idea is generally endorsed by all moderate opinion. Several newspapers are urging that such a conference should be obtained by means of provincial elections. Successful candidates could be chosen to form a constitutional committee for the purpose of exploring possibilities of agreed advance. Others have recommended that party leaders should meet and come to some workable arrangement about procedure. But there is no indication that the Congress leaders are prepared to negotiate with Mr. Jinnah, whose scheme for partitioning the country finds little endorsement outside Moslem League circles. Indeed, there is a tendency in some nationalist quarters to contend that the League by its proposal to divide the country into Hindu and Moslem zones has placed itself out of court, and that those who stand for the unity of India should proceed with a constitutional scheme from that standpoint. But the parliamentary debate has resulted in a fresh examination of all the issues involved in the controversy, even if, at the moment of writing, it has not altered the attitudes of the main protagonists.

India,
April 1940.

IRISH DEVELOPMENTS

I. THE GOVERNMENT AND THE I.R.A.

THE challenge to constituted authority by the illegal organisation known as the I.R.A. remains the most serious and pressing problem confronting the Irish Government. In dealing with this threat to our liberty the Prime Minister and his colleagues are seriously hampered by the fact that a substantial proportion of their supporters sympathise, either openly or secretly, with the aims, if not always with the methods, of this armed conspiracy. Moreover, until quite recently, the Government themselves have given no clear lead on the subject. How far this dry rot in their party had penetrated was revealed by the agitation to secure the reprieve of the two men who were convicted and subsequently hanged for their participation in the Coventry bomb outrage.* After the execution, muddle-headed members of various public bodies, at the instigation of the extremists, denounced the executions as one more "act of aggression by the ancient enemy", quite ignoring the fact that the I.R.A., during last year, were responsible for 291 bomb outrages in England as the result of which 7 innocent people were killed and 96 injured, and that it is a terrorist organisation which is outlawed by both the Catholic Church and our national Parliament. One wonders how these public bodies would react if a band of English "patriots" set out in similar fashion to further their "patriotic ideals" here. The dilemma in which these demonstrations placed the Government, as their promoters no doubt intended, was that, if one admits that the I.R.A. are justified in usurping the functions of an Irish Government by hostile

* See THE ROUND TABLE, No. 118, March 1940, p. 395.

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action abroad, then they are equally entitled to do so at home. This dishonest agitation reached a fitting climax at a Fianna Fail convention in Cavan on February 18, when a resolution was actually proposed calling on the Government to release all political prisoners. On this occasion Mr. De Valera finally made a stand and attended the meeting in order to oppose the motion, which was eventually defeated in favour of an amendment calling on the youth of the country to stand loyally behind the Government. Mr. De Valera made a long speech, declaring that the Government would do their duty and pointing out that, as we now had a freely elected national Parliament, there was no barrier to any party which could obtain a majority carrying out its policy, but that no minority was entitled to declare war in the name of the Irish people. There would, he said, be no political prisoners if there had been no attacks on national institutions. Resolutions such as the one proposed were leading the people in the wrong direction. If the problem of partition was solved by force, which he did not believe to be possible, it would leave them with a canker in the heart of the nation which would ultimately bring it to disaster, as nations on the Continent had been brought. He concluded by saying that no matter how much they might sympathise with the motives of the I.R.A., they could not allow these motives to blind them to the consequence of their deeds. Even after this speech, or perhaps because of it, the meeting proceeded to pass a resolution of sympathy with the relatives of the men who were executed at Birmingham. It is this kind of half-hearted denunciation which confuses the people and leaves Mr. De Valera in his present unenviable position.

Although the I.R.A. have recently been far from inactive, they have attempted no further large-scale operations such as the daring raid on the magazine fort in the Phoenix Park.* The Government have refused to publish the report of the

* See THE ROUND TABLE, No. 118, March 1940, p. 390.

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special military enquiry into that occurrence as a result of which three officers were placed on half-pay and two asked to resign. The Minister for Defence, speaking in the Dail on April 30 in reply to an Opposition motion for an enquiry, revealed that there had been neglect and carelessness on the part of those directly responsible for the protection of the Magazine. On February 10 the I.R.A. achieved a minor *coup* when they entered the British military camp at Bally-kinlar, County Down, in Northern Ireland, overpowered a young soldier who was acting as store-keeper, and removed forty-three rifles. The raiders apparently came from Belfast, where the soldier was subsequently released. On the same day an attempt to hold a Republican meeting in Belfast was prevented by the police amidst scenes of considerable excitement. On February 18 a military patrol surrounded a hotel in Parnell Square, Dublin, and arrested sixteen men who were apparently engaged in holding a meeting. They were subsequently returned for trial to the Military Court on the charge of being members of an unlawful association and refusing to account for their movements. On February 22 bomb explosions in Oxford Street, London, during the black-out, which were evidently the work of the I.R.A., damaged the Marble Arch Tube station and injured thirteen people, two of them seriously. A recent return shows that during the five months since the passing of the Prevention of Violence Act, 1939, the British Home Secretary has made expulsion orders against 135 persons, which goes to show the relatively small number engaged in these criminal activities. On March 1 a revolt took place amongst the political prisoners at Mountjoy Prison, Dublin, when two untried prisoners refused to leave the prison for their trial before the special Military Court. Twenty-six other prisoners went to their assistance and erected a barricade of bedsteads, tables, &c., after arming themselves with table and chair legs. Finally the Civic Guard had to be called in to restore order. About the same time it became

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known that seven untried prisoners and one convicted prisoner, Nicholas Doherty, had been on hunger-strike since February 25. The object of this strike was to enforce a demand that Doherty and another prisoner, who are serving a sentence of five years penal servitude for offences connected with the magazine fort raid, should be transferred to military custody and treated as if they were engaged in legitimate warfare. Amongst these hunger-strikers was Thomas MacCurtain, who has been charged with the murder of a detective in Cork on January 3, and whose trial had in consequence to be postponed. A month later it was announced that six of these hunger-strikers, including MacCurtain, had been removed to a military hospital in Dublin and that they were still on hunger-strike. On Easter Saturday a letter appeared in the press from Mrs. Clarke, the Fianna Fail Lord Mayor of Dublin, and other relatives of the executed leaders of the 1916 Rising, pointing out with indignation that amongst the present hunger-strikers was a brother of Joseph Plunkett, who was executed in 1916. The Government Information Bureau immediately replied that the consequences of a hunger-strike must rest with those who engaged in or recklessly encouraged it.

On Easter Monday, March 25, Mr. De Valera broadcast an appeal to the people to co-operate with the Government for the preservation of peace and good order. After referring to the commemoration of the Easter Rising of 1916, he said there were many circumstances at the present time which suggested that he should speak to the people on certain fundamental questions, matters so vital to a right national life that they could make no progress until they understood them correctly. He went on to explain the necessity for the existence of authority to protect the public welfare and declared that, while it could not be denied that the ambition to realise the unity of Ireland was lawful, it depended on the single sovereign authority of the State to

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regulate by what mode of action such unity might be sought. No individual or group of individuals, he said, had the moral right to choose a means that was contrary to the general good or general justice. The claim to choose such means could never be substantiated, he added, by an appeal to the sentiments of the men who led the Rising of Easter 1916. Those men could only wish for the true good of their country, and in the altered conditions of our days it could not possibly make for the good of the nation to refuse due obedience to the freely elected Irish Government which now controlled the major portion of the country. No doubt Mr. De Valera has to take into account the lack of political experience and responsibility from which many of his fellow citizens are still suffering; but this hardly justifies so apologetic an approach to a straightforward moral question which only admits of one answer. The Government, in fact, need make no apology for governing the country firmly, which is what they were elected to do. If they made it clear that they intended to do so, there can be no doubt that they would receive abundant support. Mr. Cosgrave, the leader of the Opposition, put the matter very clearly in a speech at the annual convention of his party in Dublin on February 20. What was required, he said, was not a few academic principles and maxims, culled from a primer of political philosophy, but a statement that these principles must be made to prevail and that every adequate means will be taken to see that they do prevail. Some critics, and perhaps some admirers, of Mr. De Valera might feel, he said, that such a statement would ill accord with his political past; but that past should not hang as a millstone around the neck of the Irish nation, and made it all the more obligatory that there should not be the slightest doubt where he stood in practice at the moment.

Other Ministers have been more outspoken than Mr. De Valera. Mr. Derrig, the Minister for Lands, at Galway on February 25, said that, whatever our feelings might be

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about partition and English misrule in the past, we should turn our faces seriously against the bombing outrages in England and make it clear that those responsible for renewing them in the present dangerous situation had no backing from any responsible person or section. Mr. Gerald Boland, the Minister for Justice, speaking at Boyle in his constituency on April 7, said that he had seen a circular signed by some of his constituents claiming that he had no authority to use coercive measures against the hunger-strikers, but that he intended to see that the law was obeyed and those who defied it suitably dealt with.

The impudence of the I.R.A. was further disclosed by the circular letter which they sent to the Dublin papers on April 6 purporting to come from the "Ministry of Home Affairs" and stating that the "Government of the Republic" could no longer tolerate the censorship of news concerning their activities. In a manly speech in Dublin on April 11 Mr. MacEntee, the Minister for Industry and Commerce, referred to this extraordinary document which, he said, people might be inclined to smile at, were it not for the fact that, even within the past four years, dastardly murders had been laid at the door of the organisation responsible. After exposing the absurdity of their claims to speak for the people of Ireland, he pointed out that in a continental State such criminals would have had a speedy court-martial and an equally expeditious execution. In a direct reference to the hunger-strikers he made it clear that the limit of the Government's forbearance had been reached, and said it would be better for all concerned to realise that fact. There were, he added, too many pressing problems of vital importance to law-abiding citizens for the Government to permit themselves to be preoccupied with the fate of prisoners who "deliberately and voluntarily refrain from taking food". On the following night an armed party of I.R.A. raided the Cork broadcasting station and broadcast a denunciation of the Government in which they described

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Mr. De Valera as Judas and indicated that the members of the Government would be held responsible if the hunger-strikers died. On April 16, after a hunger-strike which had lasted for fifty-one days, Anthony D'Arcy, one of the six hunger-strikers, died at St. Bricin's Military Hospital, Dublin. He was serving a sentence of three months' imprisonment imposed by the special Military Court for refusing to give his name or an account of his movements, when he had been arrested, with sixteen other young men, in the Dublin hotel raid on February 17 already mentioned. Early on the following morning an unsuccessful attempt was made to assassinate Mr. D. B. Sullivan, the Cork District Justice who had returned MacCurtain for trial. At the inquest on D'Arcy the jury were requested by counsel for his relatives to express the opinion that political prisoners should not be treated as criminals, and they added a rider to their verdict to the effect that "immediate action" should be taken with regard to the other hunger-strikers. This vague and inspired request was properly ignored by the Government. On April 19 the hunger-strike ended, but a few hours afterwards John MacNeela, another of the hunger-strikers, died. He had refused food for fifty-five days. He had been arrested on December 29, 1939, when engaged in working an I.R.A. wireless transmitting set, and was serving a sentence of two years' imprisonment imposed by the Military Court. These events suggested that the Government had made up their minds to govern; and further proof was soon forthcoming of the I.R.A.'s determination to challenge their authority. At 5 a.m. on April 25 a land mine was exploded in a lane-way off the Lower Yard of Dublin Castle at the back of the quarters occupied by the detective division of the Civic Guard. Although the building was wrecked the sixteen detectives inside luckily escaped serious injury. Damage was also done to other buildings in the vicinity, and the beautiful windows of the Chapel Royal were shattered. This daring outrage indicates that the I.R.A.

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have definitely embarked on a new campaign of violence in Ireland.

II. OTHER POLITICAL DEVELOPMENTS

DESPITE these events, Mr. De Valera has lost no opportunity of protesting on now familiar lines against partition. In an interview with the representative of the New York *Herald Tribune*, published on February 28, he said that relations between Ireland and Great Britain could never be truly friendly until the Northern border was removed. This, he claimed, was to Britain's interest no less than ours, and, once it was accomplished, there would be no reason why there should not be the most friendly relations between the two nations. Whilst admitting that the difficulties were substantial, he said they could not be overcome by force and the Irish Government were doing everything to advance a peaceful solution. Even if force were successful, it would create an embittered minority more separated from us than ever. Once Britain was convinced that partition was hurtful to her own interests, a solution could not be long delayed. He added that he had always desired to see the Irish people left free to choose their own institutions and to determine their relations with other States in accordance with their national interests. If the present Constitution was operative over the whole island they would, he said, be free to do so.

It is clear that, under present conditions, this line of approach offers no inducement to the majority in Northern Ireland to abandon their position either economically or politically; for to accept our present Constitution, which they could not hope to change, would be to renounce their fundamental loyalties and ideals. No solution of the Northern problem is possible which does not recognise this fact. In formulating and enacting a quasi-republican constitution here, whilst the country was still divided, Mr. De Valera created an almost insuperable barrier to national

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reunion in our time. It is also clear, as Mr. Erskine Childers, T.D., a member of the Government party, has recently pointed out, that the removal of the border would raise the cost of living in Northern Ireland and that, until our national income is raised by an increase of agricultural exports, there is no inducement for the North to come in.

In spite of Mr. De Valera's protests there is every reason to believe that our Government realise the necessity for maintaining correct and even friendly relations with Great Britain. After the fate of Norway and Denmark they can have few illusions as to the real issues in this war. Speaking in the Dail on March 6 Mr. Sean Lemass, the Minister for Supplies, expressed his appreciation of the consideration shown to us by the British authorities controlling supplies, who had, he said, been most helpful in overcoming difficulties even in regard to commodities of which their own supply was not too secure. He added that imports of essential materials had not been interfered with by the war to as great an extent as might have been anticipated. He also claimed that every effort was being made by his department to ensure that no more than the actual rise in the price of imported commodities was passed on to the consumer. Speaking at a party meeting in Dublin on January 23, the same Minister said that our neutrality did not prevent us from saying that the sympathy of the whole Irish race went out to Finland and they prayed for her success. If their independence were challenged, he hoped they would resist as valiantly and successfully as the Finns. The Fine Gael or Cosgrave party, with the notable exception of Mr. James Dillon, T.D., its vice-president, who has publicly expressed his sympathy with the Allied cause, have remained practically mute as regards the war. At their annual convention in Dublin on February 20 the leaders of that party indicated that their remedies for our domestic difficulties included derating of agricultural land, the intensive development

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of agricultural production, the prompt increase of agricultural credit and an examination of the tariff position.

The Government are threatened with political opposition from another quarter by a new organisation, inaugurated in Dublin on March 2, which has as its principal aim the establishment of a republic for the whole of Ireland. Its promoters, who include several political "have beens", declare quite correctly that our present defence forces and economic resources would be inadequate to maintain such a republic against foreign aggression and that a period of preparation would therefore be necessary for the realisation of their objective. They have, however, with considerable optimism, already approved a detailed plan for national defence, including compulsory service, and for the sequence of events leading to the formal declaration of the republic and the abolition of partition. They believe their policy would offer a complete solution of all our ills and bring about national unity and internal peace; but it does not seem likely to bear fruit at present or to give Mr. De Valera many sleepless nights. The Labour party, on the other hand, acting on the advice of experts appointed by the Catholic hierarchy, have decided to remove the "establishment of a workers' republic" from the aims set out in their constitution. They feel, apparently, that there is an objectionable Russian flavour about this phrase. They have also fathered a scheme for economic expansion based on the issue of new credit, which is obviously the product of more ingenious minds, but the operation and effect of which are far from clear. However, during a debate on monetary policy in the Senate the Government made it plain that no change in the existing system is contemplated and that the present parity with sterling would be maintained. To depreciate the Irish pound under present conditions would impair confidence and increase interest rates as well as the cost of living, whilst to appreciate it would reduce agricultural prices and the value of Irish investments abroad. In the course of his

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speech Mr. O'Kelly, the Minister for Finance, said that Ireland had been well treated by the Bank of England in regard to the supply of foreign currencies to pay for imports from outside the sterling area.

III. ECONOMIC AND EDUCATIONAL QUESTIONS

THE improvement in the balance of payments due to the rise in the price of agricultural exports has improved our economic position, which is now more stable. The elimination of our principal European rival, Denmark, so far as the British market is concerned, is also bound eventually to have important and profitable reactions for our farmers. The war has, however, shown the necessity for increasing the output of our dairy products, which cannot be done unless we grow more feeding-stuffs. At present Irish cattle have too much food in summer and are starved in the winter. To remedy this by additional supplies of home-grown feeding-stuffs would render possible an increase in dairy and live-stock production as well as tillage. The Irish farmer must, in short, be induced to exploit our wet climate and rich grassland which give him a unique advantage that has never been fully used. It is in this direction that the Irish Government should be prepared to spend money on education and organisation. Unfortunately our present ill-considered tariff policy makes it difficult for the farmer to make ends meet. That the Government are at last beginning to realise this fact is proved by a recent speech of Mr. MacEntee, the Minister for Industry and Commerce, at the annual dinner of the Federation of Irish Manufacturers. This organisation, which represents the recently protected mushroom industries, can hardly have relished the home truths which their guest emphasised. He bluntly told them that tariffs had not been granted to enable manufacturers to run up charges against the consumer and that the Government would not permit increases in prices

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without the closest scrutiny. He also warned them that, unless they gave immediate consideration to the position of the farmers, their prospects would not be bright, and stated that unemployment would grow unless both the agricultural and manufacturing industries were put on a real competitive basis. The first thing we must do, he said, was to expand agricultural output. Mr. Lemass, the Minister for Supplies, preached the same gospel when speaking at Cork on February 19. In urging increased agricultural production, which he said was the immediate major necessity, he confessed he did not know why agricultural production here should be so much lower than in Denmark and other European countries—though in fact the real reason, namely the lack of intelligent development and organisation, is not far to seek. Mr. Lemass pleaded also for the co-operation of the trade union movement to prevent the vicious spiral of increasing wages and prices. A good example of the lack of such co-operation was recently afforded by the 2,000 Dublin municipal employees who went on strike at the end of February, although they had been offered a reasonable increase in wages to meet the increased cost of living. The strike, which lasted for over a fortnight, caused considerable public inconvenience, and the strikers, who are amongst the best-paid public employees in the country, received little public sympathy. Finally, after the military had been called in to man the fire stations and the strikers had forfeited their pension rights, the Most Reverend Dr. Wall, the Catholic Vicar Capitular of Dublin, intervened, and the men agreed to return to work on condition that the negotiations concerning wages were resumed and their pensions restored. Subsequently the City Manager refused to increase the original offer which the employees rejected and still reject.

The loss caused by strikes is becoming serious. During the last eight years there have been 805 such disputes involving 87,426 workers and altogether 3,169,990 working

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days were lost. Senator Douglas, a leading Dublin employer, moved a motion in the Senate on March 14 asking for the establishment of a permanent industrial court for the examination of industrial disputes and the promulgation of advisory judgments. He pointed out that unless the total national income increased, which he considered to be improbable, a general rise in wages equal to the increase in the cost of living would have to be borne by those engaged in agriculture. His proposal, which was carried by a large majority, was that a strike or lock-out should not be permitted until the dispute had been considered by an independent person and a proposal for settlement made. This project, if put into force, should considerably reduce the number of strikes, but the Labour party, who are really a somewhat conservative and cautious body, do not approve of it and without their support it would not work. Neither do they approve of the County Manager Bill, recently introduced by the Government, which proposes to extend to the rural areas the system of local government which was initiated in Cork during 1929 and has since been applied to the other Irish cities. It provides for the discharge of the executive and administrative functions of the county councils by managers appointed by the Local Appointments Commission, the ultimate control of policy and finance being reserved to the elected councillors. This reduction of their powers is naturally not liked by these worthies, and it has not increased the popularity of the present Government with the parish politicians throughout the country. It is, however, notorious that the present machinery of local government has been abused and that it is quite unsuited to the demands made upon it under modern conditions.

One serious result of the war has been the closing down of the Irish Hospital Sweepstakes, announced on April 4. Since 1930 this profitable national industry has raised a sum of £60,632,327, of which over £46,000,000 has been paid

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out in prize money and £14,000,000 provided for the hospitals. The greater part of the hospital fund is still unspent and the Dublin doctors have recently been making legitimate complaints concerning this delay. The greatest loss, however, will be that arising from the disemployment of the many thousands of employees, principally young women. The Exchequer will also lose at least £500,000 in various ways. Some modified form of lottery is promised if the Government consent, but international conditions made the continuation of the undertaking impossible in its present form.

In spite of the war the Government propose to carry out in part their plans for the development of the tourist industry. The recently created Tourist Board is already functioning and at least £50,000 is to be advanced at once for the development of amenities in the various tourist resorts. As these are mostly situated in the poorer parts of our southern and western seaboard, and, as more than half their patrons are our own people, a good case can be made for this expenditure, which should also help the railways. Lord Glenavy, the Chairman of the Great Northern Railway Company, has recently reminded us that these iron roads are an indispensable part of our economic machinery. Unfortunately, they show no signs of being a profitable one, and both Irish Governments might well take counsel together in order to arrive at a durable and decisive solution of the transport problem which, though much discussed and often attempted, has not yet been effected.

Another project, for which Mr. De Valera in his new capacity as Minister for Education is responsible, is the proposed establishment in Dublin of an institute for research work in Celtic studies and theoretical physics, which, owing to the defects in our general educational system, may perhaps be criticised as a case of putting the cart before the horse. If, however, it is possible to get men of world

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reputation to direct its work, something of value may be accomplished and our ancient reputation for learning revived. Speaking at the annual conference of the primary teachers' organisation in Killarney, on March 26, Mr. De Valera emphasised the important rôle of the teachers in training the future citizens in those principles of order, discipline and unity which were the cementing elements of all civil society, and which, he complained, had long been in abeyance here. The teachers, he said, had the great task of knitting up the broken threads of their national tradition by reviving the Irish language so far as it could be revived in the schools. They had also to inculcate those simpler social virtues of mutual tolerance, co-operation and obedience to authority without which no nation could live. If their schools, he said, could give the nation a race of people capable of uniting in themselves the two great mainstays of human society—the feeling for independence and the capacity for obedience—then they would have performed the greatest of their tasks, the ensuring of the continuity of all that they had struggled for. If Mr. De Valera had waited for the subsequent proceedings of the conference he would have been enlightened concerning the results of the present policy of the Board of Education under which the great majority of Irish children, whose home language is English are taught other subjects through the medium of Irish by teachers who are themselves only students of that language. Some of the teachers present did not hesitate to say that this system of primary education was not only an abuse of the tender age of the children but a downright cruelty. One teacher, speaking in Irish, said that under the present system they were killing, and not teaching, the Irish language. Another pointed out that for the last eighteen years arm-chair doctrinaires, faddists, fanatics and copyists had played havoc with our primary education, and that, in spite of their futile activities, English, and English only, remained the vernacular of 99 per cent. of our children. The result

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indeed, is to make children illiterate in two languages. The inaccurate slogan of "No language, no country", to which the Government and their advisers have committed themselves, is only too likely to become true so far as the children are concerned. The effects of this deplorable system are best illustrated by an example. Early this year an examination was held in Cork for probationer nurses, who, one might suppose, would be recruited from a reasonably well-educated class. The following are some of the answers given by some of the candidates to the questions in a general knowledge paper. Two of the four principal cities of Ireland were stated to be two towns in County Cork so small that in England or America they would be called villages. George Washington was given as the inventor of the steam-engine and General Franco as the leader of the Irish in Spain. Roosevelt was described as a Russian general and Parnell was said to have fought at the battle of Kinsale, the date of which was given as 1902 instead of 1601. Unfortunately these examples of ignorance are not unique. To those who believe that education is the only safeguard of democracy such symptoms are profoundly disquieting.

Ireland,

May 1940.

GREAT BRITAIN

I. CIVIL MEASURES

A COUNTRY engaged even in a totalitarian war has still a civil history which cannot remain an unwritten page, however devoid it may be of any great measure for furthering the welfare of the people. In 1914-18 the Government, recognising the prime importance of the people's war effort, substituted persuasion and reward for the repression which had characterised the policy of Pitt and his successors in the Napoleonic Wars. A new Reform Bill, a new Education Bill and ever-increasing wages took the place of the Combination Acts of a hundred years before.

It is too early, perhaps, to expect any great civil legislation such as that of 1917-18. The war machine is not yet in full swing, and Parliament's time has been mainly occupied in pointing out the causes of obstruction. There have, however, in the civil sphere been two paths along which notable progress has been made. The first concerns colonial policy and the second Anglo-French co-operation.

The publication in February of the recommendations of the Royal Commission on the West Indies was taken by the Government as an opportunity for announcing that the existing Colonial Development Fund would be replaced by a new Vote in the Colonial Estimates which would enable assistance to be given to Colonial Governments up to a maximum of £5 millions a year. The existing Fund is limited to a maximum of £1 million a year—though it has very rarely spent more than about half that amount—is largely confined to capital expenditure, and cannot be used to further education or other forms of social welfare, for which the revenue available in most Colonies has been

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very inadequate. The new sum, however, will be spent on welfare as well as economic development; it will be additional to the special grants-in-aid given to Colonies in special financial difficulties; and it will be available to supplement revenue for current expenditure, so that Colonial Governments will not have to curtail their social services in order to balance their budgets. By this Vote a new colonial system has been inaugurated, a system which recognises that the Colonies must not be expected to pay their way at the expense of their people's welfare; and its introduction in a time of war is a fitting reward for the sympathy, support and assistance of the whole Colonial Empire.

A new stage in Anglo-French relations has also been reached. Military, financial and economic co-operation is a necessity of war, as is the co-ordination of information between the British and French Ministries announced in the beginning of April. But the foundations of an *entente* of a more enduring nature have been laid with the visit of the President of the British Board of Education to Paris and the plans for promoting closer contact, by lessons in language, literature and culture and by personal visits, where possible, between French and British schoolchildren. Moreover, as a result of the discussions between the French and British Colonial Ministers, permanent liaison offices are being set up to promote co-operation in colonial policy, and the contact thus established is to be extended to the Colonies themselves by collaboration between local officials.

In the purely domestic sphere there has been only one noticeable exception to the dearth of non-war legislation. Before the war Mr. Chamberlain had promised an enquiry into the possibility of increasing old-age pensions, and the Old Age and Widows' Pensions Bill is the fruit of that enquiry. Its objects are twofold. First, it reduces the age, at which women become entitled to old-age pensions, from 65 to 60, either if they are insured in their own right or if their husbands are insured and have qualified for pensions.

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Secondly, the local authorities are to be relieved of all liability to supplement pensions, whether contributory or non-contributory, by special allowances. The financial liability, equivalent to a 4*d.* rate in England and Wales and a 5½*d.* rate in Scotland, is to be transferred to the State, and pensioners will make applications for such allowances to the Unemployment Assistance Board, which will be enlarged for the purpose and re-christened the Assistance Board, instead of through the public assistance committees. For these new supplementary allowances a household means test will be substituted for the present family means test conducted for grants through the local authorities.

The measure is, therefore, a small one. It brings no big addition to the social services, and the cost of reducing the pensionable age will be met by raising contributions. Yet it took up more parliamentary time than any other measure passed since the beginning of the war. This was due to the uncompromising hostility of the Labour Opposition to the means test, although it should be noted that the means test is not applied to pensioners as such but only to needy pensioners requiring supplementary allowances. Citing the unemployed, soldiers' dependants and workers under the proposed Workmen's Compensation Bill, "The Tories," said one speaker, "have definitely adopted the principle of the means test in its application to working-class life."

II. THE LABOUR OPPOSITION

LABOUR'S attitude over the Pensions Bill was symptomatic of its general attitude both within and out of Parliament. The party leaders, and, indeed, the main body of their followers, were united and as determined as ever in the fight against Hitlerism, but as a party they still lived in the memory of 1931 and were determined that this time no national crisis would make them surrender their principles or their programme.

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So far as the leaders were concerned, this meant the maintenance of the electoral truce and support of the war, including condemnation of Russia's aggression on Finland, combined with the right to criticise the Government's conduct of the war and to put forward the Labour programme at every opportune moment. Apart from the debates on the Pensions Bill, this attitude was clearly seen over the agreement between the Government and the railways on the companies' financial share in the profits of war-time railway transport. By this agreement the State guarantees to the companies a minimum net revenue of £40 millions, which was the railways' average net revenue in the three years 1935-37. The whole of any additional profits up to £43½ millions are to go to the railways, and half of any further excess until the companies' share reaches the standard revenues of £56 millions which were laid down in 1921. In addition to this financial settlement, which was beneficial enough, by another clause the adjustment of railway charges to increases in wages and other costs is to be facilitated. It was widely argued that the Government had been over-generous in its treatment of the railway companies. It was claimed that they should not be allowed to benefit to quite such an extent from the circumstances of war, which not only increases their normal traffic but gives them part at least of the traffic diverted from the roads because of petrol rationing. The complaint was also voiced that the companies were being given every facility and inducement to raise charges in order that their maximum revenues should be reached as soon as possible. This prediction was soon fulfilled by the increase of 10 per cent. on railway charges, including fares on the railways of London Transport, which came into force on May 1 in accordance with an Order made without prior discussion or consultation with trading organisations. The community, it would seem, has not been given the "square deal" which the companies themselves had demanded before the war.

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But though the agreement was thus clearly open to grave objection and caused concern among the Government's own supporters, the tactics of the Labour Opposition spoiled any chance there might have been of getting it modified in Parliament. For they made it the subject of a debate, not on the faults of the agreement, but on the nationalisation of the railways; this intrusion of Socialism at once rallied the Conservative dissidents to the Government's side; and the interests of the community at large were sacrificed on the altar of a party programme.

Labour in Parliament has been hampered, too, by dissension in its ranks outside. To the working classes war has brought increased employment, though as yet to nothing like the extent expected; but apart from this it has so far pressed more hardly upon them than upon the other sections of the community. Wages have risen but not in step with the cost of living; the doubling of the butter ration seems to those for whom butter has always been a luxury a piece of favouritism to the well-to-do; families separated by evacuation have an especial grievance in the increase in railway fares and the heavy additions to postal charges; social measures, such as the raising of the school-leaving age, have gone by the board. For such as these the maxim that the working classes must forgo a large part of the financial benefits of war, even though the benefit be only "deferred", seems nonsense—because the financial benefits have not yet accrued—and in any case unjust. That is why a minority have denounced the war as imperialist, why, at the Co-operative Conference at Easter, 1,323,000 out of 4,573,000 voted for an armistice, and why a movement gradually spread in favour of ending the political truce at by-elections so that Labour's voice might be more effectively heard.

This feeling of discontent with the war among, it must be emphasised, only a small minority of Labour's adherents was a strong reason why the party's leaders could not afford to

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abandon their party programme. For the pacifist minority stand for the same social programme, and their position would be immensely strengthened if the majority felt that their rights and safeguards were being neglected by their representatives in the House of Commons. It is in the light of this that the Labour party's declaration on home policy during the war and after, submitted for adoption at the Whitsun conference, must be regarded.

The Labour party calls upon the nation to recognise that the day of the old order is done. It declares that only a bold Socialist planning of the foundations of our system can give us the faith and the power to meet the claims of those who will bring us victory. They are entitled now to the assurance that they will not make their sacrifice in vain.

The emphasis in the declaration was thus laid upon the post-war age rather than upon the war itself. It calls for a national minimum standard of living, the abolition of irrational privileges, genuine equality and a high level of educational opportunity and economic freedom founded on security and a rising standard of life. Co-operation is to be substituted for competition, and public service for private profit. And to enable these principles to be put into practice after the war, the Government must relate its war-time planning to the needs of the post-war society; that is, the railways, the coal industry and other key industries and services must be transferred to public ownership.

But though it was recognised that the new order was dependent upon winning the war, a programme for winning it was absent from the declaration. The Labour leaders were, indeed, in a difficult position. Any such programme was bound to include items that would press hardly on their own followers, but unless it were clearly apparent that they were only part of a wide programme which embraced all sections of the community, the dissensions within the party might have spread. And the wide programme would have implied that the Labour party was prepared to accept office to

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implement it, that it would share the responsibility for the conduct of the war whereas it was not—right up to the Whitsuntide adjournment—prepared to join a Coalition in which party principles might have to be sacrificed. Mr. Chamberlain's Government was too redolent of the atmosphere, not only of Munich but also of 1931, for the Labour leaders to agree to serve in it.

III. MR. CHAMBERLAIN'S GOVERNMENT

THE Cabinet changes that had taken place in early April had only been a reshuffle of existing Ministers. The Minister for the Co-ordination of Defence, an anomalous office in war-time, was dropped, and Mr. Winston Churchill as senior service Minister became the chairman of the Military Committee of the War Cabinet. But the only new-comer was Lord Woolton, till recently managing director of Lewis's Limited, who was appointed to the Ministry of Food in the place of Mr. W. S. Morrison who became Postmaster-General. The other changes were mainly exchanges. Uneasiness over the failure to reach parity with Germany in the air was the ground for the removal of Sir Kingsley Wood from the Air Ministry, but it cannot be said that Sir Samuel Hoare, with whom he exchanged offices, inspired any more confidence. For some reason not vouchsafed Lord De La Warr, the President of the Board of Education, who at the time of the reshuffle was conferring with the French Minister for Education in Paris, changed places with Mr. Ramsbotham, the First Commissioner of Works. The vacancy at the Ministry of Shipping, caused by the death of Sir John Gilmour, was filled by Mr. Robert Hudson who was replaced at the Department of Overseas Trade by Mr. Geoffrey Shakespeare, Parliamentary and Financial Secretary to the Admiralty.

That Mr. Chamberlain did not include members of the Opposition in making the changes was understandable in

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view of their attitude at that time. But it is less easy to see why he was blind to the qualifications of members of his own party, and the reshuffle evoked almost universal derision. Nowhere, it was generally felt, was the Government's lack of imagination and courage so clearly apparent as in its own composition.

This lack of imagination and courage could be seen in almost every aspect of the Chamberlain Government's conduct of the war. Its financial policy is discussed in another article,* and it is sufficient here to say that, in so far as the war effort can be measured in terms of the expenditure estimated for the current year, it was revealed as woefully inadequate. And in other spheres the verdict was the same, in the mobilisation of labour, perhaps, most of all. The last war taught many lessons, of which one of the most vital was the importance of securing an adequate labour supply without which the weapons of war cannot be forged. But Mr. Chamberlain's Minister of Labour was content to allow labour problems to solve themselves. There was general rejoicing when the March unemployment figures showed a reduction of 383,000 on the month to the lowest total since last August and the April figures one of 148,000 to the lowest since 1920; but there was no attempt to see that the unemployed are being taken on by the right industries. It was proposed to train for war work the pitifully small number of 40,000 unemployed annually at the Government's training centres when the need will soon be for hundreds of thousands; and there will be no facilities for training women, although Mr. Churchill has said that a million women will be wanted. No guidance has been given to industry over the question of dilution of labour which is being fought out between the trade unions and the employers by themselves. And the second report of the Select Committee on National Expenditure reveals that, in spite of the Control of Employment Act, competitive

* "Financial and Economic Realities", p. 531 above.

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bidding is withdrawing highly skilled men from the machine tool industry to less skilled work in aircraft factories, and that the consequent setback to the production of machine tools will shortly hold up the production of aeroplanes.

Similar half-heartedness has been shown over food policy. Everybody knows that in general food consumption must be decreased and that even if home production were expanded to the utmost possible we should soon starve if Germany's submarine campaign were entirely successful. But reducing food consumption in general does not mean that those who are already on a minimum standard of nutrition must be pressed below it. To-day far more is known about diet than in 1914-18, and it happens that the two foods which are most suitable for home production—milk and vegetables—are especially rich in nutritive value. That we should be put on a diet of milk, vegetables, butter or vitaminised margarine, oatmeal, brown bread and cheese, with perhaps a little fish, meat and fruit added for the sake of variety, as has been urged in some quarters,* might keep us in health but would be a highly unpopular and probably impracticable measure. But there is much more to be said for the policy of an "iron ration", that is, securing a minimum quantity of highly nutritive foods at low prices combined with strict rationing of other foods. The Government went some way along this road by its subsidising, to an amount of £58 millions a year, of the prices of bread, milk, meat, bacon and cheese, but it did not see and grasp the opportunity that exists in war-time for improving the nutrition of the poorest section of the people. Consequently, the farmers are not being urged to concentrate on the production of the right food, from the nutritive point of view; there may be an agricultural but there is hardly a food policy as yet.

* *Feeding the People in War-time.* Orr and Lubbock.

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IV. THE HOME FRONT RE-FORMED

A STATESMANLIKE labour and food policy might have provided a point where Mr. Chamberlain and Labour could have joined hands. Labour's whole-hearted support would be necessary for even the mildest form of industrial conscription, and a plan that aimed at improving the standard of living of those at the very bottom of the scale, especially if, at the same time, a system of family allowances was adopted, besides being a far-reaching social measure of more than war-time importance, might have gone far to destroying Labour's distrust. As it was, it persisted in its belief that Mr. Chamberlain's Government was waging the war to restore the old order with the old inequalities rather than to create a new one, and that it would do nothing in its war policy which might jeopardise the post-war position of the non-working classes.

A similar distrust gradually permeated the other sections of the public. It had a different basis and there was not, at first, the same hostility to Mr. Chamberlain and his colleagues, but at the same time a strong discontent became apparent over the conduct of the war. It began with the capitulation of Finland. Although it was generally realised that Finland's geographical position made the sending of effective help virtually impossible, and that Germany, not Russia, was our declared enemy, it was generally felt that the triumph of yet another aggression, particularly when so gallantly opposed by the victim, should not have been allowed. And the outcome of the war in Norway administered a shock of double force, because not only was it a defeat in the first test of arms against Germany, but the people had been led to believe that it was Germany who had made the mistake. If the War Cabinet had foreseen from the start the hazardous nature of the expedition, ought they to have made the optimistic speeches typified by those of Mr. Chamberlain and Mr. Churchill in the House of

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Commons immediately after the invasion? And if they had not foreseen the difficulties and the expedition was consequently ill-prepared, were they really competent for waging war against an enemy who, because of his ruthless disregard for international law, was virtually bound to have the tactical advantages secured by taking the initiative?

Such were the questions being asked on the morrow of the announcement of the Allied withdrawal from southern Norway. In the light of that withdrawal Sir Samuel Hoare's broadcast of the previous week-end seemed a mockery.

They [the Germans] have made Norway their battlefield [he said]. We take up the challenge, and there we must meet them with all the resources that we can develop, all the power that we can muster for the fight. . . . The advantage that they won . . . must now be redeemed by hard fighting, by vigorous action and by patient planning. And it will be redeemed.

Another effect on the Home Front of the Norwegian campaign has been to intensify the demand, which had been growing for some months, that the Government should take more active steps against aliens and pacifist and similar propagandists. That a spy fever should become evident in a period of waiting war is only natural; but it was confined to a small section of the press and people, and, beyond instituting a re-examination of the cases of those aliens exempted from internment but subject to special restrictions, and all aliens in the protected areas around certain ports, the Government was content to rely on the good sense of the people to be their own policemen against anti-war propaganda. But the news of the treachery by which Germany gained entrance to Norway caused doubts about the wisdom of the Government's leniency to spread; and, after an all-party consultation, Sir John Anderson announced just before Whitsun that new defence regulations had been drawn up, which, while avoiding the repression of opinion and honestly held minority views, gave the authorities powers to deal with mischievous activities directed towards impeding the

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war effort. At the same time a Bill was introduced imposing the death penalty for serious cases of spying or sabotage.

How far the country as a whole is from pacifism may be seen from the results of by-elections where a pacifist candidate has stood. There have been five such by-elections; the total number of votes cast was 80,441; and the number given to the pacifists was 12,418. It may be assumed that few, if any, pacifists abstained from voting; and as the combined electorate of the five constituencies numbered 234,000, the smallness of the pacifist minority is very apparent. Moreover, just over half of the pacifist votes were gained at Kettering where, under the electoral truce, a Conservative candidate stood for election as it had been represented by a Conservative before. But the previous member's majority had been only 1,843, and part of the strong Labour element, which by now probably predominated, may have preferred to vote for the pacifist not as a pacifist, but because he claimed to stand for workers and pensioners.

A similar result has been recorded where there have been other unofficial candidates. Two Communists have stood for election. The combined electorate in the two constituencies was 121,000; 44,811 votes were cast; and the number secured by the Communists was only 2,485. The two Fascist candidates have fared even worse, securing only 873 votes out of a possible 100,500 and an actual 40,064. The one I.L.P. candidate obtained 4,424 votes out of 29,351 in an electorate of 81,000. As at least half of the constituencies in question were predominantly Labour, the results of these by-elections show quite clearly how unshaken is the resolve of the great mass of the Labour movement to wage the war.

That unshaken resolve has been shared by all classes of the British people. From the outset of the war the nation has possessed the incalculable advantage of moral unity which in the hour of adversity may be decisive. Only the few, perhaps, can grasp to its full extent the nature of the

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issue now at stake; but the essence of it is simple enough, and the ordinary man has understood it. He has never had any doubt that the Allied nations are fighting for civilisation or what civilisation means to him. He knows that it would be better for the world, if that were the choice, that the German race should vanish from the face of the earth than that its present rulers should succeed in their aim of enslaving the free peoples of Europe. With that knowledge, held without vindictiveness or lust for blood, he waited, eagerly yet in patience, for a plain lead as to what was required of him if we were to compass the downfall of Germany in the shortest possible time. He asked only to be told the truth about his enemy and to be given guidance as to the effort and the sacrifice which he must make. He wanted only to be sure that his political leaders were capable of calling out to the full and putting to the most effective use the individual effort he was ready enough to make. It was Mr. Chamberlain's misfortune that, with all his toughness of fibre, he could not provide that assurance.

There was a growing discontent, therefore, throughout the country when, on the morrow of the Norwegian expedition, the whole situation was suddenly transformed. On May 7 Mr. Chamberlain gave a fuller account of the Norwegian campaign than he had been able to do in the previous week; but instead of allaying criticism his speech confirmed the suspicions that were spreading among his own supporters that he and his Government were not competent to prosecute the war, and speakers in the debate concentrated on this general charge of incompetence rather than upon the causes of the Allied reverse. To the attacks from the Opposition leaders were added a call to the Government to resign from Mr. Amery and a revelation from Sir Roger Keyes that, as soon as the campaign opened, he had suggested to the Admiralty a plan for taking Trondheim and had been rebuffed. Badly shaken by the end of the day, the Government heard on the morrow that the Labour party

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had decided to divide the House at the end of the debate, a challenge which would itself have been enough to compel Mr. Chamberlain to make a radical reconstruction of his Cabinet, whatever the outcome of the division. After a fierce attack by Mr. Lloyd George, even Mr. Churchill, behind whom the Government was accused by more than one speaker of attempting to shelter, failed to rally the House; the Government's majority was only 81, more than 100 of its supporters abstaining from voting and 42 of them voting with the Opposition.

It was thus quite clear that Mr. Chamberlain's position had become untenable and that the lack of confidence in him expressed in the House was indicative of the feeling in the country as a whole. It was also clear that the Opposition had at last decided to assume a position of responsibility if it were called upon to do so, always provided that the summons did not come from Mr. Chamberlain—or from Sir John Simon or Sir Samuel Hoare, both of whom were inseparably associated in the public's mind with Mr. Chamberlain and his policy. Finally, when the news of the German invasion of Holland, Belgium and Luxembourg broke in upon the political crisis, it was clear that a real National Government must be formed at once.

A successor to Mr. Chamberlain and, indeed, to nearly every other member of his Government was being widely canvassed even before his virtual defeat in the House of Commons made his retention of the Premiership impossible. And when he broadcast his resignation to the people on the evening of the day on which Germany invaded the Low Countries—the first time in the history of the country that a Prime Minister has announced his resignation by wireless—it was with no surprise that they heard that he was to be succeeded by Mr. Winston Churchill, the one man in his Government about whose qualities as a War Minister there had been no dispute. Mr. Churchill lost no time in forming a new and at last a really "national" administration. It was

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quickly announced that a smaller War Cabinet had been constituted with the following personnel:

Prime Minister and Minister of Defence—Mr. Winston Churchill.

Lord President of the Council—Mr. Neville Chamberlain.

Lord Privy Seal—Mr. C. R. Attlee.

Secretary of State for Foreign Affairs—Lord Halifax.

Minister Without Portfolio—Mr. Arthur Greenwood.

By May 16 the names of all the chief Ministers had been published:

Lord Chancellor—Sir John Simon.

Chancellor of the Exchequer—Sir Kingsley Wood.

First Lord of the Admiralty—Mr. A. V. Alexander.

Secretary of State for War—Mr. Anthony Eden.

Secretary of State for Air—Sir Archibald Sinclair.

Home Secretary and Minister of Home Security—Sir John Anderson.

Secretary of State for the Dominions—Lord Caldecote (Sir Thomas Inskip).

Secretary of State for India and for Burma—Mr. L. S. Amery.

Secretary of State for the Colonies—Lord Lloyd.

President of the Board of Trade—Sir Andrew Duncan.

Minister of Supply—Mr. Herbert Morrison.

Minister of Health—Mr. Malcolm MacDonald.

Minister of Labour and of National Service—Mr. Ernest Bevin.

Minister of Food—Lord Woolton.

Minister of Information—Mr. Duff Cooper.

President of the Board of Education—Mr. H. Ramsbotham.

Minister of Agriculture—Mr. Robert Hudson.

Minister of Transport—Sir John Reith.

Minister of Shipping—Mr. Ronald Cross.

Minister of Economic Warfare—Mr. Hugh Dalton.

Minister of Pensions—Sir Walter Womersley.

Postmaster-General—Mr. W. S. Morrison.

Secretary for Scotland—Mr. Ernest Brown.

Minister for Aircraft Production—Lord Beaverbrook.

Chancellor of the Duchy of Lancaster—Lord Hankey.

Paymaster-General—Lord Cranborne.

Attorney-General—Sir Donald Somervell.

Lord Advocate—Mr. T. M. Cooper.

THE HOME FRONT RE-FORMED

Solicitor-General—Sir William Jowitt.

Solicitor-General for Scotland—Mr. Cumberland Reid.

Meantime, on Whit Monday, May 13, Mr. Churchill had met the House of Commons, and moved the following resolution:

That this House welcomes the formation of a Government representing the united and inflexible resolve of the nation to prosecute the war with Germany to a victorious conclusion.

This motion was carried by 381 votes to none. The only opponents of the motion were Mr. Maxton and Mr. Stephen (I.L.P.) and, since they were "tellers", their votes could not be counted.

The same resolution was passed unanimously in the House of Lords.

In moving the resolution Mr. Churchill said:

I would say to the House as I said to those who have joined this Government: "I have nothing to offer but blood, toil, tears, and sweat." We have before us an ordeal of the most grievous kind. We have before us many, many long months of struggle and of suffering. You ask what is our policy. I will say: "It is to wage war, by sea, land and air, with all our might and with all the strength that God can give us, and to wage war against a monstrous tyranny, never surpassed in the dark, lamentable catalogue of human crime." That is our policy. You ask what is our aim. I can answer in one word. It is victory—victory at all costs—victory in spite of all terrors—victory, however long and hard the road may be; for without victory there is no survival—let that be realised—no survival for the British Empire, no survival for all that the British Empire has stood for, no survival for the urge and impulse of the ages that mankind will move forward towards its goal.

On the same day the Labour Party Conference, meeting at Bournemouth, carried by 2,413,000 votes (by membership cards) to 170,000 the following resolution:

This conference endorses the unanimous decision of the National Executive Committee that the Labour Party should take its share of responsibility as a full partner in a new Government,

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which, under a new Prime Minister, commands the confidence of the nation. This conference further pledges its full support to the new Government in its efforts to secure a swift victory and a just peace.

Thus the Home Front has been re-formed—and by great good fortune in the very nick of time. Mr. Churchill became Prime Minister on the evening of May 10. At dawn that same day Hitler had hurled his forces across the Dutch and Belgian frontiers. The British people has thus been enabled to meet the greatest crisis in their history, not only with all their old determination, but with the new assurance that their common front has been consolidated by a common faith in its new leadership.

Great Britain,
May 1940.

CANADA

I. LORD TWEEDSMUIR

MORE than a century had elapsed since a Governor-General of Canada had died in office, when the very interesting and distinguished career of Lord Tweedsmuir, better known to the world as John Buchan, came to an end through his death in a hospital in Montreal on February 11; and some appraisal of his record in his exalted post, which he was due to vacate during the summer, would seem appropriate. When he was appointed in 1935 he was the first commoner to hold the office of Governor-General since Sir John Young, later Lord Lisgar, assumed it in 1868, and his selection constituted a distinct departure from the tradition that the post should be reserved for prominent members of the peerage of Britain. As John Buchan, the new Governor-General was well known to a wide public, both inside and outside the British Commonwealth, as a very successful novelist; and in literary circles he was held in high esteem as a biographer and historian. But his political career in the British House of Commons, which he had entered in 1927, had not fulfilled the expectations of his friends, nor brought him even minor office.

However, he came to Canada with certain distinct advantages enjoyed by none of his immediate predecessors. His Scottish origin and background were an immense asset in a country where so large a proportion of the English-speaking population has a strain of Scottish blood, and he had gained through earlier visits an insight into the conditions of life in Canada: he had also a long-standing friendship with Premier Mackenzie King, and in the course of his duties in the Intelligence Department of the British Army

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and the Ministry of Information during the last war he had made the acquaintance of a substantial number of Canadians, chiefly soldiers and journalists. Moreover, he was not without experience of life in an overseas Dominion. While serving on the staff of Lord Milner, he had spent several years in South Africa at the beginning of this century.

He was able, therefore, to accommodate himself very quickly to his new environment and was soon completely at home at Rideau Hall. From the very start of his career he contrived to convince the Canadian people that he liked living in their midst and was genuinely interested in all their activities and problems; and this achievement, which was beyond the powers of some other Governors-General, laid the foundations of a popularity with the mass of the Canadian people, which he never forfeited. He brought with him to Ottawa a lifelong habit of intellectual industry, and in his early days at Rideau Hall all the time that he could spare from his official duties was devoted to an intensive study of the historical background and current problems of Canada. He supplemented the fruits of these researches by summoning to private talks such residents of Ottawa as he thought could contribute to his enlightenment, with the result that within a comparatively short time he became an almost erudite authority upon the Dominion and its affairs. To his romantic temperament the history of the development of Canada made a peculiar appeal, and he often surprised Canadians by his meticulous knowledge of obscure episodes in the story of their country and by his keen appreciation of the underlying complications involved in their constitutional and other problems.

But a man of such insatiable intellectual curiosity would never have been content with mere book-knowledge of Canada, and he proceeded to reinforce it by personal investigation and at the same time to indulge a passion for travel, which he had never been able to gratify since his sojourn in South Africa. His zest for peregrination and

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exploration had only been matched by Lord Byng. There was scarcely a corner of the Dominion which he did not visit. When railways went no farther, he would resort to motors, aeroplanes, river-boats and even canoes to penetrate to remote settlements. His wanderings took him to the shores of the Arctic Ocean, while he made another memorable journey, following roughly in the footsteps of Alexander Mackenzie, the famous explorer, across northern British Columbia to the shores of the Pacific Ocean. Undoubtedly these long journeys took a heavy toll of a physique which was never robust, and contributed to the ill health from which he suffered almost continuously during his last two years at Ottawa; but he derived great enjoyment from them. In the course of his travels he made a point of investigating every phase of local life, and his thirst for information impelled him to seek contacts with a wide variety of people. Happily, as befitted the son of a Scottish manse, he was a practising democrat and never a stickler for social etiquette, and to-day there must be scores of hardy pioneers in Canada's northern hinterland in whose society he took special delight, with pleasant memories of long talks with a lively little man who was obviously more interested in hearing about their daily experiences and adventures than in seeking deferential respect for himself as Governor-General. He was always at his best when he visited small country towns and villages to open some cattle-show or fair. Holidays in his youth in the farms of kinsfolk living on the Scottish borders had given him more than a nodding acquaintance with rural lore and problems, and he could discourse authoritatively about the fine points of ploughing or the qualities of certain breeds of sheep. Time and again he would discover some local link with Scotland upon which, when he came to make a speech, he would expatiate; and the occasions were not few when he would be able to tell a Scots-Canadian family about the home of their forebears in Scotland and sometimes even about their Scottish

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relations. He also took a great interest in the foreign-born communities of western Canada, and his visits to their settlements live as red-letter days in their history. The inhabitants of a drought-stricken area in Saskatchewan, in which he suddenly made his appearance one spring, will always hold his memory in grateful affection as he made them realise that their travails were not forgotten in high places. And by this easy friendly intercourse with the plain folk of Canada he justified fully his appointment; for, without detracting from the dignity of the Crown, he brought it into a new light in their eyes as a democratic institution, and thereby performed an invaluable service towards increasing its prestige as a link in the political structure of the Commonwealth.

In the discharge of his constitutional duties, which were completely free from any serious problems, his parliamentary experience stood him in good stead, and he performed them with scrupulous fidelity and impartiality, while he took an unfeigned delight in his ceremonial rôles and carried them out with becoming dignity. It was always difficult for a man of his active mentality to restrain a disposition to put at intervals a finger into the pies of policy, especially when Ministers showed themselves capable of grave errors of judgment, and trouble might occasionally have ensued from this source if Lord Tweedsmuir had not been on terms of close personal intimacy with the Prime Minister of the day. But it was not Liberal Ministers but Imperialist Conservatives whom he offended by his one dangerous public incursion into the arena of controversial politics. It occurred in the course of an address delivered at an annual meeting of the Canadian Institute of International Affairs, when he lent his high authority to support the doctrine that Canada had now unfettered control of her foreign policy and that Canadians owed their primary allegiance to Canada rather than to the British Commonwealth. By this pronouncement he aroused the wrath of

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Canadian Imperialists who had been persistently combating the validity of this doctrine, and vigorous protests were at once forthcoming from papers like the *St. John Telegraph-Journal* and Conservative politicians like Mr. C. H. Cahan, K.C., who argued that a Governor-General should be the last person to encourage isolationist tendencies already too strong. Lord Tweedsmuir was surprised at the protests, but he took note of them, and thereafter his public addresses were always models of well-guarded discretion.

His accent, in which the flavours of Glasgow and Oxford were strangely intermingled, was a serious handicap to his effectiveness as a public speaker; but there was general agreement about the high quality of the matter in the speeches which he delivered and about the value of their contribution to the education of the Canadian people. He was equally at home when discoursing to an audience of military men about great figures of the last war like Earl Haig and Lawrence of Arabia and when he was addressing, as the recipient of an honorary degree, a university congregation upon some intellectual theme or talking as the dinner guest of a law society. He had evinced during his career at Westminster a continuously earnest zeal for educational progress and reform, and he lost no opportunity of carrying on a similar crusade in Canada. He was never tired of exhorting the Canadian people to improve their educational system because the democratic system, which was their pride, demanded for its satisfactory operation an intelligent public capable of forming its own judgments on public issues. He had also a happy knack of being able to communicate to popular audiences in simple terms, often spiced with a whimsical humour, sage advice about commonplace problems of everyday life, and to more select gatherings he would reveal with equal facility a high philosophic vein. He had a passionate belief in the British Commonwealth of Nations as an invaluable buttress of civilisation, but his Imperialist faith did not prevent him

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from being a zealous advocate of the closest possible co-operation between the Commonwealth and the United States, and during his residence at Ottawa he laboured strenuously to strengthen the ties between them. Not only did he entertain a succession of distinguished American guests at Rideau Hall, but he found opportunities for making more than one visit to the United States, and one of the best speeches that he made in North America was delivered when he received an honorary degree at Harvard University.

In the discharge of his duties he found a devoted and assiduous helpmate in Lady Tweedsmuir, who carried with her to Canada her keen interest in the work of Women's Institutes and was perennially busy with other good work such as the provision of books for impoverished communities in the west. Their life at Rideau Hall was simple and unostentatious. The State dinners and elaborate hospitalities entailed by the arrival of distinguished visitors from abroad always found them excellent hosts; but they had no fondness for Lucullan dinner parties and had an ingrained predilection for gathering a few congenial friends round their table. They also performed a useful service in broadening the social orbit of Rideau Hall; their week-end parties embraced all ranks and conditions of people, and select social circles in Ottawa were once rather startled when Lord Tweedsmuir, having discovered in a young Jewish Socialist the common bond of having each held the Presidency of the Oxford Union, invited him and his wife to luncheon.

When Lord Tweedsmuir came to his untimely death there was a remarkable nation-wide demonstration of public grief and sympathy; and, if there had ever been any doubts about his widespread popularity, they were immediately dissipated. The press of Canada, individuals and public bodies vied with one another in the warmth of their affectionate tributes; and, when his body lay in state for a day in the Senate Chamber at Ottawa, all ranks of society in the

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capital came to pay their last respects to him. Old-timers could remember no parallel scenes since the day in 1891, when the great Sir John Macdonald lay in state awaiting burial. Lord Tweedsmuir was accorded the honour of an imposing State funeral which was attended by most of the eminent personages of Canada, but probably he would have set most store by the silent grief of the crowds of humble folk who lined the route taken by his cortege. James I of Scotland was known affectionately as the 'Gaberlunzie King' because he loved to wander among the plain folk of his realm, and Lord Tweedsmuir, if he were alive, would not scorn the title of the 'Gaberlunzie Governor-General'.

II. THE GENERAL ELECTION

THE general election, which took place in Canada on March 26, was by common consent the dullest contest within living memory, and its result, though decisive, was exceedingly unsatisfactory from the standpoint of the national interest. It is true that it provided the Liberal Ministry of Mr. Mackenzie King with a fresh mandate of a most emphatic character for its war policy and programme; but so far from achieving what was a prime desideratum for an efficient Parliament and sound administration—the reinforcement of an Opposition, which was manifestly inadequate for the proper performance of its duties in the last House—it actually left it in a weakened state. As a consequence the Liberal party is now reinstated in power with a majority which slightly exceeds its unwieldy size in the last Parliament, and there is little prospect of effective parliamentary criticism of its policies and administrative methods.

In view of the circumstances of the election and the divided nature of the Opposition forces there was never any serious doubt about the return of the Mackenzie King Ministry, but even its most optimistic partisans conceded that the retention of its huge majority of 115 was impossible,

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and on the eve of polling the campaign managers of the Liberal party would not claim for it more than 155 seats out of 245. But the Government, which held 180 seats at the time of dissolution, is now assured of 184 supporters in the new House of Commons and may increase this number, when two vacancies, already created by sudden deaths, are filled. It was almost inevitable that the Liberals would retain the support of an overwhelming majority of the French-Canadian voters who had not forgotten how a Ministry dominated by Conservatives had imposed military conscription in 1917 and reduced them to the position of an impotent and baffled racial minority. But it was the defection of hundreds of Conservatives, influenced by the unfriendly attitude of their favourite papers, the *Montreal Gazette* and the *Montreal Star*, towards Dr. Manion, the Conservative leader, that enabled the Liberals to capture a group of Conservative strongholds in Montreal and reduce the Conservative representation in Quebec to a solitary member. But the Liberals achieved an even more surprising triumph in Ontario, a traditionally Conservative province, where they were prepared to lose at least 20 seats but actually on the balance made a net gain of 1. They held all their 4 seats in Prince Edward Island, only lost 2 out of 12 in Nova Scotia, and 1 out of 15 in Manitoba, and made substantial gains in both Alberta and British Columbia. Their only setbacks were in New Brunswick, where they forfeited a few seats to the C.C.F. and Independents. The Conservatives, faring badly everywhere outside the Toronto area and the English-speaking counties of New Brunswick, were only able to increase their strength from 39 to 40; and not only did their leader fail to secure election in the constituency containing his home town of Fort William which he had represented from 1917 to 1935, but most of his experienced lieutenants like Mr. H. H. Stevens and Mr. C. H. Cahan also suffered defeat, with the result that the Conservative front bench will be left pitifully weak. The C.C.F.

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party lost all save one of its seats in British Columbia because many of the British-born Socialist element, who had been the nucleus of its strength, were alienated by its policy of limiting Canadian participation in the war to financial and material aid, but it secured compensating gains in rural seats in Saskatchewan; and by acquiring its first foothold in the Maritime Provinces through the capture of an industrial seat in Cape Breton it managed to increase its strength from 7 to 8. The fortunes of the New Democracy party were adversely affected by the popular reaction in Alberta against the Social Credit Ministry of Premier Aberhart, which narrowly escaped defeat in a provincial election held five days before the Federal contest, and its programme of conscription of man-power and wealth also frightened many farmers, with the result that it will have only 9 members in the new Parliament as compared with the 16 Social Creditors who sat in the last House. There were also elected a brace of Independents, and not the least interesting member of the new House will be one of them, Mrs. Dorise Neilsen, a graduate of an English university, who, campaigning with the united backing of the Leftist factions, performed the remarkable feat of wresting a constituency of vast area and mixed population from a veteran Liberal member. The Liberal party profited greatly by the prevalence of three-cornered contests, and it will be over-represented in the new Parliament as it was in its predecessor, but not quite so seriously, since it secured roughly 53 per cent. of the popular vote as compared with 46.8 per cent. in the election of 1935.

An account of the circumstances which precipitated the election was given in the March number of *THE ROUND TABLE*,* and the campaign opened early in February with the Liberals in possession of certain manifest advantages. Not only had they seized the initiative and taken their opponents unawares, but they had by far the most efficient organisation, the active co-operation of six out of the nine provincial

* No. 118, March 1940, pp. 422-3.

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administrations, the richest campaign chest, the most effective publicity bureau and the most reliable press support, while they could also bring into action on the platform and over the radio a much more formidable troupe of experienced campaigners than any other party could command. Their line of strategy was to restrict the issue of the campaign to the question as to which party offered the best prospect of preserving national unity and organising an effective contribution to the Allied cause, and to treat as irrelevant all domestic issues. They were ready to admit that the Mackenzie King Ministry had committed some errors, but they contended that they were trivial by comparison with its fine record of accomplishment since the war began. They claimed great credit was due to the Ministry for the adequate protection provided for Canada's coasts and trade, for the despatch overseas of a fully equipped division *plus* 6,000 ancillary troops, for the mobilisation of a second division, which was partially trained and ready to sail, for the assumption of the main financial and administrative responsibility for the Commonwealth Air-training Scheme, for the steps taken for the organisation of the financial and economic resources of the Dominion and the readjustment of industrial and agricultural production to meet the needs of the war, and for the measures taken through the creation of the War-time Prices and Trade Board and other schemes for the protection of the public from exploitation by selfish profiteers. They had to meet charges that their administration of the national war effort had been marred by political favouritism and brazen patronage, but fortunately for them the extravagance of the charges made by the Conservatives operated to raise doubts in the mind of the public as to their validity and to gain a hearing for the rather inadequate Liberal defence, namely, that the shortcomings of the Mackenzie King Ministry in regard to political patronage were unimportant in comparison with the misconduct of the Borden Ministry in the early stages of the last war.

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In the Province of Quebec Liberal orators and papers revived the ancient but very potent bogey of military conscription, and all the vehement and repeated protestations of Dr. Manion that he would never countenance such a measure because he was convinced that it was both unnecessary and impracticable in Canada proved ineffective to counteract the charge that he had supported it in his first session at Ottawa. Even more damning was the allegation, witnessed by chapter and verse, that he had criticised the French-Canadians for opposing it in a fatal volume of reminiscences, written in care-free days.

Mr. Mackenzie King, on the plea that he must give his first attention to the daily problems arising out of the war and could not afford to be long absent from Ottawa, left the main burden of speech-making to his Ministers, and confined his electioneering activities to five platform addresses and a series of broadcasts from Ottawa. In all his deliverances he stressed the paramount need for the maintenance of national unity, arguing that the success of the national war effort depended upon it, and he strove to prove that only the return of the Liberal party to power could assure the attainment of this dual objective. He made this line of appeal more effective by discarding very shrewdly the rôle of a partisan chieftain, bent upon converting voters to the Liberal faith, and by presenting himself to his audiences as a national leader who had no longer any patience with the trivialities of domestic political strife in view of the tremendous issues at stake in Europe. He also, to his credit, tried to keep the standards of debate in the campaign on a decent level. Apart from one pointed rebuke which he administered to Dr. Manion for his violent and unfair abuse of certain Ministers, he refused to descend to personal controversies and made votes by his dignified restraint. But his speeches had certain serious *lacunae* inasmuch as he sedulously refrained from giving any information about the ultimate extent and nature of Canada's war effort and about

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Ministerial views concerning the difficult problem of raising the huge sums which will be required to finance it. Nor did he, apart from *obiter dicta* about the defence of Christian civilisation and the desirability of a just and enduring peace, throw any light upon his conception of a satisfactory peace settlement. What he obviously wanted and what he obtained was a blank cheque for the continuance of the Government's war policy on whatever lines it might in its wisdom determine. It might, nevertheless, be an unwarranted assumption that the impressive victory of the Government which took Canada into the war indicates a keen enthusiasm for the war among the Canadian people and an ardent desire to see an enlargement and invigoration of the national war effort. Undoubtedly the huge Liberal majority reflects the satisfaction of Canadians with a policy which had honoured their obligations as citizens of the British Commonwealth and their inability to discern any valid reason for interrupting the continuity of the administration of the national war effort by a change of Ministry at Ottawa, especially when the Conservatives offered no hopes of supplying a Government with a better personnel. But there exists among many Canadians a serious apprehension lest Canada be drained of her resources of young man-power and wealth to a dangerous degree in another European blood-bath; and certain Ministers, like Mr. Lapointe and Mr. Gardiner, struck a responsive note in many quarters, when they carefully explained that the Government had made very definite calculations about the extent of the contribution which Canada could afford to make to the Allied cause without ruining herself and were firmly determined not to exceed the limits which they had set. This lead was followed by many Liberal candidates, and it is now reasonably clear that thousands of voters, particularly women, were influenced in casting their votes by the conviction that, whereas any Ministry led by Mr. Mackenzie King and Mr. Lapointe could be trusted to place definite limitations to the drain of war upon Canadian resources,

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there was no assurance that Dr. Manion, if he was entrusted with office, would not under the joint pressure of the British Government and Imperialist zealots in his own party commit Canada to the full limit of her human, financial, and economic resources for the achievement of victory. Indeed, it is an open secret that Conservative candidates, who began their campaign with denunciations of the Ministry for the inadequacy of its war effort, found a chill response to such criticisms, even in constituencies in Ontario where the traditions of the United Empire Loyalists were strong, and soon desisted from them. So the mandate given to the Government may have implicit in it a certain negative element. Such a caveat does not mean, however, that the Government will not promote the war programme it has mapped out with all the vigour at its command; and the presence of Colonel Ralston, an experienced soldier who is wholehearted for the vigorous prosecution of the war, in a key position as Minister of Finance, is a guarantee that Canada's effort will not cease until victory is won.

The Conservative party was unfortunate alike in its leader and in the strategy adopted for the campaign. Dr. Manion owed his selection not so much to any widespread confidence in his political abilities as to the hope that, as a Roman Catholic and the husband of a French-Canadian wife, he would be able to make a special appeal to the voters of French-Canada and thereby enable the Conservative party to tap that great fundamental reservoir of Conservatism in Canada. But his sponsors had evidently forgotten first that no Irish Catholic could count upon the support of French-Canadian Catholics owing to the existence of a long-standing feud between these two elements within the Roman Catholic Church in Canada, and second, that no Catholic leader of any kind could expect to be palatable to the Protestant Orangemen, who for generations had been the most reliable core of the Conservative party's strength in provinces like Ontario and Manitoba.

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The polls revealed how grave an error his selection as Conservative leader had been, for not only did he fail to attract any serious support from the French-Canadians, but he lost the votes of thousands of Protestant Conservatives who either voted Liberal or stayed at home.

He was also greatly handicapped by the absence of any group of lieutenants of first-rate calibre, who could make an effective appeal to the voters; and, when he tried to cure this disability by announcing that, if he were returned to power, he would proceed to construct a National Government composed of the best available talent in the country, regardless of its political affiliations, he embarked upon a course which proved disastrous. He could not even induce Mr. Mitchell Hepburn, the most influential malcontent in the Liberal party, to promise his support for this project; and, when Mr. Mackenzie King announced that no member of his Ministry would have any truck or trade with it, and the leaders of the C.C.F. party took a similar line, it was patently exposed as a vote-getting device. But Dr. Manion persisted in affixing the label 'National Government' to his candidates, and the effect was ruinous. Thousands of Conservatives were outraged that a politician, who had originally been a Liberal, could dare so blithely to discard the historic name and traditions of the Conservative party, and became responsive to the suggestions of the Liberal press that, as the project of a National Government was purely a personal adventure of Dr. Manion and his associates, they were set free from any obligation to support him or his candidates.

Then he also discovered that a substantial element of the manufacturing interests, which in bygone elections had always been firm supporters of the Conservative party through a natural preference for its policy of higher tariffs, was not prepared in an election in which the tariff was not an issue to oppose a Ministry which had acquired considerable merit in its eyes as a beneficent dispenser of profitable

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war contracts. So as the campaign proceeded Dr. Manion in his despair plunged into further errors. When he attempted to broaden the basis of the campaign by propounding solutions for a variety of domestic problems, the radical nature of some of his proposals annoyed influential business elements of the Conservative faith and brought down upon his head the castigations of Conservative papers like the *Montreal Gazette*. When he committed himself to an abolition of the \$2.50 fee for radio licences, which would have undermined the financial structure of the Canadian Broadcasting Corporation, and to the restoration of the old patronage-mongering system of local harbour boards, which had been wisely replaced by a National Harbours Board, he convinced a large number of voters that he was an irresponsible politician who was prepared to do or say anything that would win him a few sectional votes. But his crowning error came when, driven to bay in the closing stages of the campaign, he gave free rein to his gifts of Hibernian invective and unloosed a series of violent personal attacks upon Ministers. His description of Mr. Rogers, the Minister of National Defence, for example, as "an unscrupulous little falsifier", simply created sympathy for the target of his abuse and materially helped in Mr. Rogers's re-election. So by the close of the campaign the great body of the intelligent voters of Canada had made up their minds that, whatever the defects of Mr. Mackenzie King and his Ministry might be, Dr. Manion possessed neither the abilities nor the temperament required for the guidance of Canada's destinies in these critical days.

In view of the humiliating nature of the debacle to which he has led his party and his own personal defeat, it is considered unlikely that Dr. Manion will try to retain the party leadership. In the event of his resignation, when the Conservatives, who have lost no time in resuming their historic name, proceed to elect a temporary House leader for the coming session, their choice will probably fall on Mr. R. B. Hanson, an experienced politician who was a member of the

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last Conservative Ministry; and at some later date there will be held a party convention for the purpose of choosing a new permanent leader and drafting a new platform for the party. There is, however, an extraordinary dearth of Conservative politicians of first-rate ability. By far the most attractive figure among them is Mr. M. A. Macpherson, K.C., of Regina, who ran Dr. Manion close for the party leadership in July 1938, but unfortunately was beaten in the recent election. But any new leader will still have to face the fundamental difficulty that, as long as the Liberal Ministry, now restored to power, pursues conservative courses on most of the current issues, the rehabilitation of the Conservative party to a position where it can offer an effective challenge to its historic rival will not be easy for the simple reason that there is no room for two Conservative parties in Canada.

The real fight was between the two historic parties; and the two Leftist groups each suffered from the consequences of their internecine feud, which split the radical vote and let in Liberal candidates in several seats, and from the fact that they were not competitors with the old parties on a nationwide scale and could not hope to send anything more than protesting minority groups to Ottawa. The C.C.F. party was handicapped by the enfeebled health of its leader, Mr. J. S. Woodsworth; and its lack of adequate press support and the general disillusionment about Russia hampered its advocacy of its Socialist programme. Under the circumstances its leaders profess to be well satisfied with polling a total vote of nearly 400,000. Though its numerical strength in the House of Commons is small, it contains in its ranks some competent parliamentarians who may prove the most dangerous critics of the Government. There was considerable regret that Mr. W. D. Herridge, a former Canadian Minister at Washington, who founded the New Democracy party, failed to secure election in a three-cornered contest, as he would have been an enlivening influence in Parlia-

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ment; but there is less regret about the diminution of the former band of Social Creditors, whose contributions to debates, with a few exceptions, showed a remarkable lack of intellectual grasp or breadth of mind. Obviously there is a substantial volume of genuinely radical sentiment in Canada which to-day fails to find adequate expression at Ottawa; and when the feud in the Leftist movement is ended, as it must be, and the harassing economic and social problems of a post-war era emerge for discussion and solution, it is bound to gather strength.

While the Liberals are entitled to sound the loud timbrel of triumph over their overwhelming victory, candid members of the party confess that they would be happier if the Ministerial majority were smaller and the Opposition stronger. Moreover, it is the view of the *Winnipeg Free Press*, the ablest Liberal paper in Canada, that the Ministry might now more properly be described as a National than a Liberal administration because it owes its huge majority to the votes of thousands of Canadians who would never support the domestic programme of the Liberal party. Its popular following has been heavily reinforced from the Right, and the *Free Press* sounds a warning that it behoves all genuine Liberals to adopt an attitude of critical independence towards the Government and its policies in order that it may be kept from straying along reactionary paths. Expectations that Mr. Mackenzie King would undertake a reorganisation of his Cabinet before he met Parliament, which will assemble on May 16, have not been fulfilled, but authority conferred at the special session of September 1939 to create a Ministry of Munitions and Supply has been utilised, and the new department has for the time being been entrusted to the charge of Mr. Howe, the Minister of Transport.

The new House of Commons will contain 76 new members, and among them the Liberals, who managed to elect three members of the staff of McGill University, have secured a larger number of promising recruits than the

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Conservatives; the latter brought out as candidates a group of able young politicians, but most of them went down to defeat. It will be only, therefore, through the development of vigorous independence in the Liberal ranks that the new House of Commons can hope to be an improvement upon its predecessor which the *Ottawa Citizen* described as the most unsatisfactory and subservient House in Canadian history. The Mackenzie King Government will keep its vast majority intact as long as the war lasts, but when it ends there may well emerge from the aftermath of the war or the thorny problem of constitutional reform, which is ripe for solution, issues which will create deep fissures in the Ministerial ranks.

Canada,

April 1940.

AUSTRALIA

I. POLITICAL CHANGES

WITH the appointment of Mr. Casey as Minister to Washington, Australia has made her first diplomatic appointment to a foreign country. It has been stressed officially that the new departure is not due to any dissatisfaction with the representation afforded in the past by British officials, but to a belief in the importance of direct contact between the Australian and American Governments.

Mr. Casey's resignation meant a by-election in Corio (Victoria) which Labour won decisively. The Prime Minister accepted Mr. Curtin's challenge to make the election a test of the Government's war policy. The Labour platform was a reiteration of its plea for no expeditionary forces, adequate defence measures within Australia, and other than military assistance to the Allies, modified to the extent of promising to maintain troops already abroad and to fulfil existing commitments, such as Australia's part in the Empire air scheme. The Government's speakers defended its policy of full participation, Mr. Menzies adding a guarantee that there would be no conscription for overseas service, except with the mandate of a general election.

It would be a mistake, however, to regard the result as a clear-cut vote on the issue of Australian military participation in the war, although its significance has been admitted even by Mr. Menzies, who declared that "the Government, so far from being behind public opinion in relation to the war, is ahead of it". The Corio constituency has previously been won only three times in fourteen by Labour, but in recent years it has become increasingly industrialised, and

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now includes the personnel of a large motor assembly plant. This proved important, because the Government's plans for establishing a monopoly of car manufacture became a major issue.

The Government proposed to implement a policy announced in 1936 by arranging in December with Australian Consolidated Industries Limited, for the formation of a company with a capital of £1,000,000, to manufacture American-type cars at the rate of 20,000 a year, on which a decreasing bounty would be paid for three years at least. The Government undertook to use its war-time powers to assure the new company a monopoly for five years. The agreement aroused a storm of protest. Although it was generally agreed that there was room for only one enterprise, the granting of a monopoly was attacked and its constitutionality questioned. It was pointed out that body-builders and makers of parts would be at a disadvantage in selling to a single buyer, and that the enterprise would involve a drain of dollars for essential equipment and a serious competition for materials and labour with the armed services and with planned output of aeroplanes and ships. Mr. Curtin, after access to departmental files, declared that the choice of the firm to receive the contract had not been impartial. The final straw at Corio was Mr. Curtin's revelation that Mr. Lawson, Minister for Customs, who had been handling the contract, had leased a race-horse from the managing director of A.C.I. The Government's decision to suspend action until it had been sanctioned by Parliament then came too late, and its position was weakened by Mr. Lawson delaying his resignation for two weeks, although the Prime Minister himself described his conduct as "very foolish" and "a great blunder".

The Government has exposed itself to criticism on a wide variety of other matters. Some of them are of slight importance, and few of them were specifically raised at Corio; but the cumulative effect probably influenced the result, which

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cannot be taken to indicate what would happen in a general election. Its handling of the military pay issue in December was unhappy; it has been attacked for the rigidity of the wool agreement with Britain, which is believed to threaten the post-war future of wool by high re-sale prices, and to give growers no protection during the war against depreciation of sterling. Ministers have, moreover, been very resentful of criticism. The working of various administrative bodies has been the ground of much complaint, especially the censorship and the Ministry of Supply.

When every admission has been made, however, the fact remains that the Government deliberately chose Corio as a test constituency in which to put before the electors the difference between its policy of full participation in the war and the Opposition's policy; that both the Ministerial candidate and the Labour candidate had fine records of war service in 1914-18 and were therefore well chosen for a real test of policy; and that on both sides the full debating resources of the opposing parties were employed. The electorate did not support the Government because, at that particular stage of the war at least, public opinion preferred the less extensive commitments of the Labour programme. The course of the war itself has affected public opinion. The absence of major engagements, the recurrent rumours of peace moves, the uncertainty as to the continuance of the war, the hypothetical character of the contingencies to meet which the Australian troops are apparently required, the very success of the British news about the progress of the economic war, the apparent security of Australian waters from German naval operations—all combine to produce an absence of conviction. In the result, at Corio the poll undoubtedly went in favour of a more restricted kind of belligerency. But a change in the military situation overseas would alter this in a moment.

The outcome of Corio has been an agreement for a Coalition Ministry. When the Menzies Government was formed

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the long association of the United Australia and United Country parties broke down, the immediate issue, complicated by personal hostilities, being the Prime Minister's insistence on choosing which Country party members should join the Cabinet. A bitter public quarrel between Mr. Menzies and Sir Earle Page followed, as a result of which Mr. Archie Cameron succeeded to the Country party leadership. The Government held only 27 seats, as compared with 31 Labour and 16 Country party members, on the outbreak of war. A Cabinet which could govern only with the "discriminating support" of the Country party had an uncomfortable time while Parliament was in session. At the very end of the last session proposals for coalition were revived, and in the intervening three months Country party leaders have alternately indicated their willingness to join a Coalition Government (on terms) and delivered attacks on particular aspects of policy. Mr. Cameron, especially, has been as persistent and vigorous a critic as the leader of the Opposition. There were abortive negotiations in January. The present agreement is the joint result of the precarious position of the Ministry, which Corio underlined but did not create, and the removal of a number of points of difference with the Country party.

The revised plans for expeditionary forces and for compulsory military training before the Coalition may not go as far as Country party leaders have demanded, but their views have been met in principle. The motor-car monopoly, so repugnant to the Country party, is to be submitted to Parliament, and members of the new Ministry are to be free to vote upon it according to individual conviction. The chief outstanding differences between the two parties are matters of personal antipathies and personal ambitions.

The basis of agreement is that the Country party will hold three full portfolios and three assistant Ministerships. No stipulations were made on either side as to persons, but the final choice rests with the Prime Minister after consultation

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with Mr. Cameron, who is to rank second in the reorganised Cabinet.

State politics have faded into insignificance with the dominance of Federal war activity. The New South Wales Government at the beginning of March easily survived a Labour motion of no-confidence, based on issues of unemployment, housing and wheat policy. In Victoria the State Parliament was dissolved, with eight months of its term unfinished, as a result of personal clashes within the Government and an alleged attempt by the Country party central council to dictate to the Cabinet. For five years Victoria has had a Government unique in Australia. Because of the unequal population of electorates, Mr. Dunstan, the Country party leader, controlled a third of the seats and governed with the consistent support of a markedly conservative Labour party. The Government was returned, the only change being a slight Labour gain at the expense of the United Australia party Opposition. The Easter conference of the New South Wales Labour party carried a so-called "Hands off Russia" resolution. Voting was far from unanimous and the resolution has been repudiated by the Federal Labour party and by other State parties, on whom it was, in any case, in no way binding. At the time of writing the significance of the resolution is uncertain.

II. MILITARY PREPARATIONS

IN the summer months interest has centred on the army and air force. Although little has been heard of the navy it has been very active. Vessels have been built, and more may be supplied to the British fleets. Personnel has more than doubled since the outbreak of war, but the extent of reinforcements in the form of auxiliary cruisers and other vessels is unknown.

Immediately before Christmas the nature and extent of Australian participation in the Empire air scheme were

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announced in a broadcast by the Prime Minister. The plan, as finally agreed between the two Governments, provides for most of the training to be given in Australia, and the first objective is for the enlistment and training of 10,400 pilots and 15,600 observers, wireless operators and air gunners, together with from 20,000 to 30,000 ground staff. Great Britain is furnishing all the aircraft for advanced training and half the engines for elementary trainers, as well as bearing part of the cost of these latter planes and meeting all costs of replacing damaged machines. All told, about 1,450 planes will be required.

Expenditure and organisation have been designed on a three-year basis. In that period the cost to Australia is estimated to exceed £A50 millions, the capital outlay being nearly £A20 millions and the estimated annual maintenance charge of the order of £A15 millions. In addition, present plans are for the expenditure of £A30 millions over three years for the local air force, apart from the Empire scheme.

Preliminary steps are now complete and recruiting for the air force has begun. The chief problem here is to attract skilled workers, or workers suitable for training, away from non-essential civil work. The need to train many of the technical workers required and the scale of the scheme mean that full operation will not be reached much before the end of 1940.

The organisation of the air force has been thoroughly overhauled. Following the unexplained resignation of the former Chief of the Air Staff, Air Chief Marshal Sir Charles Burnett, R.A.F., was appointed as his successor. Most important of the consequential changes is the establishment of a system of commands on a geographical basis in contrast with the functional division in Britain.

When war broke out the military, who were then all voluntarily enlisted, numbered 75,000. The militia units have been called out under the Defence Act at different dates, and by June most militiamen will have had from

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three to four months continuous camp training. The persistent demands, particularly from the Country party, for compulsory military service led the Government, despite some opposition, to invoke those provisions of the Defence Act under which since 1903 all men from 18 to 60 have been liable for service within Australia in time of war. Selected age-groups are being called out and drafted to existing militia units for eleven weeks continuous camp training. The Prime Minister has again stated that it is not the intention of the Government to introduce conscription for service outside Australia.

Late in 1939 it was announced that the second A.I.F., which had been enlisted for service "at home or abroad", would be sent overseas, and in March it was revealed, what had indeed been everybody's secret, that part of this force had been despatched in January for final training in the Middle East. The second A.I.F. is to be expanded to an Army Corps, involving in all 90,000 men by June 1941. Trained workers are to be enlisted for railway survey and construction and forestry companies.

III. ECONOMIC POLICY

THE revised Federal budget presented at the end of November made no significant changes, and in particular provided for no increase in taxation before July 1940. When war broke out there was a moderate amount of unemployment which, after the initial hesitation of business, slowly declined. The Commonwealth was not able to organise its war-spending programme rapidly, and it was therefore inappropriate to increase taxes before Government expenditure was rising rapidly enough to maintain the level of employment. The obstacles to expenditure have not been eliminated. In November total war spending to June 1940 was estimated at £A61 millions, and in January at £A73 millions. But spending from loans and revenue combined

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has only been at the rate of £A3 millions per month, although the tempo is quickening. It thus seems clear that total war expenditure is unlikely to be much in excess of £A50 millions when the financial year ends in June.

These conditions explain the absence of any announcement of a comprehensive financial plan. In January the Loan Council agreed to leave all decisions relating to borrowing to the Federal authorities, but it was not until March that the first public loan for £A18 millions was floated. This has proved successful, one-half being subscribed on the opening day. The market rate of interest was offered, to the disappointment of those who believed that war loans could and should be floated at lower rates. The bank cash resources had been greatly increased above the low levels existing on the outbreak of the war. As a result of rising export incomes and the increase in Federal expenditure the banks were in a more liquid position than at any time for the past six years. In January, by agreement with the Commonwealth Bank fixed deposit interest rates were reduced by a quarter per cent. The net result has been that whereas the yield on Government bonds passed 4 per cent. on the outbreak of war, it was possible to float the present loan, one section for five years at $3\frac{3}{8}$ per cent. and one for ten to sixteen years at $3\frac{5}{8}$ per cent. The short-period portion was designed to appeal to financial institutions and to such overseas firms as are prepared to invest their local profits within Australia during the war.

Of the total, £A2 millions are for Commonwealth work and £A8 millions for State works, these two items completing the pre-war borrowing programme. The remaining £A8 millions for war represent less than one-fifth of the total war borrowing programme for this financial year. It has thus been possible to postpone the curtailing of State loan plans until after June, while the control of private investment, though it has been tightened since January, is still far from strict.

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After repeated announcements of the impending issue of savings certificates on the English model, full details of a scheme were given in January. It was to come into operation in March; but the commencement has been deferred, probably because the small saver was invited to subscribe to the recent loan by the offer of £10 bonds. Apart from this, there have been only the most general and most orthodox statements on how it is proposed to finance the war. The need to avoid inflation and the inevitability of steep increases in taxation have been officially stressed, but no specific information is given as to how the first is to be prevented or the second implemented.

A welcome change has come over the wheat situation. Until January the prospects were that the benefit of a first-class yield would be lost because of inadequate sales and a consequent acute storage problem. But large purchases by Britain have since amounted to a third of the marketable crop.

The Economic Cabinet has been planning severe restrictions on imports from non-sterling countries to facilitate Australian war purchases in the United States. During 1938-39 the balance of payments with non-sterling countries showed a debit of £14.1 millions (sterling), which will be exceeded in the current year in spite of an increase in gold production and its higher price, the rise in the export price level and the existing restrictions on non-sterling imports. War equipment (especially planes) is being obtained from the United States. Some import prices have risen, apart from the depreciation of sterling, and a large volume of exports has been diverted to Britain.

Import control has received far more public attention than the problem of exports. Since December imports have been classified in order of urgency, and the amount of exchange available for purchasing from non-sterling countries rationed accordingly. Because of concessions on goods ordered earlier, the effect of these restrictions does not yet

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appear in the import figures which rose steeply in December and January. In any case more stringent restrictions are necessary to relieve the demand for dollars and these are expected in the near future. Tentative steps have been taken towards persuading foreign suppliers to invest in Australia for the duration of the war. The possibility of diverting purchases to sterling countries is being explored. Rationing of petrol has been again deferred.

Meanwhile there has been an extensive development of industries replacing imports. A survey of liquid fuel resources shows that up to 70 million gallons per annum (or a fifth of present requirements) might be produced, though the cost would be very high and though actual output is still far below that figure. The most important recent development is the commencement of production of oil from shale in New South Wales. The use of producer gas for road transport is being actively encouraged. In New South Wales the State Government is subsidising film production and has formed a Development Bureau to assist in the establishment of new industries. A number of new firms have been established for the manufacture of cotton textiles; and many other goods, imports of which have been excluded or reduced or are more expensive, are now being produced locally. Manufacturers' enthusiasm for home production and the lure of "giving employment" have obscured both the long-term problems of the effect on trade after the war and the immediate, urgent issue of the competition of imports replacement with war production for men, materials and equipment. The motor-car industry plan was a notable example of confusion in high places, and even seven months of war have not produced any system of control of import replacement.

The problem is showing itself in shortage of skilled labour. Plans already made call for 2,000 fitters and turners for general defence work, 500 tool-makers for munition factories, 5,000 tradesmen to produce equipment for the

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Empire air scheme. That scheme itself will call for a trained ground staff of over 20,000. The army and navy are also drawing on the slender reserves of skilled workers. If plans for shipbuilding and motor-car manufacture bear fruit, many thousands more will be required. Meanwhile general industrial expansion is proceeding, competing for labour with war industries. There are not nearly enough trained men to go round, nor, as yet, adequate training facilities. The States are normally responsible for education, and have not unnaturally appealed to the Commonwealth to shoulder the increased cost of technical education. A beginning has been made with extending technical schools, partly financed with Federal money, and the lines of a co-operative system are beginning to take shape, with the Commonwealth as a source of funds and a general directive agency and the States handling administration. But present plans still fall far short of the total prospective needs of war and civil industries. A number of suggestions have been made in public discussion for restricting skilled employment in civilian production by direct rationing or discriminatory taxation and by the use of a more inclusive investment control to check import replacement; but so far nothing has been done. Indeed the motor-car scheme would have the contrary effect. Nor has there been any attempt to reduce the disparity between the wages of skilled workers in private industry and the pay of enlisted technicians.

A Commonwealth-wide coal strike began in the second week in March. The origins of the dispute have nothing to do with the war but go back to 1938, when a short general coal strike was settled on the basis of referring all matters in dispute to the Arbitration Court. A lengthy enquiry by one of the judges resulted in an award which included a provision for a uniform 40-hour week, restricted to underground and some surface workers. On appeal certain variations were made, many of them favourable to the men, but some surface workers, amounting to about 20 per cent. of

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all the workers, were required to work 43 hours per week. Taken as a whole, the second award is more favourable to the men than was the first. The restoration of the original award, coupled with a demand for an increase in wage rates, is the issue in the present strike.

Australia,

April 1940.

SOUTH AFRICA

I. POLITICAL CHRONICLE

THE political chronicle in the March issue of THE ROUND TABLE recorded events in South Africa down to the early days of the present session of Parliament. General Hertzog's motion advocating an end to the war and peace with Germany had then just been defeated. The Government majority in that first parliamentary trial of strength after General Smuts became Prime Minister was 22—81 votes to 59. The session is now more than half over, though little actual work has been got through. The Hertzog and Malan Opposition first set itself to wreck the Government's War Measures Bill—ratifying various proclamations issued and acted on by the Government to meet war conditions. After deliberately protracted debates on the motion to introduce the Bill and on its Second Reading, the Opposition put on the Order Paper pages of amendments for the Committee stage. Not only the Bill itself but the whole work of the session were threatened with death through suffocation by this spate of amendments. The Government replied with a guillotine procedure—three days for the Committee stage; one each for the Report stage and the Third Reading. This procedure, unprecedented in South Africa but admitted by thinking people to be an unavoidable *riposte* to Opposition obstruction, worked with smoothness and efficiency. The Bill has now passed the House of Assembly and is certain to pass the Senate.

The only other major business done by the House of Assembly since Parliament met in the third week of January has been the debate on the budget and the Second Reading of the Industrial Development Bill. Both are dealt with

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elsewhere in this article. The latter has been read a second time and has been sent by consent of all parties to a Select Committee which is to take no evidence but to reshape some of the details and to report in a fortnight. The Bill should then return to the House as an agreed measure and should go through its remaining stages with a minimum of delay.

There remains one other major Bill on which the Government has set its heart—the Electoral Laws Amendment Bill. This Bill aims at redressing the electoral balance between the country and urban constituencies. The South Africa Act—our Constitution—provided for a maximum preference of 15 per cent. to rural constituencies in the number of voters per elected Member of Parliament, and for a corresponding 15 per cent. loading of urban constituencies—making a maximum allowance of 30 per cent. in favour of rural constituencies. Anomalies in the working of registration laws, on which the periodic reallocation of the number of voters to each constituency depends, have made the actual position of urban constituencies *vis-à-vis* those in rural areas much less favourable than the utmost disadvantage contemplated by the South Africa Act. The Electoral Laws Amendment Bill aims at redressing these anomalies. Though the Bill is based on a report from a Select Committee on which all parties were represented, the Opposition, whose strength is in the rural constituencies, seems determined to fight it at all its stages. If this resistance to the Bill takes the form of evident obstruction, as it well may, the Government, which is resolved to see the Bill through this session, may again have to apply the guillotine procedure.

In any case, with this Bill still ahead and with the Estimate of Expenditure and the Taxation Bills still to come, Government hopes of completing the session by the end of April have already an ominously withered look. Yet it is self-evident that the session should not be protracted. The burden on Ministers, heavy enough in peace-time while

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Parliament is sitting, is almost unbearable now that war duties are added to the normal load of administration. This burden falls with special weight on General Smuts, who is Minister of Defence as well as Prime Minister and Minister of External Affairs. Though there seems to be no limit to his powers of work, he is close on 70. There is widespread anxiety lest his immense will-power and his utter inability to spare himself should tax the physical endurance even of his tough fibre too far. This risk for the Prime Minister hangs, though less menacingly, over each member of the Cabinet. There is no question that responsible opinion throughout the country chafes increasingly against dilatory and sometimes intentionally obstructive Opposition talkativeness in Parliament, and approves Government expedients for curtailing debate and getting the essential work done in reasonably short time.

The unfavourable impression thus made by dilatory Opposition tactics has its complement in the parliamentary success, conspicuously beyond general expectation, of the Smuts Cabinet, as a whole and individually. The Prime Minister himself has risen to heights both of self-expression and of self-restraint which have rejoiced his supporters. To single out other Ministers might seem invidious; but it is bare justice to mention Mr. Hofmeyr—already established as a brilliant Minister of Finance and a devotedly efficient lieutenant to the Prime Minister—and Mr. Sturges, whose command of his work as Minister of Railways has greatly impressed Parliament and the country. The Government party in the House, too, has done extremely well. Attendance has been exemplary when slackness might have been fatal, and a visible air of confidence inhabits the Government benches.

In contrast, Opposition leadership has been poor, and rank and file performance collectively and individually unimpressive. The union of the Hertzog and Malan forces, judging by appearance, has not proved happy. General

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Hertzog himself begins to show his age (he is just 74), and Mr. Pirow, who might have been expected to be a tower of strength in opposition, has not been effective, largely because his attempts to vindicate his record as Minister of Defence in the Hertzog-Smuts Cabinet were doomed to failure and he knew it. The severity of the handling which he had to endure from General Smuts, his successor in the Defence Ministry, in a duel which he rashly challenged, was shattering to his parliamentary prestige; and his attempts to retain his position in the constituencies by talking of "giving a lead" if the Government should send troops north of the Union frontiers in case of necessity, and by advocating the formation of "storm troops" to support the anti-Government cause internally, have brought heavy discredit both on his party and on himself. The Nazi tinge in Opposition tactics and professions was offensive enough anyhow to really patriotic South Africans, and Mr. Pirow has been exceedingly maladroit in thus emphasising it.

Perhaps for this reason, opinion in constituencies which might have been expected to be strongly with the "reunited" Opposition has been shown by a number of by-elections in typically back-veld areas to be veering towards General Smuts much more decidedly than unemotional observers thought likely. The bulk of these by-elections have been for seats in the Provincial Councils, and Opposition speakers and journalists have tried to discount their importance accordingly. But in present circumstances elections for Provincial Councils are fought on the same issues and with as heavy batteries of party artillery as parliamentary elections in normal times. The lessons of these by-elections cannot reasonably be questioned. They are, first, that General Smuts is followed by a very substantial element among the Afrikaans-speaking people, substantial both in numbers and in civic standing. Second, that the following which General Hertzog has led into alliance with Dr. Malan is surprisingly small, much smaller than his following was

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thought to be when he was Prime Minister in the pre-war United party Government. Third, that the Opposition's claim to have "reunited" Afrikanerdom in resistance to General Smuts and his war policy is hollow.

II. THE GOVERNOR-GENERAL AND THE DISSOLUTION

RECENT allegations in the Union Parliament and elsewhere that the action of the Governor-General in refusing the request of the former Prime Minister, General Hertzog, for a dissolution of Parliament was unconstitutional require some consideration. The facts are clear and not disputed. After the House of Assembly had by 80 votes to 67 rejected General Hertzog's "neutrality" motion and by a similar vote approved General Smuts's amendment thereto, the Prime Minister asked the Governor-General for a dissolution of Parliament and a general election. This request His Excellency refused and, on General Hertzog tendering his resignation, called on General Smuts to form a Cabinet.

Those who allege that the Governor-General's refusal was unconstitutional base their argument on the following grounds. They assert that so far as the exercise of the rights attached to the Royal Prerogative is concerned, the constitutional developments in Dominion Status have placed a Governor-General in the same position as the King himself and that consequently colonial precedents are no longer in point. Further, relying on statements made by certain writers on the English Constitution, they assert that by convention resting on non-usage the Royal Prerogative to refuse a dissolution requested by the Prime Minister is as obsolete as the right to veto a Bill approved by Parliament. Hence they deduce that a Governor-General no longer possesses a right to refuse a dissolution of Parliament to his Prime Minister. In support of their conclusion they cite the result of the Canadian general election of 1926 as a condemnation

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of Lord Byng's action as Governor-General in refusing the request of his Prime Minister, Mr. Mackenzie King, for a dissolution of the Dominion Parliament.

Even if the approximation of the office of Governor-General to that of the King in relation to the exercise of the Prerogative be admitted (although the difference in tenure of office might form the basis for a difference in function), the accuracy of the assertion that the Royal right to refuse a dissolution has ceased to exist must be challenged. Even the writers quoted in support of the assertion—and there are others who controvert it—speak with a hesitant and uncertain voice. Bagehot says that the Crown can *hardly* refuse a defeated Minister the chance of dissolution, whilst Keith admits that occasions may be imagined where the Crown would have to disregard advice to dissolve. It is indeed too much to say that the King or a Governor-General must inevitably grant a dissolution on request by the Prime Minister. Non-usage of the Royal discretion to refuse a dissolution is not in itself conclusive of the disappearance of that discretion, and there is no citation of instances of non-user where it might have been employed. Suppose a Minister who has been granted a dissolution and defeated at the ensuing general election were to request a further dissolution? Can it seriously be contended that in such circumstances the Crown would have no discretion to refuse? Moreover, the Crown has admittedly the right to enforce a dissolution on a reluctant Ministry with a majority in Parliament which no longer enjoys the confidence of the electorate, and surely the discretion to refuse a dissolution is a natural corollary of that right. Further, the Canadian controversy of 1926 affords evidence in favour of the continued existence of the discretion rather than against it. Mr. Mackenzie King himself was prepared to say that there might be circumstances in which the Governor-General would be able to find justification for a refusal to grant a dissolution of Parliament. The verdict of the Canadian

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electorate was not a condemnation of the discretion to refuse a dissolution, but of Lord Byng's wrongful exercise of his discretion in refusing a dissolution to Mr. Mackenzie King when there was no other person in the existing Parliament who could constitutionally carry on the government. It was the circumstances attendant on the refusal which rendered the exercise of the discretion in that case unconstitutional, and the exercise of the discretion was not itself an issue.

Accepting the existence of the discretion to refuse a dissolution, it can scarcely be suggested as a serious proposition that there was anything unconstitutional in the Governor-General's refusal of General Hertzog's request. It was apparent from the voting in the House of Assembly on September 4 that General Hertzog's policy had not the support of his Cabinet, of his party, or of the majority of the House. Included in the majority which approved General Smuts's policy were 6 of the 11 members of the Cabinet and 60 of the other 93 members of the United (Government) party present. Granting that the right to seek a dissolution, once by usage reserved to the Cabinet as a whole—even if signified to the King by the Premier alone—has now become annexed to the premiership, the Governor-General was bound to take notice that the advice to dissolve had neither the support of the majority of the Cabinet nor of the House. Indeed, the case was the very one visualised by Mr. Mackenzie King

where Parliament is in session and the leader of another party, having accepted the responsibility of the refusal of dissolution, demonstrates, after compliance with all constitutional obligations, that he is able to carry on the business of Parliament by the majority he is in a position to command.

On these facts alone the strongest case for a refusal of a dissolution could be maintained, but added thereto was the extreme danger which would accompany the holding of a general election at a time when a war with certain world-wide repercussions had broken out on the continent

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of Europe. It was inevitable that the Governor-General should exercise his discretion and disregard General Hertzog's advice to dissolve Parliament. Finally, it must be emphasised that General Hertzog has himself admitted that the Governor-General did not act beyond his constitutional powers.

III. THE BUDGET

MR. HOFMEYR was able to start off his budget with an estimated surplus of £350,000. There was a net increase of revenue over the original estimates of £1,465,000 in 1939-40, bringing the revised estimates up to £45,525,000 against revised estimates of expenditure of £45,175,000.* For the year 1940-41 the total expenditure from revenue funds is estimated at £57,255,000; and revenue (including surpluses from 1939-40) at £54,902,000. £2,000,000 of the defence expenditure is, however, to be charged to Loan Account, leaving a net estimated deficit of £353,000.

The additional expenditure is largely made up of an increase of the outlay on defence to £14 millions—an amount swollen by the necessity of rapidly making good past neglect at an inopportune time; for less than £200,000 had been spent up to the end of August last out of £4 millions made available in the past two budgets towards the £6 millions rearmament programme. But Mr. Hofmeyr has not found that forsaking the spending departments for the Treasury has blinded him to needs he had recognised while holding other portfolios; and, though he was presenting a war-time budget, he was nevertheless prepared to increase the labour, health, social welfare and education votes by over £250,000 as compared with last year's figures, while maintaining assistance to farmers at the same level, and sacrificing another

* The Treasury's final statement of income and expenditure for the fiscal year 1939-40 is even more favourable. The surplus actually realised amounted to £439,798.

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fraction of the General Native Tax—estimated at about £90,000—to the Native Trust for purposes of education.

More interest has, perhaps, been taken in the ways in which Mr. Hofmeyr intends to raise his additional revenue than in how he apportions his expenditure. Additional customs duties have been placed on certain luxury imports, but these are more in the nature of sumptuary measures than revenue duties, and their estimated yield of £70,000 will not go far to offset the £500,000 decline in customs revenue which diminished imports are expected to create. The 30 per cent. rebate on income tax is to be abolished, though the standard rate is to remain unchanged. This is expected to bring in something under £2 millions of the additional revenue required. An Excess Profits Duty is vaguely estimated to produce about £800,000. The rate of income tax on diamond mines is to be increased by 2s. in the £, but as it will be assessed on a year of low profits, a mere £30,000 is expected. The gold-mines are to supply the rest.

One of Mr. Havenga's last actions at the Treasury had been to take all proceeds from the sale of gold above 150s. per ounce. Mr. Hofmeyr has now allowed the mines to sell their gold for the full market-price, but he is going to take from them instead a special contribution of 9 per cent. of their taxable income before deduction of redemption or previous losses. Mr. Havenga's arrangement really amounted to an excise duty, levied on a sliding scale instead of a flat rate, upon gold sales, and as such it discriminated against those mines whose margin of recovery of gold over expenses was low—that is, the lower-grade mines. It was, therefore, a breach of the old-established policy of encouraging the mining of lower-grade ores, while Mr. Hofmeyr's substitution of an income tax restores the old custom.

With gold at its present price of 168s. per ounce, and assuming that the gold-mining industry would be saddled with a rise of some £3 millions in working costs as a result

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of the war, which the Government was committed to making good, no appreciable difference need have been expected in the total contribution from the gold-mines under Mr. Havenga's scheme and under Mr. Hofmeyr's. In each case the amount would have been in the neighbourhood of £21 millions. But if we can assume stability in the gold price much of the criticism of Mr. Havenga's interim measure was beside the point. If we cannot, there can be little doubt that Mr. Hofmeyr will have to make further adjustments in his gold policy. The sudden wave of speculation which occurred on the Johannesburg Stock Exchange on budget afternoon had little rational foundation—just how little is shown by a news item in next morning's press about the hard work it had given the stockbrokers. They were described as having to sit up through the night to work out how the budget would affect individual mining properties, since they had been too busy executing the rush of clients' orders to find time to do it earlier!

IV. THE INDUSTRIAL DEVELOPMENT CORPORATION

IN some remarks addressed to the investing public, Mr. Hofmeyr referred in his budget speech to the presence of a "tendency to hold back funds which should be put to productive use". The banking position does, indeed, suggest a certain reluctance to make long-term investment which the embargo on capital issues may have strengthened. The Government has, therefore, decided to come forward itself to direct investment through a National Development Corporation, and a Bill for setting up the Corporation is now before Parliament. The Corporation is to be formed with an initial capital of £500,000 "A" shares and £4,500,000 "B" shares. The whole share capital is, in the first instance, to be subscribed by the Government, in whose hands the "A" shares, which are to give voting control, are to remain for all time. The "B" shares may, however, subsequently

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be disposed of to private shareholders. The Bill lays down that the Government may subscribe the necessary capital in the form either of moneys voted by Parliament or of "B" shares in a previous government venture, the Iron and Steel Corporation (Iscor). The Minister of Commerce and Industries has stated that in fact the latter plan is to be followed. As the new Corporation must be in possession of considerable liquid resources, this suggests that a buyer for the Iscor "B" shares is already in the offing.

The Corporation is evidently intended to undertake that work of financing industrial undertakings and nursing them until it is possible to off-load the shares to private investors which, contrary to British practice, is commonly performed by continental banks. Already some optimistic Members of Parliament have suggested that its underwriting obligations will become purely nominal, since private investors will be sure that any project sponsored by the Corporation has been thoroughly and dispassionately investigated and pronounced sound by a body of experts, and so they will rush to take up share issues which are thus certified. Exactly what value the investor will come to place upon the backing of the Corporation will, of course, depend upon its record in choosing the right ventures to support, so a very grave responsibility will lie upon the shrewdness and business acumen and resistance to political pressure of its directors. They may dispose of powerful opportunities for good, but if they do not prove equal to their responsibilities they may do considerable harm. One matter they will immediately have to face is the fact that South Africa's labour resources are no longer adequate for continued industrial expansion upon a basis of unlimited supplies of cheap Native labour and well-paid skilled or supervisory jobs for a limited number of qualified Europeans. Industrialisation has already reached the stage when its demands for labour can only be met by creating opportunities for qualitative as well as quantitative readjustments of the labour forces.

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There is some risk that Government prestige may be involved in cases where the Corporation has failed to pick a winner, and that this may compromise the Union Government in joining in any post-war attempts at allaying national economic rivalries by reverting to greater freedom in world trade. The same may be said of a Commission which is now enquiring into the industrial resources of the Union, the terms of reference of which contain an ominous reference to self-sufficiency. Yet if a policy of prudence and candour is followed there is no reason why we should not avoid the risks and secure some benefits from our industrial development policy.

V. THE ECONOMIC POSITION OF THE FARMERS

THE war is likely to have different effects upon different branches of agriculture. The two classes of farmers to whom the most pressing problems have been presented are fruit and wool farmers. The problem before the fruit farmer is how to dispose of their crops and finance continued farming operations when sufficient refrigerated shipping space is no longer available for fruit exports, and overseas markets are disorganised and impoverished. An attempt has been made to solve it along the lines of a government subsidy and the local utilisation of much of the fruit in jam manufacture, canning, production of dried fruit and similar uses. A scheme was also approved for diverting export fruit to the local urban markets, under which it might be possible to restrict offerings of competing fruit of lower quality, but it proved impossible to do much, at short notice, during the current deciduous fruit season. In any case the possibilities of local price advances are very limited. Few local consumers can afford to pay Covent Garden prices for their fruit, and fewer still are willing to pay them when large quantities of cheap but thoroughly sound fruit are available.

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The problem before the wool farmers was whether to agree to arrangements for the purchase of the whole clip by the British Government, similar to those already made with Australia and New Zealand, or to continue sales to the highest bidder. It is an interesting commentary on the relations between economic thought and the emotions, that many of those who a short time before the war had opposed proposals before the Wool Council to substitute controlled sale for the private wool auctions, were now most favourable to the disposal of the clip as a whole; while sections of opinion, which before the war had been clamouring vociferously for "sale through one channel", now agitated with equal vigour in favour of maintaining a "free market" when the single channel was likely to flow to the British Government! At the first auctions of the season (owing, it is said, to the operations of Japanese and American buyers) prices showed a considerable advance over the previous season's levels, so the scales were weighted heavily in favour of the free market. The British Government, however, agreed to step in and compete at the auctions, offering the same average prices as were paid for the Australian clip. This means that the South African farmer has a minimum price guaranteed, but is free to take more if neutral buyers offer it.

Unfortunately, there was necessarily some delay while the details of the British Government's buying operations were worked out; and in the meanwhile the sales hung fire badly. This was naturally seized upon for hostile propaganda. Even now farmers are being told that the whole arrangement is merely a cunning device for keeping prices below what they have the right to expect after their experience of the last war. But such propaganda, like much of the hostile propaganda floating about South Africa, achieves its main successes amongst those who are already anxious to believe it.

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VI. THE DEFENCE OF THE UNION

DEFENCE matters have inevitably been in the forefront of political discussion inside Parliament and outside during the past few months. Two main questions have presented themselves: first, what is the state of our defences? second, where and for what purposes are our forces to be employed?

As to the first, there is no question of the readiness and ability of the British fleet to protect our shores and our shipping: this invaluable first line of defence is regarded as axiomatic, even, half-unconsciously, by those who abuse the freedom it confers. It is our own land force and land defences which have given rise to serious public anxiety—and, as the Prime Minister revealed in Parliament, with good reason. Since the outbreak of war rumour had been busy with stories of inefficiency and unpreparedness in the Union Defence Force, and charges against the late Minister of Defence were made in Parliament by a private member. It was, however, Mr. Pirow himself who, in challenging the Prime Minister to formulate officially the charges against him, somewhat rashly provoked from General Smuts a blunt and damaging statement of the condition of our defences at the outbreak of war. Readers of *THE ROUND TABLE* will remember an account given some years ago* of Mr. Pirow's five-year plan for the reorganisation of the Union's defences. The plan as then outlined commended itself to the country as both reasonable and necessary. As time went on, Parliament and public were allowed to suppose that steady progress was being achieved in training and equipping a defensive force which would be ready to take the field in any emergency. In fact it now appears that apart from the protection of the British fleet the Union would in September last have faced a threat to her independence with a Defence Force whose numbers were far below

* *THE ROUND TABLE*, No. 107, June 1937, p. 556.

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trenth, whose training was far from adequate and whose equipment was in many cases obsolete or non-existent. In Parliament on March 14 General Smuts answered Mr. Pirow's challenge with these words: "I now make this charge against Mr. Pirow for the first time, that his grand ideals have remained a plan in the air, and that after all those years when he was Minister of Defence we still have the plan and only the plan." Space does not admit quotation of the figures given by General Smuts in his subsequent statement: it must suffice to record that in equipment, arms and ammunition every branch of the service fell far short of what had been planned (the artillery had not enough ammunition for a single day's fighting); numbers were more than 50 per cent. below planned strength (the 56,000 trained men provided for in the plan were 37,000 short); there were few trained reserves and no organisation for putting them on a war-time footing. Little of the money voted by Parliament for the execution of Mr. Pirow's programme of defence reorganisation had been spent. Mr. Hofmeyr in his budget speech revealed that of £1,000,000 voted by Parliament in 1938-39 for arms and equipment only £186,000 was spent: of £3,000,000 voted for 1939-40 only £100,000 had been drawn up to August 1939. "It is estimated", said Mr. Hofmeyr, "that by the end of the current financial year less than £500,000 in all will have been expended in respect of all the items included in the £6,000,000 programme." Speaking on April 11 on the Defence vote General Smuts again underlined the deficiencies he was faced with on taking over the Defence Department last September. It may be argued on Mr. Pirow's behalf that the pressure of European rearmament during the past two years made it difficult to obtain the required supplies and that the organisation of local manufacture is a slow business; but it must be remembered that the plan dates back to 1934. Mr. Pirow argues also that deficiency and obsolescence of equipment were part of a deliberate

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policy: in the event of war the Union could count on six months' grace to acquire the very latest armaments; but this argument does not explain how supplies that were not available in peace-time were likely to be delivered in war-time to a Minister whose plans were based on a policy of neutrality. Further, when Mr. Havenga urges in Mr. Pirow's defence that General Smuts as a member of the previous Government was co-responsible for its Defence policy, it must be answered that, as far as policy goes, General Smuts so far approved Mr. Pirow's plans that he is now very largely carrying them out; but that as to the progress made by Mr. Pirow in carrying out the policy, General Smuts denies ever having seen the progress reports stated by Mr. Pirow to have been included among Cabinet memoranda. From the Prime Minister's statement of April 11, however, it is clear that the country can now contemplate its defences with a considerably greater degree of confidence. Vigorous recruiting has taken the Active Citizen force units many thousands beyond the 56,000 mark; instructors are being intensively trained; two mounted brigades are being raised; a start is being made with the training of reserves; an air training scheme is being undertaken in the Union in conjunction with the Royal Air Force; coastal defence has been put in a state of preparedness; Army supplies have been placed on a business footing; there are plans for employing the assistance of the coloured people on a non-combatant basis. General Smuts has a heavy task in hand, but there is no doubt that it is being tackled with vigour and success.

The second question, as to the purposes for which the Union's forces shall be used, has provoked bitter controversy during the present session. The Defence Act of 1912 deliberately leaves undefined the meaning of the term "South Africa". The Opposition, in view of their attitude to the war as a whole, naturally demand that in the employment of the Union Defence Force the term shall be inter-

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preted in its limited sense and have hinted at serious consequences if our forces should be compelled to serve "Imperialist" interests in defence of Britain's African territories. But General Smuts has lost no opportunity of exposing the folly of this demand and of making clear to the country the strategic lines upon which the defence of the Union must be based. Modern scientific developments in warfare make it essential to extend your defences, if possible, far beyond your frontiers: it is useless for the Union's forces to sit within their political frontiers while an enemy occupies Lourenço Marques, the Rhodesias, or Tanganyika. In his speech on April 11 General Smuts quoted from a Cabinet memorandum drafted by Mr. Pirow in 1933 in which the co-ordination of the Union's defence with that of Kenya, Tanganyika, Uganda and Nyasaland was plainly envisaged as a possibility. In recent years Mr. Pirow has repeatedly referred to his conception of the Equator as the Union's defensive frontier and to the Union's "big brother" policy towards the northern territories. This policy the present Government is determined to fulfil to the utmost. The Union will participate in the defence of Kenya, Tanganyika or any other of the Central African territories if their safety is threatened or if the general development of the war makes such a step necessary; and the recent conference in Cape-town between General Smuts and General Wavell indicates that there is to be full co-operation to this end. The Prime Minister has made it clear, however, that the Defence Force as a whole will not be compelled to give any service not strictly compatible with the terms of the Defence Act. The "Mobile Field Force", which in case of need will go north as an expeditionary force in defence of the Central African territories, will be made up of volunteers from the Defence Force who will be required to sign a fresh form of attestation for the purpose. No troops will be sent overseas; but as in the last war a South African volunteer force will serve the common cause where it is most useful—in

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Africa itself. There is no doubt that there will be an ample supply of volunteers, and in view of the state of feeling on this subject in the country there is no doubt also that the Prime Minister is wise in meeting to this extent the Opposition's short-sighted desire to imitate the foreign policy of Denmark.

South Africa,
April 1940.

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ABOUT the middle of March the long illness of the Prime Minister, Mr. Savage, took a sudden critical turn; so the Labour party's annual conference met on the 25th in an atmosphere of impending tragedy and acute political uncertainty. Thereafter events moved fast. The conduct of Mr. Lee was lengthily debated, and he was expelled from the party by a vote of 546 to 344 on the ground that, having grievances against his political leaders, he had ventilated them publicly in a way showing heartless disloyalty.* Mr. Lee, in defence, claimed that his only real offence was that of working to preserve democratic control in the Labour movement; but the general trend of voting at the conference showed that the Savage Cabinet commanded a handsome majority. At the same time it was clear that the democratic instincts of the rank and file were fully alive. Discussion on major issues was keen, and minorities were active and sometimes critical.

The expulsion of Mr. Lee was closely followed by the death of Mr. Savage. His personal popularity has been a factor of the first importance in our politics in recent years, both within the Labour party and in the country as a whole. His kindly personality and unmistakable goodwill endeared him to a democratic and humanitarian electorate in a way unrivalled among his supporters as among his critics. For the present, however, his death has made little difference to the structure of the Government. Mr. Fraser, the able and moderate Deputy Prime Minister, was elected leader of the party by an unexpectedly large majority in the caucus of the Parliamentary Labour party, and his appointment as

* See THE ROUND TABLE, No. 118, March 1940, p. 467; the *Standard*, March 28, 1940, reports the debate and states the official case.

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Prime Minister will be undoubtedly popular in the country as a whole. All the present Cabinet members were confirmed in their present offices, but the new Prime Minister will report to caucus in six weeks' time on such readjustments as may seem necessary, and it is understood that the composition of the Cabinet as a whole will be reviewed at the end of this year, that is, about one year before the next general election is due.*

I. WAR AIMS AND CIVIL LIBERTIES

THE war policy of the present Government has been tersely summed up by the Minister of Public Works, Mr. Semple: "We can do nothing else but help Britain, and we are going to help her to the maximum. If she goes under, God help us! We will be under the foreign yoke in six months." Other Ministers have stressed the twofold necessity that lies on New Zealand to support the mother country: on the one hand, Britain has taken up arms in the name of principles that command the support of the vast majority of New Zealanders, and on the other, elementary self-interest dictates that we should stand by the side of the country on which we so plainly depend not only for naval protection but for economic existence. The Cabinet's insistence that New Zealand's fate is inextricably bound up with British victory has indeed been challenged by some small groups within and without the Labour party, who argue that this is merely another "Imperialist war"; but the belief that the Government speaks for the overwhelming majority of the population is confirmed by the attitude of those within the Labour movement who have by no means forgotten their past criticisms of British policy.

On February 21 last, for example, a joint meeting of the

* The sequence of events outlined in these two paragraphs was completed just before this article had to be despatched. It will be discussed more fully in the next number of THE ROUND TABLE.

WAR AIMS AND CIVIL LIBERTIES

national executives of the Labour party and the Federation of Labour prepared an interesting statement on the war situation for submission to the Easter conferences of the party and of the federation.* This has been endorsed by both conferences and is clearly the most authoritative definition of the attitude towards war issues of the Labour movement as a whole.

In common with the Labour movements throughout the world [it reads], we were seriously perturbed at the former tendency of the British Government to retreat in the face of aggression and even apparently to try to make terms with the Hitler régime, and we repeatedly urged that the retreat should cease. We therefore welcome the stand the British Government has taken against Nazi aggression. But the Labour movement, after exerting its influence in bringing about this alteration in British foreign policy, must also take its share of the responsibility for the successful carrying out of the policy of resistance to aggression.

A German victory, continued the statement, would lead in New Zealand to the same destruction of working-class privilege and organisation that had occurred in Germany itself. "We must in self-defence do our utmost to ensure the defeat of the Hitler régime. Any opposition that weakens the war efforts of our Government constitutes a direct aid to the Hitler dictatorship."

The statement then goes on to deal with war objectives. This is a subject not much discussed in public, for in official pronouncements it is generally taken for granted that self-defence against the Nazi system is aim enough in itself. In some quarters it is even urged that discussion of war-aims would be a service to the enemy, because it would tend to raise internal controversies. The joint conference, however, faced up to the problem. It recited and endorsed the declared peace aims of the British Labour party, which

* The annual conference of the Federation of Labour (the industrial wing of Labour's organisation) precedes by a few days the annual conference of the party as a whole. See THE ROUND TABLE, No. 108, September 1937, p. 875.

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include, it will be remembered, the "recognition of an international authority superior to the individual States and endowed not only with rights over them but with power to make them effective, operating not only in the political but in the economic sphere".

The New Zealand Labour movement added one interesting suggestion of its own: "that the industrial and political Labour movements of the countries concerned should be represented when peace terms are being discussed", and then went on to deal with local issues. Conscription was stated to be unnecessary as well as undesirable, and the agitation in favour of it condemned as being essentially designed to embarrass the Government rather than to help our war effort. The statement concluded with a strong plea for the preservation of freedom on the home front. "Our movement has been built up on the basis of democracy, and we believe in the maintenance of the democratic rights of the people in war-time as well as in times of peace." But, the statement adds, this does not imply "freedom to disorganise traffic by holding meetings in busy streets or wilfully to court disorder; facilities should be provided for meetings in suitable places to enable the expression of opinion by those who are willing to abide by the laws of the country".

This last suggestion was an attempt to find a solution for a problem which continues to cause trouble to the police and uneasiness to the consciences of democrats. During recent months meetings of those opposed to participation in the war have been held in different parts of the country. They have been supported by men of the most divergent opinions—pacifists, Communists and dissident Labourites. These meetings have raised in an acute form the problem of free speech in war-time. They have often been held in streets—few halls have remained available to organisers of pacifist meetings—and speakers have been moved on and sometimes arrested for "obstructing traffic". By February

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the authorities had apparently come to the conclusion that the pacifist campaign was interfering with recruiting. As for the Communists, the Government claimed to have evidence that they aimed directly at sabotaging the war effort, and maintained that the local Communists' reversal of their attitude towards "Nazi aggression" in August showed them to be Stalin's "Yes-men". Finally, it was urged that, apart from the possibility of the pacifist campaign being "used" for their own purposes by Communists, the campaign if continued would lead to violence from those who felt that the mere statement of the pacifist case was intolerable in present circumstances.

For all these reasons the Government decided in February to take action, and as a preliminary the already very wide powers granted to the police by the original emergency regulations were greatly increased by additional "Public Safety Regulations" gazetted on February 22. These regulations give the Government sweeping powers to curtail the liberty of the subject: powers which in many cases can be delegated to superintendents and inspectors of police; and it appears that they go far beyond the corresponding regulations in Australia and the United Kingdom. The Government claims, of course, that its administration of the new powers will leave genuine freedom of speech untouched, and that they were necessary if New Zealand was to fight with maximum efficiency. These arguments are not altogether convincing to many of those who cling to the forms of British political liberties, for without the smallest wish to interfere with the efficient prosecution of the war they deny that recent events have demonstrated the necessity for the Government to take such drastic powers.

II. OVERSEAS TRADE IN WAR-TIME

ON the outbreak of war New Zealand offered to Britain the whole of her exportable production, and in the main this offer was accepted. The principal exception

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is provided by fruit.* The apple and pear crop, including that large proportion hitherto exported, is now bought at a fixed price by the Government, which is selling as best it can through the Internal Marketing Department and will presumably bear any loss itself. For the rest, our principal products—meat, wool and dairy produce—are now bought in bulk by the New Zealand Government and re-sold to the British Government. The means for doing this already existed for the dairy industry in the Primary Products Marketing Department, and the handling of meat brought comparatively little change in existing methods. Freezing works, now acting as agents for the Government, take meat from farmers in the usual way, delivering it ready for shipment, while the Marketing Department pays according to quality on a f.o.b. basis. In the marketing of wool, however, considerable changes were made. Though the old organisation remains intact, the system of auction sales has gone, for the time being at least, and wool is now valued by appraisers appointed by the Government, under the general supervision of the Department of Agriculture. In all cases—dairy produce, meat and wool—the Marketing Department pays by cheques drawn on the Reserve Bank and is reimbursed by the British Government, which is also responsible for shipping the goods from New Zealand ports. This procedure, which clearly follows the lines pioneered for dairy produce by the Primary Products Marketing Department under the guaranteed price scheme, has on the whole worked smoothly.† There are considerable dangers, however, in New Zealand's trading position, which are revealed by the experiences of the first few months of war.

In the first place there is the question of prices. It is generally agreed that the prices paid by the United Kingdom

* See THE ROUND TABLE, No. 118, March 1940, p. 465.

† For a criticism, and further details, see THE ROUND TABLE, No. 118, March 1940, p. 464.

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since the close of last year were fair enough for the time being and are distinctly above the previous season's levels. However, the prices of New Zealand's imports, largely drawn from Britain, have already risen sharply and will certainly rise further. Moreover, freight and insurance charges are greatly increased. The result must be to increase costs of production in New Zealand, and make it progressively harder for her to meet her financial obligations and at the same time buy essential goods from overseas. Foreseeing this development, the Government suggested that if the price of British exports increased by a certain percentage, the British Government should increase correspondingly the price given for New Zealand's goods. The fate of this suggestion remains obscure, but there is clearly a real risk that New Zealand's economy may be squeezed between the fixity of the income she receives abroad and the rising prices of the goods she must buy. Since the British Government has become the only buyer of our main exports it would be in a position to dictate the price it pays New Zealand, while the prices of British exports to New Zealand remain entirely in British hands.

Apart from prices there is the question of contracting markets. New Zealanders have learned with apprehension that the retail price of butter in Britain has been fixed relatively high, at 1s. 7d. per lb., and that housewives are being officially assured that margarine at 8d. is just as good. It is an unpleasant thought that housewives, without necessarily accepting such assurance, may acquire the margarine habit. The natural consequence would be a restriction on the imports of butter, though New Zealand is now being urged in the name of patriotism to increase her production. Already Britain has set a limit on the quantity of butter she will buy from this Dominion, even during the first year of the war; and a reduction in this quantity, or a severe cut in price, would react drastically on New Zealand's economy.

Nor is the position reassuring with respect to wool.

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Britain is buying the entire clip for the duration of the war and a season thereafter, and has promised to credit us with half the profits on raw wool re-sold to neutrals; but there are disquieting features in the policy that has been adopted. For example, it is known that there is a demand in the United States for certain types of cross-bred wool produced in New Zealand and not required in Britain. It is reported that the American demand has not been satisfied, and that Bradford is in effect holding up American supplies in the hope of increasing prices and of encouraging the export of manufactured or semi-manufactured goods in place of raw wool. Such reports may prove to be inaccurate, but they illustrate the bigger underlying problem. According to experts war-time shortages and increased prices will inevitably stimulate the use of staple fibres. The resulting contraction of markets may not be serious in war-time; but the end of the war will bring a glut in cross-bred wool, no longer needed for uniforms, and in fine wool, which may have accumulated in large quantities. The cumulative effect, it is said, may bring to the wool industry one of the most severe crises in all its chequered history. In such a crisis New Zealand would be all the more vulnerable because under the war-time arrangements she will lose contact with her outside markets, and might find it difficult to regain them, especially after a long war.

The danger of a post-war crisis in the wool industry has been perceived in New Zealand as elsewhere, and some newspapers which are slow to criticise Britain in anything have ventured to suggest that British policy has not always been wise. While it cannot be said that the butter and wool situation has seriously disturbed public opinion, it has naturally tended to strengthen the view that New Zealand should develop her secondary industries. It has in fact been recognised that New Zealand can no longer rely on an expanding market in the United Kingdom. In the words of the Minister of Industries and Commerce, before the war

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"we had probably reached saturation point in the volume of exports we could induce Great Britain to take", and "our national structure must be built, as far as possible, to withstand recessions in our overseas markets". In this he was thinking primarily of local manufacturing, which he said must be developed "to the economic maximum", provided, of course, that existing farming production be maintained "at a consistently high level", and that the closest harmony be preserved with Britain and other Empire countries. It seems clear, however, that there are limitations to the expansion of secondary industries in view of our small population, high labour costs and (for the time being) shortage of sterling funds to buy equipment and raw material. Therefore, though the policy of encouraging secondary industries will doubtless be continued, thought is being given to additional ways of providing against post-war difficulties. Opinion is growing in New Zealand that Britain, without seriously weakening the Empire's war effort, might do much to preserve the market for natural wool among American manufacturers by a more far-sighted marketing policy, and might give greater official encouragement to butter consumption. Both points are of the first importance for this small Dominion; for war measures make her increasingly dependent on Britain. After all, United Kingdom purchases of our goods govern to a large extent not only our economic prosperity but also our ability to meet our financial obligations to British interests.

III. FINANCIAL POLICY

THE outbreak of war found New Zealand in a difficult position as regards its overseas commitments, and pledged to a heavy domestic spending programme. The estimated expenditure for the year ending March 31, 1940 was £38,243,000, which necessitated an appreciable increase in taxation. In addition, the budget provided for public

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works expenditure of £24,000,000, of which £19,000,000 was to be loan money. This formidable programme does not appear to have been substantially modified during the last few months, and public works were presumably financed to a large extent by Reserve Bank credits. At the beginning of September last the Bank advances to the State for purposes other than marketing were £14,850,000, a figure which had increased to £19,500,000 by the middle of March. According to a Ministerial statement of March 10, however, only a small part of this increase was due to war expenses. The cost of the war to the end of March was estimated at £7,350,000, of which all but £1,610,000 had been provided by the special taxation imposed last September,* and by gifts and voluntary interest-free loans.† It seems to follow that the existing debt to the Reserve Bank is due primarily to public works, housing and other civil expenditure.

It can scarcely be hoped that war expenses for 1940 will be so easily financed. According to the Minister's statement of March 10 they will amount to at least £33,000,000 during the coming financial year. Of this amount £20,000,000 will be spent overseas and "will be provided on a loan basis under financial arrangements with the United Kingdom Government", while £13,000,000 will be raised and spent in New Zealand itself. Present taxation, said the Minister, will provide only £3,500,000, "leaving approximately £9,500,000 to be raised by additional taxation, by borrowing, and by other means, including savings in civil expenditure where such savings can be justifiably expected without injury to the production of the country or to the health and well-being of our people".

* See THE ROUND TABLE, December 1939, No. 117, p. 224.

† There has been a widespread movement to offer money to the Government free of interest for the duration of the war, and generally for a period thereafter. The total at the end of March was nearly £1,500,000, including £1,000,000 from the Bank of New Zealand.

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Herein is defined the financial problem facing New Zealand, and for that matter the political problem too, for opinions are widely divided as to how this additional money should be raised. The Opposition and the bulk of the press demand economy in "civil expenditure", and seem to favour an abrupt return towards previous levels of government spending. As we are reminded, the last budget of Labour's predecessors (1935) estimated ordinary expenditure at £25,728,500, and provided only £5,630,000 for public works. In so far as economies cannot meet war expenses, Opposition newspapers ask for public loans and a renewed assurance of the Government's financial "orthodoxy". In diametrical opposition to this line of argument the radical elements within the Labour party demand that government spending should be kept up so as to protect standards of life, and that the war should be financed by "debt-free money". This programme must involve further heavy drafts on the Reserve Bank at a time when the extent of the State's indebtedness to the Bank is widely regarded, both in New Zealand and in London, as a barometer of financial unsoundness.

Among such contradictory opinions the Government steers a difficult course. The present Cabinet has firmly rejected the demand for retrenchment in ordinary expenditure, especially in social services, on the ground that it would throw the burden on to the shoulders of those least able to bear it, "the old folks, the invalids, the widows, and the children". As to public works, the Government has accepted the principle of "tapering off". Its avowed aim is "to confine expenditure in the future as far as possible to essential works and work of a useful reproductive character. Simultaneously every endeavour is being made to transfer as many men as possible to industry and agriculture". But, says the Minister of Finance, a sudden abandonment of the entire programme would have the most serious effects on the Dominion's economy.

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At the time of writing, moreover, the Government's own proposals for the coming year have not been finally decided, or at least not published. In principle and within limits, it aims at financing "as much as possible of its current war expenditure from current revenue". This plan, says the Minister of Finance,

has several distinct advantages. The necessary taxation can be so designed as to spread the burden over all the members of the community in accordance with the principle of equal sacrifice. It is the cheapest way of obtaining the money required and leaves no burden of debt for the soldiers to help to pay when they come back. It avoids any inflationary consequences.

An increase in taxation is therefore to be expected, but the Minister recognised that it might be impossible to raise enough to meet all war expenses, so that borrowing would still be necessary. "Under certain circumstances", he said, "an internal loan may be desirable and beneficial. The extent to which recourse should be had to the Reserve Bank is not a matter that can be determined by any hard and fast rule."

This last phrase is characteristically cautious, but Mr. Nash has always argued that the issue of credit must be paralleled by an increase in goods and services. If credit outruns production, the result is inflation, a danger of which he is acutely conscious. On this issue, then, there is complete disagreement between the present Cabinet and an important section of its followers.

In short, it is possible to gain a clear impression of the general ideas of the present Government on financial policy, but as yet they have not been expressed in concrete propositions. Action is naturally held up till the influence of the Easter conference on the personnel and ideas of the Government has become clear. In any case, however, though it is easy to decide in principle that public works shall be "tapered", men transferred to industry, and money raised by a judicious combination of taxation, public loans

MAN-POWER

and overdrafts from the Reserve Bank, it is another matter to translate these decisions into a detailed programme that will be economically sound and politically acceptable. The orthodox reflect with discomfort that it is easier to increase taxation rates than to retrench and easier still to borrow money from a government-controlled bank, and they remember too, perhaps, that the financial situation was causing them acute uneasiness before the outbreak of war loaded the country with vast and unescapable additional expenditure.

IV. MAN-POWER

NEW Zealand's war effort has been in part military and in part economic. On the military side we propose to raise and maintain an expeditionary force of one division, and also to find and give most of their training each year to 3,000 pilots, air-gunners and observers. On the economic side we have set ourselves not only to supply to Britain a maximum quantity of those primary products which she needs, but also to conform in other ways to her wishes; for example, by cutting down petrol consumption to conserve dollar exchange, and by disposing as best we can of those of our products which Britain does not at present require. On both sides, military and economic, the problem of man-power is clearly of the first importance. None can tell what demands may be made in the near future, and even our present enrolments for military purposes have raised acutely the question of whether available man-power is being used to the best advantage.

The Government and its technical advisers have faced up to this problem. Steps have been taken to compile a national register of man-power on the basis of information from Social Security registration forms. These give information as to the occupation, age, income and family of all adults, and so provide the essential raw material for

NEW ZEALAND

planning. Presumably this material will be drawn upon both by the central authorities and by the local committees which, we are told, will "supervise and control the distribution of the country's man-power for the armed forces and for the producing industries". It should also give a solid basis for deciding future recruiting policy, and, if necessary, for essential forms of national service. As yet it is too early to estimate the success with which this machinery will work. It is clear, however, that in this matter there is an effective link between civil and military authorities, and that those handling the problem are conscious of the necessity to plan, not only for war-time, but for the difficult adjustments which will follow the conclusion of a long-drawn-out struggle.

The primary function of the man-power committees is no doubt to see that enlistments for overseas service are not accepted from categories of workers whose departure will cripple our producing industries. An allied problem, however, is the efficient organisation of those industries and the prevention of labour disputes that would seriously impair the efficiency of their service in the present crisis. The long-standing difficulty of finding farm labour, for example, will not be eased by the drafting of men overseas, and with an inevitable rise in the cost of living the consequent demands for higher wages will press heavily on a Labour Government. The peculiar difficulties of the situation have, in fact, been illustrated recently by developments on the waterfront. For many months there has been smouldering trouble between the waterside workers and their employers. The waterside workers have been freely accused, especially in the press and by farming and commercial interests, of working inordinately slowly and at the same time demanding wages far in excess of the earnings of other workers in the community. The Waterside Workers' Union, for its part, accused the employers of obstructing interminably the negotiation of a new agreement to replace that which

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expired in the middle of 1938, and in March the Auckland branch brought things to a head by refusing to work overtime till the matter was settled.

This action placed the Government in an extremely awkward position, for it could not be regarded merely as an ordinary trade dispute. It threatened to obstruct seriously our economic co-operation with Britain through delays in the loading of ships, and it could be read as a challenge to the Government's control over services which were equally vital in peace and in war. The Government faced the whole problem squarely. By the Waterfront Control Emergency Regulations issued on March 11 it took in principle complete control over all waterside work in New Zealand, and appointed a controller forthwith for the Auckland wharves. It told the men firmly that they must resume work on the old terms in the meantime (which they have done); and it set about completing plans already in hand for a complete reorganisation of waterfront work, designed to give a guaranteed regular income to workers and regular service to shipowners. It claims that both sides have promised frank co-operation in working out a satisfactory system.

So the matter rests for the time being. The Government has in principle asserted very firmly that in the last resort it has the power and responsibility to see that essential services are carried on, but has laid itself open to the accusation that, while being outwardly strong, the Cabinet has in actual fact allowed illegal direct action to achieve its ends. Judgment on the whole incident must, however, await the publication of the scheme now said to be under consideration by the Government and representatives of the industry.

New Zealand,
April 1940.

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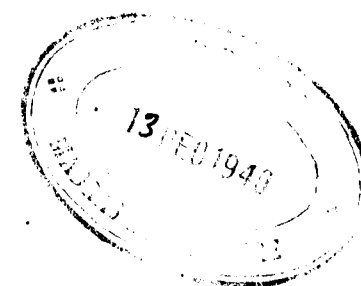
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THE ROUND TABLE

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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SIR ABE BAILEY

AS the passing of Sir Abe Bailey has removed from the ROUND TABLE its oldest and warmest friend, it is time to tell in its pages the story of how that friendship arose. In 1908, when the question of the union of the four separate governments in South Africa had not yet entered the field of practical politics, young men in various parts of South Africa were beginning to organise Closer Union Societies. Abe Bailey said to some of them: "I am a South African. I mean to be in on this movement. The time has come to realise the dreams of Cecil Rhodes. You young men are doing the writing, but you will want funds to run these Closer Union Societies. I can't write books, but I can write cheques. Go off, think it over, and tell me how I can help with money."

Surprised and touched at this offer, the young men discussed at length what should be done about it. The intention had been that the Closer Union Societies should be self-supporting, and should be financed from the contributions of their members. But in those days there was no South African newspaper, nor even a magazine, which circulated through all the Colonies or indeed through more than one of them. The greatest need of the movement was some organ which people in all the Colonies could read, and which would keep the South African, as opposed to the local and colonial, point of view before their minds. To create such a magazine, and on lines sufficiently attractive to command a wide circulation from the outset, was beyond the limited means of the Closer Union Societies. It was therefore agreed to suggest to Abe that he should guarantee the capital required for the purpose up to £3,000; but on one condition only, that a full public announcement of the fact should be made in advance. To this stipulation for publicity Abe was strongly opposed on the ground that he wanted to aid the movement entirely for its own sake, and not

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for the sake of "kudos" (a Greek word which had strangely found its way into current slang at that time). It was pointed out to him that everyone would see that a magazine of the type required could not hope to pay its way for some years. Everyone would see that the money required to finance it had been furnished by someone, and great distrust would arise if the promoters were unable to say how the money to produce it was found. Abe, who had always an eye for realities, saw this point and agreed that a magazine called *The State* should be founded, and that full publicity should be given in advance to the fact that he was providing the funds to finance it. The magazine was to support the cause of South African Union. On no occasion did Abe ever attempt to influence or interfere with the editors in the line they took.

His conduct in this instance was characteristic of all his numerous benefactions to public movements. He had a flair for movements which mattered. The Salvation Army was one of many. But when he had made up his mind to support a movement, there was never the slightest suggestion of a *quid pro quo* for the help which he gave it. If there was any publicity for his gifts it did not come from himself but only from the recipients, for such reasons as prompted publicity in the case of *The State*. The great majority of his benefactions have never been known to the public at all.

By 1909 the Constitution drafted by the South African Convention had been given the force of law at Westminster. In 1910 the first South African Government had come into being, with General Botha as Prime Minister. The Union was the joint work of Dutch and British working together on the morrow of a fratricidal war. The co-operation of leaders like Botha, Smuts, Malan, Jameson, Merriman, Steyn, Hertzog, Moore and Farrar had made it possible. But, as always happens, the solution of one problem had opened another. To the British advocates of Union a question had been put which they found it difficult to answer. They had argued to their fellow countrymen that unless Union were effected in time, the two races would rapidly drift into internecine strife

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once more. It was up to men of British origin, they urged, to help in creating a Government responsible to the people of South Africa as a whole, and then to obey that Government, even if they themselves might be in the minority.

The Kaiser's famous interview in the *Daily Telegraph* was published whilst the South African Convention was still in session. *The State* had been able to announce that officers of the German gunboat *Panther*, enjoying South African hospitality whilst their ship was under repair at Capetown, had been caught photographing the defences of Simonstown. German ambitions to destroy and supplant the British Commonwealth were manifest to those who had eyes to see. Now the question put to the British leaders by their followers was this. "If Germany attacks the British Empire, we who believe that the freedom of South Africa is bound up with its security will want to do our part in its defence. If Botha is Prime Minister we know that he will think as we do. But we must not count on that. Can not all the Dominions be brought to realise the common danger that confronts them as much as it confronts Great Britain, and think out in mutual discussion the means of uniting all the force and resolution of the Empire in its defence?"

To the solution of this question the founders of the Closer Union Societies resolved to apply a similar procedure. ROUND TABLE Groups were established in all the British Dominions to study the problem. The ROUND TABLE magazine was founded as a means of communication between those groups in the conduct of their studies. It carried no advertisements to meet the cost, and throughout its now lengthening career Abe Bailey was always a generous supporter. The cable from South Africa describing his will reveals his wish to continue that support when he had passed from us. This posthumous proof of Sir Abe's belief in the work of his old comrades is at least as precious as the means to continue it.

And now he has passed to the other side. The wide circle of friends whom he kept about him to the last know how broad and deep were the waters at his crossing. We have

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spoken of his generosity and public spirit. Those years of acute continuous pain were needed to reveal his dauntless courage, a courage so great that it kept him alive long after all pleasure in living was gone. His anxiety of mind for the Commonwealth overshadowed the physical anguish which gave his body no rest. Always a realist, he had grasped the reality of Hitler's sinister purpose, and also the formidable nature of his measures to enforce it. At the last gathering of friends in his Norfolk home he implored them to realise the magnitude of the danger we were facing. It is sad to think that he should have missed just by a week the greatest and most glorious air fight the world has yet seen.

For the grim tasks which still await us before a peace worth calling the name can be in sight, let us pray for a double portion of Abe's courage, tenacity and realism.

HITLER AND COMMON SENSE

And Jehu answered, What hast thou to do with peace?

WHEN the last number of THE ROUND TABLE was published three months ago, it was already clear that Britain was face to face with the greatest danger that had ever threatened her. But at that time the Battle of France had only just begun and it was possible to hope that the great French army would rally on some last line of defence and that, even if France were lost, the French Government, like those of Poland and Czechoslovakia and Norway and Holland and Belgium, would fight on, with its fleet, its forces in North Africa and Syria, and all the resources of its Empire. In a week or two the Battle of France was ended and those hopes were dead. Britain stood alone, awaiting an attack that had always been certain and was now imminent, with little but her own strength to avail her. The gallant army of Free Frenchmen and the other Allied troops that had found refuge on her soil were small in numbers. The Dominion forces in the island were but the vanguards of armies not yet trained and equipped. The loss of most of the French fleet had increased the extent and the difficulty of the British Navy's task of protecting shipping. The loss of the French air force meant that the whole of Germany's immense *Luftwaffe*, not to mention the Italian, could be concentrated on Britain. The loss of the French ports and forces in the Mediterranean meant a radical change in the strategic position in both its main basins. In Tropical Africa and the Far East the old danger-points became more dangerous. And, of course, with this weakening of the British position went a corresponding strengthening of that of the Axis Powers. In particular, Germany had not only obtained control of most of Europe and its resources for adding in the long run to her productive power; she had occupied the whole coastline from the North Cape to the

HITLER AND COMMON SENSE

Pyrenees as one vast encircling base for the immediate assault on Britain with aircraft and submarines and mines and, when all was ready, with invading armies. Was it altogether surprising, though it seemed surprising to most Englishmen, that the cry ran round the world that Britain was doomed?

At this dramatic moment Hitler made a kind of peace-offer. It was scarcely pacific in tone or substance. "It almost causes me pain", he said, "to think that I should have been selected by fate to deal the final blow to the structure which these men [British statesmen] have already set tottering. . . . A great people will be destroyed—an empire which it was never my intention to destroy or even to harm." Nor was his offer, if such it can be called, addressed to British Ministers whom he described as "ridiculous nonentities", hand-in-glove with "the Jewish capitalist warmongers", but to public opinion in Britain and the world at large. The cardinal passage of his speech, delivered in the Reichstag on July 19, was as follows:

It has never been my intention to wage war, but rather to build up a State with a new social order and the finest possible standard of culture. Every year that the war drags on is keeping me away from this work. . . . In this hour I feel it is my duty before my own conscience to appeal once more to reason and common sense in Great Britain as much as elsewhere. I consider myself in a position to make this appeal since I am not the vanquished seeking favours, but the victor speaking in the name of reason. I can see no reason why this war must go on.

Hitler can hardly have expected that the British Government would pay much attention to this characteristic effusion. It was noted rather than answered by Lord Halifax a few days later. Nor was there any response from British public opinion. The whole country was united in its determination to meet the coming onslaught, however terrible it might be, and in its conviction that, whatever happened, it could never come to terms with Nazi Germany. But some neutral observers, stunned by the fall of France, seem to have thought that Britain would have been wiser to bow to a power that had proved itself invincible on the Continent if, as he had more

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than once intimated, Hitler were willing to leave the British Empire overseas more or less intact. Others, succumbing to Nazi propaganda, went so far as to assert that only British obstinacy prevented the world's return to peace and prosperity. It may be worth while, therefore, briefly to state the reasons, obvious though they may seem, why Hitler's 'offer' was unacceptable.

In the first place it is impossible to come to terms with Hitler, for coming to terms with anyone involves an exchange of promises which are expected to be kept, and in this country, whatever may be the case elsewhere, nobody expects that of Hitler's promises. He is even franker than his predecessors, the makers of the first German war on European freedom, who described solemn international engagements as 'scraps of paper'. He boasts that he only makes such pledges in order to break them when it suits his purpose. And he has been as good as his word. At every step he has taken in the aggrandisement of Germany he has promised it would be the last. Up to Munich the world was half-inclined, not perhaps to trust in his good faith, but to believe that he would be satisfied with uniting the great mass of Germans in one State. The rape of Prague destroyed that illusion. To ask the world *now* for confidence is not an appeal to common sense.

Suppose, however, that Hitler could be trusted, what is the 'new order' he wishes to bring about, what is the innocent task which war has forced him to abandon and which he asks the world in 'reason' to allow him to resume?

Hitler's new Germany represents the triumph of half-civilised men, astonishing in its completeness, over the forces and ideals by which modern civilisation has slowly been built up.* Everything is subordinated to the *Führerprinzip*, to the power of one man, who relies on the unquestioning obedience of a governing class of lesser Leaders, high and low. The idea that an individual is an 'end in himself' or has any rights

* For a fuller analysis of the Nazi system, based on German sources, see *The Issue* in THE ROUND TABLE, No 118, March 1940, p. 253, reprinted as No. 2 in the series of ROUND TABLE WAR PAMPHLETS.

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is scornfully denied: like that of some primitive savage or slave, his life belongs to his king. Naturally, therefore, all the methods by which individuals have learned in course of time to win and keep their freedom have been banned. Not a trace remains of liberty of speech or conscience, of representative government, of decisions by discussion and the vote, of collective negotiation on conditions of labour. Nor can an individual count any longer on the protection of the law. Justice must coincide with "the *interests* of the German people" as interpreted by the *Führer*. If the courts do not do their duty, the secret police will do it for them. Innumerable homes are haunted by fear of the Gestapo. Even family life has been defiled by spying and delation. And Himmler's victims can expect no mercy. The use of torture has exceeded anything that has been practised in Europe for centuries past; and men are beaten to death not only for what they have done or said or thought, but merely because of the racial family in which they were innocently born. That is the kind of government which all the youth of Germany have been taught to glory in. Fed at school with Nazi history and Nazi ethics, including the duties of race-pride and race-hate, they find, when they reach the universities, no teacher there who has not toed the Nazi line, no semblance of free thought, nothing that deserves the name of learning. And when they emerge into adult life, they move in a mist of make-believe, blanketed from the truth, drenched with lies from platform, press, and wireless.

No freedom, no justice, no mercy, no truth—that is 'the new social order', that is the 'finest possible standard of culture', which Hitler claims to be establishing. How incomparably better than this 'new order' was the old—the life of Germany forty years ago, with its honest administration, its strict justice, its real scholarship, its freedom threatened but not yet eclipsed by the shadow of Prussian militarism, its morals infected but not yet poisoned by the creed of blood and iron, a Germany whose rulers still believed in God. Is it to be wondered at if the conduct of the present-day German in war is more savage than his father's was in Belgium in 1914? The

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massacre of Rotterdam, the machine-gunning of civilians in residential streets and villages and country gardens—these are the natural fruits of the new morality. And the worst of it is that the blind, the almost mystical, obedience accorded to the *Führer* has been obtained by trading on the better as well as the more primitive instincts of the German people. How often it was said that Nazism had its good side, especially the efficiency and drive of its economic organisation and its appeal to public spirit. But the economic organisation was only made successful, unemployment was only done away with, by devoting the whole productive effort of the country to preparation for war. Hitler did not create a new and better economic system: he only put Germany on a war footing. Similarly, when the youth of Germany was asked to give itself body and soul to the service of its country, it was not in order that it might play a leading rôle in a new age of international co-operation and good will. Through all the education, the speechifying, the marching songs ran one refrain: German youth must train and brace itself for the day of trial when Germany will achieve its natural destiny, the mastery of the world. Hitler was not inspiring a new ideal of Christian duty: he was only enrolling recruits for another war.

Few observers outside Germany could fail to see the danger in this situation; but most of us, though not all—Mr. Churchill was a significant exception—vaguely believed that war would be avoided either because Hitler in the last resort would flinch from staking all he had won on a conflict in which, whatever his preparations, he could scarcely be sure of victory, or because the rigours of his *régime* would become so intolerable even to the docile German people that, before he was ready to fight, his power would be undermined from within. These hopes were a good example of 'wishful thinking', for they cancelled themselves out. The prospect of internal trouble was bound to force Hitler into war, even if he was *not* quite ready for it and at almost any risk. Dictators, as history shows, have always been in that dilemma. They are bound to justify their seizure of power by promising their people a millennium.

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Democratic politicians also make promises, but it is the saving virtue of democracy that, when the millennium fails to dawn, the disappointment of the people has other means of expressing itself than by tumult and rebellion: they have, indeed, to confess that it was their own fault for choosing the wrong leaders, and they proceed, by the gentle method of a general election, to turn them out and choose others who, they hope, will do better. There is no such safety-valve in a dictatorship. The one man who claims all the credit for success must bear all the blame for failure, and, if he fails, only a revolution can get rid of him. And it is clear enough now that Hitler was bound to fail unless he made a war. For in the first place his 'new order' imposed an unnatural strain on the German people which could not be endured for very long, and in the second place its economic basis was, as has been seen, the manufacture of unproductive armaments which again could not go on for ever. The bloodless triumphs of Hitler's foreign policy from 1936 onwards might temporarily ease this grim situation, but it could not radically alter it. In the summer of 1939 there were already signs that older Germans at any rate were becoming tired of 'guns instead of butter' and that the financial and economic position of the *Reich* was becoming more and more unstable. So Hitler made this war, a little sooner, perhaps, than he had intended, but not much sooner. 'He preferred war', he had told the British ambassador in an unguarded moment, 'when he was 50 to when he was 55 or 60.'*

Yet he asks the 'reason' of the world to affirm that it was Britain's war and that it is Britain's duty now to stop it. It is the old story, the old 'sickening technique', but operating now on a grander scale. The first stage of Hitler's war has been more successful than even he could have expected. It is no mere outlying provinces of the old German and Austrian Empires he has seized, it is five nations that played their part in history, one of them the leading part, before ever Germany became a nation. The very greatness of his triumph gives Hitler his obvious cue. Surely the world must believe he is

* Cmd. 6115, p. 10.

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atisfied *now*. But in truth, of course, the essence of the situation is exactly the same: the only difference is that it is vastly more dangerous to the cause of civilisation. From what has been done in the German-occupied countries and said in the German-controlled press, it is clear enough that the 'new order of Europe', which Hitler has now the power to establish if only Britain will let him, is simply the 'new order' of the *Reich* writ large. It will rest on the same principles. It is to be set up and maintained by the same methods. It will lead to the same inevitable end of war.

Thus, to begin with, the *Führerprinzip* must be applied to the new international community. "The German people", says the Berlin *Börsen-Zeitung*, "must rise to its European mission", just as Hitler and his Nazis rose to their German mission.

Only a nation in Europe that is conscious of its European responsibilities has the right to a part in historically constructive work. Hence, both France, contaminated by Judaism and an admixture of coloured blood, and plutocratic England are unentitled to lead. Secondly, only peoples which, in consequence of their size and vitality, are capable of independent action as members of the European concert have the right to responsible action. Thirdly, European leader-peoples bear the responsibility not only for their own national destiny but for the smaller peoples belonging to the same *Lebensraum*.*

Next, in order to establish this leadership, the key points of power must be seized as they were seized in Germany. Quisling Governments must be established in all the dependent countries, with the Gestapo at their elbow and a strictly regimented press behind them. Thirdly, the whole economic structure must be remoulded so as to increase as far as possible the *Führer* nation's wealth and power. Countries whose industries compete with those of Germany must abandon them and be content with the more primitive agrarian life of primary production—an interesting reversion to eighteenth-century ideas of mercantilist imperialism. Lastly, the subject peoples, like the Germans before them, must be frightened or cajoled into acquiescence with their lot by brutal

* Quoted in *The Times*, Aug. 2, 1940.

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methods of repression on the one hand and on the other by an unceasing stream of propaganda on the greatness and nobility of the 'new order' and the prosperity it is going to bring to all who share in it. So, step by step, the peoples of German Europe are to tread the same dark path which the German people have already trodden, with the same crude evangelism dinned into their ears, till it brings them to the same catastrophe.

There can be no other outcome; for the dictator's dilemma in German Europe would be even more acute than it has been in Germany. It is much harder for a tyrant, as Napoleon found to his cost, to hold down foreign peoples than his own. In Germany Hitler has been able with tragic ease to rally German patriotism to his support. Millions of Germans are willing to tolerate a government, however little they may like its methods, which has made Germany 'great' again. But the French, the Belgians, the Dutch, the Danes, the Norwegians, the Czechs, the Poles—what can Hitler offer *them* in compensation for the loss of their national freedom, the desecration of their national tradition, the affront to their national pride? He must promise them an even rosier millennium—'a land of corn and wine, a land of bread and vineyards, a land of oil olive and of honey, that ye may live and not die'—without being any better able to make good his word. For, though the economy of German Europe would be much richer and more varied than that of Germany alone, it could not prosper without free access to raw materials overseas. The *régime*, indeed, could not even feel itself secure without the certainty of obtaining some things from the outer world, particularly petrol. That is why Dr. Funk, the Nazi Minister of Economics, has already declared it to be "inadmissible that the greater German economic system should be dependent on factors which are largely outside German control".* In other words Hitler must either extend his conquests overseas—and that means another war—or Britain and other free peoples must voluntarily surrender those essential 'factors' to his 'control'—and that, surely, would be the

* Address to German and foreign journalists on July 25, reported in *The Times*, July 27, 1940.

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reductio ad absurdum of his appeal to 'common sense'. Even if the British people could be terrorised into acquiescing in the establishment of the 'new order of Europe' now, is it conceivable that they and the free peoples overseas would be willing in the coming years to help it grow from strength to strength? 'Appeasement' loses its attraction when it is unmistakably the same as suicide. Peace now, in fact, could only be a truce. Hitler would have to start on another race against time. He would have to convert his Europe, as he converted his own *Reich*, into one great arsenal, paying special attention to its numerous dockyards, in a feverish effort to attain such air power and, more decisive, such sea power as would enable him to make his second war with a reasonable assurance of winning it—and that before his European structure began to crack beneath him.

Those, briefly, are the reasons why Hitler's plea for 'reason' fails. He is asking the British people to become accomplices in his conspiracy for converting his *Reich* into a *Weltreich*, for enlarging a Nazi Germany through a Nazi Europe into a Nazi world. It is scarcely credible, indeed, that he expected a people who have been generally credited with a special dose of 'common sense' to treat his appeal to it with anything but derision. It seems more likely that the appeal was intended mainly for his own gullible folk, and that in scattering copies of it here and there over Britain he was only hoping to create some dissension and uncertainty among the British people on the eve of the blow he was planning to strike—a blow with which he would smash Britain as he had just smashed France and so attain at once, without further cost or risk, the mastery of the world. In either case the reaction is the same. With a unanimity unparalleled in all our history we shall fight on. We have beaten off the first attack. No doubt we shall have to face far sterner tests of our endurance. But we shall endure, if need be to the death. For we do not think our lives would be worth living in a Nazi world.

And it is not only the desperate need of saving everything we value in our present life that will nerve us to endure.

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We, too, are looking forward to the fruits of victory. We, too, are meaning to establish 'a new social order' in our own country—a more real, more just, better educated, more efficient democracy. We, too, desire 'a new order of Europe', but we do not seek to impose it on her. We only wish to set her free at last from the menace of Prussianism that has frightened and distracted and impoverished her for seventy years, and thus make possible a free, unhaunted discussion of the sort of life she wants to live in future. As Lord Balfour said in the last war, 'We are the immemorial champions of freedom', and for over a century we never interfered on the Continent except in aid of 'peoples rightly struggling to be free' (That is what the Nazis call 'the British hegemony of Europe'.) Similarly, for over a century, we used our command of the sea to keep its waters safe and open for the trade of all other nations as well as for our own. (That is what the Nazis call 'British piracy'.) And it is just those freedoms, political and economic, that we should like to see embodied in the post-war European system. Against a German Europe, walled off from the rest of the world, we set a Europe of Free Nations, with free access to all lands and their resources.

The time has not yet come to design the political framework of this liberated Europe. We cannot yet "survey the landscape". But two things can be said about it now. First, whatever share in the victory may be granted us, we shall never be dictators. The building of the world's peace must be the work of all its free peoples, including those now in prison. And, secondly, their work will only endure in so far as they regard their freedom as a means of service to the common weal. Maybe the fiery furnace of this second Great War was needed to burn into men's minds the knowledge that there can be no peace, still less prosperity, in a society of nations each of which insists on considering only its own interests and having its own way. Already, indeed, under the rigours of war, the old idea of national sovereignty has been relaxed in ways that were scarcely conceivable a year

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ago—the British offer to France of union, the leasing of strategic bases in the British Empire to the United States, the establishment of a joint defence board for the United States and Canada. It may be, as the war goes on, the free peoples will become still more, in Mr. Churchill's homely phrase, "mixed up together in some of their affairs for mutual and general advantage". And when the war is over, that is the road, not Hitler's, which will lead the nations in the end to a real and lasting peace.

THE STRATEGY OF THE WAR. IV

THE article in this series in the June number of the ROUND TABLE recorded the German break-through over the Albert Canal bridges near Maastricht. No one at that time expected that the next article would have to record the complete conquest and capitulation of France. We must review these stupendous events from their beginning as constituting a single astonishing campaign.

I. FRENCH PRE-WAR DOCTRINE AND PREPARATION

SINCE all the fighting forces of a country draw their spiritual and material support and maintenance from the whole nation (*pourvu que les civils tiennent*), it is impossible to assess the development of the strategic situation without taking cognisance of some political conditions which prepared the way for it.

We know now that there was a powerful and numerous group in France, not confined to any one political party, who counted heads as Marshal Pétain did in his apologia to France after defeat, and reasoned before the war that an alliance with unprepared Great Britain did not provide the necessary strength to defeat Germany. They argued, therefore, before the war, and still more after defeat, that it was possible to negotiate with Germany and to obtain tolerable terms that would be preferable to war. Memory recalls the delay, inexplicable at the time, in the French Government's declaration of war. The leaders of the great majority of Frenchmen who opposed this view found it necessary before the war to meet it by persuading the country, and even themselves, and the military advisers who were selected because they agreed, that they could wage a war of limited liability, sitting in impregnable fortifications and massacring the aggressor. It was

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this view and not the Maginot Line (so-called, although it is an area defended in depth) which, in their preparations for war and therefore in their waging of it, led the French High Command and their Staff to cast aside principles of war which cannot be infringed with impunity. Knowing that the Germans would be the aggressors, they were presented with the opportunity to fight a defensive-offensive campaign which is the strongest form of offence. But to exploit this opportunity the initial defensive period must be occupied, not with passive but with active defence, making counter-attacks with local reserves to repair breaches, and very mobile reserves must be available to provide resistance by manoeuvre in depth. When the defensive period has exhausted the enemy, a strategic reserve must be available to launch a great counter-offensive in which the whole of the forces take part.

Reserves are created by utilising and strengthening favourable ground (the Maginot Line up to Montmédy only, and, north of that, defences of lesser but not negligible value) and thus economising troops in defence to make them available for manoeuvre in depth and counter-attack. Reserves are also created by not being drawn into an extension of one's commitments beyond the capacity of the total forces available.

Nothing is more difficult or important during a long peace than to assess correctly the practical effect of new inventions upon the technique and method of waging war. Experiments in peace, debarred from risking life in the way it is risked in war, fail to give the desired certainty. Only keenly analytical minds, determined to discard wishful thinking and tradition, custom and vested interests, can successfully diagnose the changes and reforms that must be made in arms, equipment and organisation. The French Government and their expert advisers, obsessed by the doctrine of limited liability in war, and trying to trim their measures to appease a powerful group opposed to preparations for war, declined to consider any doctrine which suggested counter-attack and offensive. Passive defence was the rôle preached, and the only one permitted to be considered. Money was stinted for preparation for a

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war which might be avoided by negotiation. Hence the starvation of the French Air Force; hence the starvation of armoured divisions; hence the limitations on training for manoeuvre in the open warfare of counter-offensive.

Just as in Russia, in Germany and in France we have seen a whole nation enslaved politically by an energetic, unscrupulous small minority capturing the machine, so the fine French Army and Air Force, so full of natural commanders, staffs and soldiers and airmen, were hamstrung by false doctrines promulgated and enforced by their Government and its selected experts. General de Gaulle explained all this to us in his broadcast reply to Marshal Pétain's apologia. France as a nation did not leap into this war with its whole heart as in 1914.

The Maginot Line proper, from Switzerland up to Montmédy only, upon which now all the blame is cast, in reality fulfilled several very important and essential tasks in the general strategy of any French plan. It barred the shortest route from Germany into the vitals of France. It stood across the group of the best railway communications coming from Coblenz, Mainz and Strasbourg, and guarding the important junctions of Metz, Thionville, Longuyon and Belfort. It was a shield to protect the mobilisation and concentration of the French armies against dislocation by a *Blitzkrieg* launched without a declaration of war. But, above all, its strength forced the Germans to discard the idea of a frontal assault upon such a position, and to turn it, thus incurring the hostility of the Belgian Army, which with 18 divisions and fortress garrisons amounted to nearly three-quarters of a million. Again, to turn the Belgian line on the Meuse the Germans added 400,000 Dutch troops to their enemies. The Maginot Line gave these allies to France.

The fact that this great increase of force was not commensurate with the additional liabilities and the extension of front which the alliance involved was due, as we shall see, to lack of skilful joint staff planning and faulty distribution of troops.

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Provided that the Maginot area was used, as intended, to fulfil the task of economising and not absorbing troops in passive defence, it would serve France well. But when it came to be considered as all-sufficient for the defence of France, making every other preparation for war redundant, then through no inherent fault of its own it exercised a fatal influence on French strategy, military doctrine and preparation.

Marshal Pétain told us that France mobilised 4,320,000 men of whom, however, not more than 2,820,000 were armed and equipped. There were 16 divisions in the First French Army trapped in the battle of the Low Countries, and he told us that only 60 divisions were available for the Somme-Aisne front in the battle of France. After subtracting from 2,820,000 the fixed garrisons, lines-of-communication troops and personnel, and the strength of the Navy and Air Force, there must still have been enough to provide more than 100 divisions for the French Field Army. Add to these 12 British, including 3 partially equipped and trained Territorial divisions, add 18 Belgian divisions and probably at least 12 Dutch divisions, and we get an Allied total of a minimum of 142 divisions, probably 150, or, to count all armed men, including fortress garrisons and lines-of-communication troops, a round total of nearly 4½ millions. With years of preparation of defensive works from Switzerland to the Zuyder Zee, with proper distribution of forces, proper handling in an active defence and manoeuvre in retreat, can it be said that there was not sufficient force to provide a large strategic reserve for a great counter-offensive at the appropriate moment?

II. GERMAN PRE-WAR DOCTRINE AND PREPARATION

GERMANY, experimenting with singleness of purpose to distil the essence of the science of modern war in order to utilise all the latest inventions applied to armament and mobility, restored to war the power of the offensive which had been paralysed between 1914 and 1918 by the defensive machine-gun and barbed wire. Her armoured

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divisions have restored the former rôle of cavalry in the heyday of its dominance of the battlefield—the raiding of communications, the break-through charge, the pursuit after victory and its exploitation.

Germany worked out the solution of the problem of a rapid break-through and its exploitation to the greatest depth. For the ponderous, tedious, long preparation by artillery bombardments of the last war, so fatal to surprise, Germany substituted bombardment by dive-bombing aircraft. Officers and men who have endured the artillery bombardments of the last war and the aircraft bombing of this war unanimously agree that they prefer the latter. Aircraft bombing inflicts comparatively few casualties among troops who have even the shallowest cover, but like artillery bombardments it does keep the defenders' heads down until the tanks suddenly appear at short range. Even then, steady, experienced troops may hope to deal with tanks, or at least permit them to pass through, doing little damage, and then re-form to repulse the motorised troops following swiftly behind the tanks, expecting to pass through the gap and exploit it by spreading out fanwise behind to a great depth. Once the tanks have broken through, they look for no more hard nuts to crack but for soft spots and gaps. Preceded and accompanied by hordes of motor-cyclists to scout for them far ahead and on the flanks, they press on to raid the communications and seize centres of organisation or to attack the enemy from the rear.

The Germans selected a season when they might expect dry weather and dry ground, and their unusual good fortune on both heads was of the utmost importance for their tanks, motorised troops and supply columns.

We have not yet been told how many divisions Germany employed in the campaign of May and June. It was certainly not less than 180 and probably 200 or even more, but these divisions were of different types and value. It is understood there were 14 armoured divisions with heavy (80-ton), medium and light tanks, and motor-cyclist units, assisted by very

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efficient bridging engineers. A large number of highly trained motorised divisions of all arms followed the tanks. Then came the marching divisions of all arms, and finally, for guarding lines of communication and taking over positions won, there were divisions of troops with very short training and a very limited number of guns and auxiliary services.

For seizing key points, such as important bridges and aerodromes, parachutists were dropped ahead of the army, supported at once by troops carried by aircraft. The success of these forlorn hopes depended entirely on the speed with which armoured and motorised troops could break through to support them. They also relied greatly upon the amount of assistance to be obtained from the "Fifth Column". This organised treachery, meticulously prepared in peace, was developed to a pitch never previously attempted in war; but the possibilities of surprise in its operation in the Low Countries was somewhat weakened by the disclosure of the method in Norway.

We have already referred to the essential part played in the break-through by the dive-bombing aircraft, but we must also note the all-pervading presence of aircraft co-operating with the ground troops on the battlefield and their harassing of the communications in the rear. The infiltration of small parties of machine-gunners before the zero hour was another important contribution to success.

Thus did Germany restore to war the power of the offensive so long checked by defence; but at the same time they provided themselves with a Siegfried Line on which to pivot their striking arm.

III. THE GERMAN AND ALLIED PLANS

THE pact with Russia had relieved Germany of the liability of war on two fronts which Bismarck, at von Moltke's constant insistence, always worked to prevent. Their successors of 1914 had failed to ensure this essential strategic condition; hence the Russian victory at Gumbinnen, combined

with the weak leadership of the nephew of the great von Moltke, dislocated the von Schlieffen plan to conquer France in 1914. But in 1940, after ostentatiously stationing a few divisions of probably inferior value on the frontier of Yugoslavia to terrorise the Balkans into quiescence, the Germans were enabled to employ the whole of the remainder of their 200 or more divisions for their great offensive in the West.

Quite briefly, their plan was to make some preliminary German and Italian threats against Switzerland to keep French troops watching the exit from the Jura mountains into the neighbourhood of Belfort, then to utilise Swiss neutrality as a shield and the Siegfried Line as far as Luxembourg as a defence, in order to economise troops, so that the maximum force could be employed in the striking arm from Luxembourg inclusive to the Zuyder Zee with the right fist leading heavily upon Holland.

They planned to draw the French and British reserves into Belgium and Holland and then to strike with their armoured weight, well supported by motorised and marching divisions, at the emasculated Allied centre. Success at the centre, quickly, vigorously, and powerfully exploited, was to give them the opportunity to divide the Northern Allied Armies from the Southern and to encircle and defeat the former. Thus there was to be a big northern victory before opening the decisive battle of France.

For the Germans it was all one battle from Geneva to the Zuyder Zee, but for the Allies it was three separate battles in watertight compartments—the battle of Holland, the battle of Belgium and the battle of France—because Holland and Belgium clung to the hope that paper pacts and piecrust promises would provide them with the protection of neutrality as defined by international law. Hence they firmly declined to break their neutrality by staff conversations and preparations for a concerted plan with Great Britain and France. There were conferences between Queen Wilhelmina and King Leopold which led to the second line of Dutch defence (the Grebbe line) being extended southwards behind the Maas to the Belgian frontier.

The strategical blunder was frankly planned, namely, that in the next phase of their resistance Holland and Belgium should part company by a divergent Dutch retreat north-westwards behind the main inundations running in a semi-circle southwards from the Zuyder Zee, east of Utrecht, to the three rivers, Lek, Waal and Maas, and curving round north of Breda.* The Dutch hoped that by a passive defence behind this third line they would preserve all the essential part of Holland, their naval base at Helder, their rich and prosperous cities of Amsterdam, Utrecht, Rotterdam and its harbour, and their capital at The Hague.

Anticipating this separation, Belgium prepared a watertight compartment from the Meuse at Maastricht along the Albert Canal and thence to the Schelde north of Antwerp, hoping thus to check the further progress of invasion from the north. To meet invasion from the east the Belgians prepared a main line of resistance from Maastricht to the fortress of Liège, thence along the Meuse to the fortress of Namur and, still following the Meuse, to meet the French line at Givet. East of that line they sent a mobile delaying force to their frontier to carry out a big demolition plan which was to be completed by the destruction of the bridges over the Meuse. Realising, however, the length of the large loop from Antwerp to Maastricht, Liège, Namur, the Belgians prepared a line of defence along the naturally strong chord of the loop from Namur to Antwerp, protecting Brussels. Here at least it was hoped that a real stand could be made.

Both Holland and Belgium, though relying, in spite of Germany's record, upon neutrality and international law and decency, nevertheless felt confident that a last-minute S.O.S. to France and Great Britain would bring them strong reinforcements in time. They relied upon those countries to extend their front and move their reserves to the north, as Germany designed they should.

Had there been pre-war staff consultations between the four

* Compare Blücher's retreat after defeat at Quatre Bras in a direction which enabled him to join Wellington at Waterloo.

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Allies, a completely objective study of the strategical problem, which includes strengths and lengths of front, should have disclosed that the Dutch would best preserve the valuable part of their country by abandoning it untouched to the Germans and retreating south of the Maas and thence behind the Albert Canal. If that did not provide the Belgians with sufficient strength to defend their Givet-Namur-Antwerp line, then they also, with the Dutch, could make a fighting retreat to the Franco-British line from Givet, Valenciennes, Lille to Dunkirk.

The staff conversations, which before the war proceeded continuously between France and England, obviously foresaw the S.O.S. calls that would come from Holland and Belgium; otherwise they would not have been complied with, as they were, within twenty minutes. Did the Franco-British strategists advise their Governments that, although politically it was most desirable to let it be known to the world that the causes of Holland and Belgium were also ours, strategically a guarantee to send our forces into their countries was thoroughly unsound and just what the Germans wanted? If the suggestion had been made to Holland and Belgium that their forces should abandon their countries and retreat into France, they would probably have declined to fight, and, like Denmark, have permitted passage to the German Army. Even so, we know now that we should have been in a better position starting to fight on the French northern frontier from Dunkirk to Mézières, and thence along the Meuse to Montmédy, without Belgians and Dutch. Reserves would not have been in Belgium, but available to meet the thrust between Sedan and Givet. The crossing at Dinant would have been not behind but in front of French forces. If driven from the Montmédy-Dunkirk line after exacting a heavy price, an ordered retreat would have been practicable, pivoting on the inviolate Maginot Line at Montmédy, and thence along the Aisne and Somme to Abbeville, where Weygand would not have had to fight without 16 French and 9 British divisions. There would have been hope of accumulating a strategic reserve with which to launch a powerful counter-offensive at the appropriate moment. If,

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contrary to all probability, the Dutch and Belgians had accepted our advice to leave their countries untouched and bring all their forces into France, victory must have been ours. Of course this is wisdom after the event, but when studying the strategy of past events one must use the wisdom so easily acquired. It is a lesson for statesmen, soldiers, sailors and airmen, that in war a nation cannot afford to flout strategy. It is a lesson on the necessity of assessing a proper value to all considerations and not allowing matters which are irrelevant to the right strategical course to interfere with it.

It would have been possible to make known beforehand to Holland and Belgium that, while their cause was ours, and post-war restoration guaranteed, we should expect their forces to retire into France without our assistance, preferably fighting all the way, but, if they wished to save their country from the devastation of war, retreating as swiftly as possible.

Because the first-class rail and road communications from Germany led (1) to the sector Namur-Liège-Maastricht in the north, and (2) to the sector south of Montmédy guarded by the impregnable Maginot Line, Gamelin assumed that the intervening sector between Montmédy and Namur was sufficiently protected against large armies by inadequate rail communications, by the Meuse, and by the difficult country immediately west of the Meuse, and that therefore he could thin out this sector, guard it with inferior, insufficiently trained troops and, worse still, not provide reserves capable of reaching it in sufficient strength and in time. By economy of troops in this sector he provided the French and British reserves which hurried to the assistance of Belgium. Although the railway approaches to the Montmédy-Namur sector are poor, nevertheless in 1914 a strong German army delivered an exactly similar thrust upon the Mézières-Namur sector, which caused Lanrezac's Fifth French Army near Charleroi and the British at Mons to retreat very hurriedly and only just in time. In 1940 the mechanised German Army and its motor transport could make good the deficiencies of the railways by

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using the roads, while the woods of the Ardennes concealed the strength of their advance.

Although the Meuse and the country alongside it presented a formidable obstacle if the bridges had been destroyed, it is a well-known military principle that "an obstacle is not an obstacle unless it is under fire". Without adequate troops and reserves to defend this sector, and failing the destruction of the bridges, the obstacle did not suffice to prevent an enterprising, well-trained enemy rapidly exploiting every success gained, thus breaking through with 8 armoured divisions, followed immediately by 8 motorised divisions of all arms, in due course supported by marching divisions of all arms making long marches.

We have briefly explained the essence of the strategy of the rival pre-war plans. As Napoleon said: *Dans la guerre tout est simple*. To draw the Allied reserves into the Low Countries and then to strike hard at an obviously weak centre; to exploit the break-through with the utmost speed and thus encircle the northern force. That was the German recipe for conquest. The Allied plan failed to meet it with an equally simple application of the laws of strategy.

IV. A STRATEGICAL OUTLINE OF THE BATTLE OF THE LOW COUNTRIES

IT is not within the purpose of this article to attempt to anticipate historians who with the archives of the belligerents at their disposal will tell the whole story of the operations in the recent conquest of the Low Countries and France. Our purpose is only to draw attention to the principal strategical features of this campaign.

At dawn on May 10, 1940, Hitler put down his stake for European domination, and unleashed all the German forces prepared and trained for seven years by the united work of the whole German nation devoted to this single purpose to the exclusion of all others.

Pivoting on the Siegfried Line at a point near the junction

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of the southern boundary of Luxembourg with those of Germany and France, the whole German line up to the north of the Dutch frontier started to wheel to the left, with the right flank strong and moving fastest in an encircling manœuvre to roll up the Allied line from its left and thus draw reserves to the north before striking at the weakened centre. The first force of the blow, therefore, fell on Holland, but within three days Belgium was fighting for its life on the Meuse. Luxembourg was only a paper screen through which the German Army passed in its approach to the weakest sector of the Allied line.

The Germans are believed to have employed about 80 divisions of all types in the battle of the Low Countries against, say, 12 Dutch, 18 Belgian, 9 British and 16 French (total 55), but they were defeated in turn. The Dutch were overwhelmed in five days without substantial reinforcements reaching them. The Belgians had been severely mauled before the British and French were in line.

By the evening of May 13 not only the first Dutch line (the Yssel) but also the second line (the Grebbe) were broken, and the Dutch were in full retreat divergently, as already explained, to get behind their inundations. On the same day, the 13th, the Germans had an important strategical success in crossing by one of the two bridges over the Albert Canal near Maastricht. Next day the gallant R.A.F. sacrificed some devoted crews in a glorious and successful demolition of this vital bridge, but in the meantime the Germans had established the necessary bridgehead to enable them to throw several more bridges over the Meuse and Albert Canal and to pour motorised reinforcements through the gap. This manœuvre at one stroke turned the flank of the eastern Belgian defences on the Meuse and also of their northern defence line on the Albert Canal, compelling a rapid retreat from the Meuse-Canal loop to its chord defence line, Namur-Antwerp, east of Brussels. The Liège fortress, however, continued for four more days to fulfil its function of denying to the Germans the use of the nodal junction of rail and road communications within its circle, and thus helped

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to reduce the number of Germans advancing. The fortress of Namur likewise exercised a similar valuable function for a few days after it was isolated.

It was on the chord line from Namur to Antwerp, east of Brussels, that the B.E.F. joined the Belgians while the French made a junction with their right. The Germans did not attempt to delay the arrival of the B.E.F. or French by action from the air, because they were going where the Germans wanted them.

In the meantime, on the evening of the 14th, after their small but efficient air force had fought itself to extinction, and their Army, driven from its third and last line, had suffered about 20 per cent. casualties, the Dutch ceased fighting, except in the area south of the Maas where they continued the battle for some days alongside French and Belgians. The British Navy and Air Force had co-operated with them and a few British battalions had landed in Holland, but re-embarked almost at once. French motorised forces, and other troops, landed at Flushing, had also made an attempt to reinforce the Dutch, but were forestalled by German armoured forces in the race for the Moerdijk bridge over the Maas which gives access to Rotterdam via Dordrecht, the only connection between south Holland and north Brabant.

The Germans had advanced steadily westwards, their armoured divisions south, and other troops north, of the three rivers, breaking all lines of defence. But it was the seizure of the Moerdijk bridge which ensured their victory. In this exploit they were helped by Fifth Columnists in Dutch uniforms treacherously concealed in barges near the bridge. At The Hague and at Rotterdam German parachutists and airborne troops fought desperately, with severe losses, against the Dutch reserve corps and other details, in attempts to capture the Royal family, the Government and the Army's G.H.Q., and also to seize aerodromes, notably Waalhaven, and the docks.

It was on the 14th, when the Dutch Air Force had ceased to exist, that the Germans committed one of the worst of their typical acts of 'frightfulness'. Within three hours, by inten-

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sive bombing from the air, they obliterated two square miles of defenceless Rotterdam, so that not one wall remained erect within that area. The casualties are said to have been 30,000 killed and 80,000 injured, nearly all civilians. Or May 15, the sixth day of *Blitzkrieg*, Germany completed the occupation of Holland. Queen Wilhelmina and her Government had escaped to England to carry on the struggle from there, and to place at the disposal of the Allies their large and efficient mercantile marine and the great resources of their rich Colonial Empire. Germany had closed her Dutch window to the world.

In Belgium, meantime, the Germans were moving up to engage the Allies on the Namur-Antwerp line, but for a short spell there appeared to be less pressure in their advance. They did not want the Allies to retreat in Belgium. The main German blow was about to fall on the sector between Dinant and Sedan, both inclusive, to open a gap through which large forces could pour to cut off the Allies in the north from the French in the south.

On May 15 the Germans had an important success at Sedan, driving a salient across the Meuse. The next day, May 16, the decisive blow was struck by 8 German armoured divisions, immediately followed by 8 motorised divisions of all arms, and behind them marching divisions pressing on. The bridges over the Meuse had not been destroyed. (Although in this war one is inclined to suspect treachery as the cause, if space permitted many other causes could be given for the failure to destroy bridges.) So a broad gap was created in the Allied line along the Meuse from Dinant to Sedan. Only instant vigorous counter-attack by strong reserves could possibly restore the situation and inflict disaster on the enemy. The counter-attacks were neither instant nor strong. There were some feeble and very belated reactions, and then confusion, as the German armoured and motorised columns exploited the break-through fanwise in the French rear. In this situation the French Army, though it had started badly, displayed its well-known martial qualities. Although surprised and thrown

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into disorder it fought hard in what were termed *mêlée* battles.

The German success on the 16th had compelled instant retreat by the Allies from the strong Namur–Antwerp line. By the evening of May 18 the Allied line ran from Antwerp west of Brussels to Maubeuge, thence to Avesnes and Vervins, and weakly up to Rethel on the Aisne. From there it was held in strength to Montmédy on the comforting and stable Maginot Line.

From May 16 to 18 all men looked towards French G.Q.G. Did the Allies possess the C. in C. who could restore the situation and turn it into disaster for the enemy as Joffre did at the Marne, as Foch did in April 1918? It was one of those occasions in war when one man counts more than all the other men engaged. It was a moment for big decisions, for rapid reshuffling of the forces by the supreme C. in C. The enemy's situation was precarious if a strong counter-attack launched from Rethel could sweep up the left bank of the Meuse. We do not know what reserves Gamelin had or where they were. Whatever and wherever they were, they did not appear at the critical sector. If it was impossible to restore the situation between Rethel and Hirson at once, then the only alternative was a decision which should have been made not later than the evening of May 16 to order a rapid unceasing withdrawal towards Vervins–Arras and thence to Laon–Abbeville of all the Allied forces, French, British, Belgian, north of Vervins. Would the Belgians have retreated beyond the frontier of their country? Almost certainly not. Rather would King Leopold have capitulated as he did later. But 16 French divisions in comparatively good order and 9 British divisions, the latter not yet disturbed, would have retreated on routes which would have brought them on to the flank of the still weak spear-head of the German force thrusting northward and westward. It would have countered the German scheme to encircle the forces north of their break-through.

It is remarkable how history repeats itself. Gamelin and the British under him were faced with the same problem as

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Joffre and French in 1914 and as Haig and Pétain, and subsequently Foch, in 1918. Should the Channel ports be abandoned in order to preserve cohesion in the Allied line, however far it might retreat to the south?

The Germans also, in exploiting their successful breakthrough, were about to follow the plan which Ludendorff's Staff had worked out for him before March 1918 but to which he did not adhere, namely, to exploit the break-through by turning northwards to encircle and attack the northern armies (in 1918 entirely British).

Joffre, in August 1914, never for one instant contemplated splitting his force to protect the Channel ports, and the British C. in C. entirely concurred with him, with suppressed regrets, and to the surprise of von Kluck, who manoeuvred on the assumption that the British would retreat to the Channel ports. Joffre retired his whole force just in time and very rapidly, to reshuffle it and take the counter-offensive later on the Marne; but, although Joffre had no Dutch troops to delay the Germans for five days, and there were only 6 untrained Belgian divisions, commanded however by a King who was a first-class general with an unconquerable personality, yet Joffre was more fortunate than Gamelin, in that his forces had not crossed the Sambre when the Germans struck his flank at Dinant and appeared also in overwhelming force on his extreme left, just as they did in May of this year.

In March and April 1918 the question again arose of holding on to the Channel ports or retiring in touch with the French to fight the decisive battle farther south covering Paris, but at that time it was complicated by the colossal accumulation of munitions and supplies in the British bases established entirely in the Channel ports. Pétain had assured Haig he would move his reserves to his assistance if the weight of the German offensive fell on the British, and Haig had given a reciprocal guarantee, but when the blow fell no French reserves arrived to help Gough's hard-pressed Fifth Army. Instead Pétain made a divergent retreat to cover Paris. Foch took over and was asked whether he would hold the Channel ports or cover

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Paris. "Both", he replied, and ordered Pétain to move his reserves to mend the line, but he had just enough troops with which to do it.

When the same problem was put to Gamelin on, say the afternoon of May 16, 1940, it was not complicated by British bases at the Channel ports. In the light of 1918 experience, those bases had been established well to the south.

We must wait for the historian to tell us about the complete disposition of all the Allied forces, about such reserves as may or may not have existed on the afternoon of May 16, and about General Gamelin's conception of the problem and his reasons for what he did or did not do. We know now, however, that on May 16 he was faced with the alternatives either of taking energetic measures to restore the situation if he had the power, or of starting an ordered but rapid and continuous retreat out of Belgium to the Somme-Aisne line. And we know that neither of those things was done.

On May 17 the Germans, exploiting vigorously, had widened and deepened the bulge in the northern French line, and the Allied retreat in Belgium admitted the enemy to Brussels.

The British Prime Minister was on that day in conference with the French Government in Paris. Their fighting Premier, M. Reynaud, made decisive changes announced on the 18th. He took over the direction of the War Office himself, dismissed Gamelin and cabled to Weygand, aged 73 but still vigorous, as he was about to prove, to return from Syria by aeroplane to take over supreme command. Weygand had been Foch's right-hand man when he took over a lost battle and restored the situation. Could he do it again? On arrival on the 19th in Paris he must have noted with a wry face the difference in the resources available and in the situation and morale of the enemy.

But Weygand's appointment was not the principal appointment made by M. Reynaud. In his search for a personality of high reputation to support his drastic actions and his will to conquer, he unfortunately turned to the 84-year-old

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Marshal Pétain whom he made Vice-Premier. Had M. Reynaud not read Joffre's memoirs in which he relates how he found it necessary to remove Pétain from the defence of Verdun in 1916 because he wished to abandon the forts on the right bank of the Meuse? Did M. Reynaud not know Pétain's record in the crisis of March and April 1918 which has just been related? Was he the victim of subtle advice from some person working for a defeatist policy? In any case he must soon have bitterly regretted his choice of a colleague.

Let us return to the battle where Weygand was repeating Foch's clarion call, *Tout le monde à la bataille*. At that moment the Germans were pressing forward, with motor cyclist scouts leading, to enable the commander of the armoured divisions to exploit the gap between Arras and Péronne; the bulge was filling rapidly with motorised and marching German divisions of all arms.

When a salient is formed, it is like a nut between nut-crackers. Is there enough power in the leverage of the crackers to smash the nut, or is it so tightly packed with explosive that it will shatter the crackers? Onlookers asked this question and waited eagerly for simultaneous Allied counter-offensives in the north and south to close the Peronne-Arras gap and smash the German nut. The Maginot Line covered the best railway routes into France from the east. The fortresses of Liège and Namur, and Belgian demolitions, and the French hold on the important railway junction of Valenciennes had hampered the advance and supply of German forces from the north and north-east. Could German organisation of motor convoys make the roads in the central sector, now so dry and hard in perfect weather, serve large enough German forces with petrol and ammunition and food to make the bulge a well-packed nut?

On two occasions plans were made for the crackers to crush the German nut, or at any rate to close the gap and reform the Allied line, but only the earlier plan resulted in action.

The situation on May 19 was that the B.E.F. was holding the Escaut Canal on a front of 75 miles with 7 divisions and

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2 in reserve. On their left were the Belgians, and on their right the First French Army, trying to reorganise after *mêlée* battles. In the neighbourhood of Arras the right flank of the Allied forces was being stoutly defended by improvised British forces from three partly trained Territorial divisions without artillery. The German plan was to attack the Allies on their left Belgian flank and their right British flank at Arras, but not to press attacks too vigorously on the Allied front.

On May 20 General Ironside met General Billotte, commanding Allied forces in the north, and General Gort. It was arranged that the 2 British reserve divisions, supported by French divisions on their left, and mechanised French cavalry on their right, should attack south of Arras at 2 p.m. next day, the 21st. The British divisions and French mechanised units attacked as arranged, but the French were unable to co-operate on the left as they had not reorganised in time. There was not enough weight in the blow, and there was too much German stuffing in the nut, so much so that by the evening of the 23rd the Germans had nearly encircled the 2 British divisions which were skilfully withdrawn that night.

The next plan for closing the gap was made by General Weygand who flew to General Billotte's Headquarters on May 22 to arrange for an attack by the B.E.F. and the French First Army from the neighbourhood of Douai and Valenciennes and another from the south starting from Roye to join hands with the northerners.

Obviously General Gamelin before relinquishing command had not issued orders for a rapid retreat of all forces out of Belgium and northern France; in fact his last general orders to the northern armies were to fight to the death where they stood. The change of supreme command probably caused a hiatus of at least 24 hours. A further complication was caused by the death of General Billotte, on May 23. He was succeeded by General Blanchard. General Weygand on taking over had to become acquainted with the situation. He evidently hoped to close the gap without retreat in the north, and so the Belgian and British fronts were stationary from the 19th

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till the morning of the 25th, during which time the Germans were filling the nut and pouring through the gap towards Boulogne and Calais and towards Amiens and Abbeville, while attacking between Montmédy and Rethel to guard their flank. The fate of the northern armies now depended on the Weygand plan which was to be put into action on the 25th, but the 2 British divisions that were to take part had been fighting hard and marching from the 20th to the morning of the 24th. Gort said they could not attack before the 26th.

On the 25th the Germans struck the Belgian Army hard and drove it back exposing the left flank of the British. Gort rushed his 2 reserve divisions to his left to save the situation there. Without them the First French Army declined to attack south, and the offensive north from Roye did not start either. The Weygand combined offensive from north and south to close the gap never took place, and the fate of the Allied northern armies was sealed.

From that moment Weygand bent all his energies to strengthening a line from Montmédy through Rethel to the Somme down to its estuary at Abbeville, on which French troops had established themselves from May 22 onwards, the shortest defence line across France. His southern armies worked feverishly to organise the defence of this line in depth, with guns in successive échelons from the front line to stop the German tanks. The French Army showed what it could do in rapid redistribution of its forces and in organising and constructing defences in depth under a capable commander.

If the northern armies could not rejoin the southern how long could they gain time for them by holding out in the north? Alternatively could they hack their way out to the coast, to Boulogne, Calais, and Dunkirk?

On May 24 Boulogne was captured and on May 27 Calais fell, after heroic defence at both places by the small improvised garrisons. Dunkirk remained the only outlet to the sea, the only base for the supply of the armies in the north, who had retreated to the line of the Lys and Schelde.

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V. THE EVACUATION OF DUNKIRK

BEFORE dawn on May 28 the Belgian Army, excepting about 30,000 gallant men of all ranks, laid down their arms on the orders of King Leopold. The issue was now plain and fearful. Could the corridor to Dunkirk between powerful German forces be defended and kept open long enough for the B.E.F. and the French First Army to pass down it? Could such huge numbers be embarked at Dunkirk in spite of the attacks of the German Air Force, and the pressure of the German Army on the rearguard?

The Prime Minister has told us that those best informed considered we must steel ourselves to bear the capture or destruction of the whole B.E.F. and First French Army. But, as we all know, by the skill, discipline, endurance and gallant fighting of the Army; by sending into action the whole of our Air Force available in England which by its usual skill and daring definitely defeated the German Air Force, inflicting great losses on it, so that the dominance of the air over Dunkirk was secured; by a wonderful improvisation by the Royal Navy, assisted by the French Navy and backed by the British seafaring public acting as privateers in penny steamers, lifeboats and private yachts, running apparently fearful risks from a hail of bombs (fortunately not so damaging as it looked), 335,000 of the B.E.F. (almost the whole of it, less 30,000 battle casualties), but unfortunately only about 120,000 of the French First Army, were embarked and carried to British or French ports. The Germans claimed 330,000 prisoners, excluding Dutch. The loss of vessels considering the severe and sustained bombing was miraculously small—6 British destroyers, 7 French destroyers, and 24 small craft, out of 1,500 vessels employed in the evacuation for 6 days from May 30 to June 4 inclusive.

It was a triumph of co-operation between the Navy, Army and Air Force, and a striking proof of the necessity for all three services and for their co-operation, if victory is to be won in this war. It showed also that the ultimate decision is

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obtained on land. It was the absence of sufficient armies and the failure of their supreme command which necessitated the evacuation.

The operation also cast the searchlight of a practical large-scale demonstration upon the controversy over aircraft versus ships supported by aircraft and upon the kindred problem of invasion by sea. The conditions at Dunkirk were exactly opposite to those prevailing in the Skagerrak when the Germans invaded Norway by sea. In Norway we could secure no bases for our Air Force to co-operate with the Navy and to make it possible for the Army to capture aerodromes and naval bases. Bases in England for Navy and Air Force were too far away to permit the development of sufficient sea power and air power in the Skagerrak.

The comparatively small loss of vessels at Dunkirk demonstrates, however, that an air force can make only a very limited contribution to the destruction of sea-borne forces invading this country supported by the enemy's air force. On the other hand an air force can do, as ours has been doing, a very great deal to find, report, and then disorganise by bombing, the preparations in harbours, canals, and estuaries of vessels for invasion by sea, and the accumulation of aircraft in aerodromes.

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THE relief at this wonderful escape, coming after the dread of great disaster, almost created the illusion of a victory. But the Prime Minister reminded us that wars are not won by evacuations, and he emphasised the great strain thrown upon our Ministry of Supply to make good the entire loss of guns (over 1,000), munitions, equipment, vehicles and supplies. The B.E.F. had embarked at Dunkirk with nothing but their rifles and some Bren guns and the clothes they wore. This was a very serious matter seeing that the bottle neck in the growth and training of our Army was the supply of arms and equipment. But from that moment there came a splendid and

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sustained response from all the workers in the armament factories to the inspiring appeal made to them by the Minister of Supply (Mr. Morrison), the Minister of Labour (Mr. Bevin), and the Minister of Aircraft Production (Lord Beaverbrook). In the few weeks which have elapsed since the evacuation at Dunkirk they have already wiped out the losses then incurred and are fast catching up with further demands.

The most valuable asset salvaged from the wreck of the Battle of the Low Countries was the personnel of the B.E.F. Most of our experienced and best-trained soldiers of all ranks were in that force. Every member of it is now a well-trained and battle-tested soldier. They are an invaluable leaven for the large army which we are rapidly creating. Many of the returned B.E.F. in all ranks have been drafted off to provide the necessary experience and knowledge to raise the standard of training in other divisions at home now ready for battle. The B.E.F. units themselves have been brought up to full strength by less well-trained personnel, who almost at once pick up from their seasoned comrades the same standard of efficiency.

But while we note the value of what we have saved from the wreck, we must not overlook the effects of a great disaster for the Allies and a great victory for the enemy. All the nations of the world had been waiting for a sign. The vast majority earnestly desire our victory, but only the very strongest can afford the luxury of sentiment; the lesser ones must ensure that they are found upon the winning side. All were inclined to take this Battle of the Low Countries as the sign they were waiting for. Italy put in hand her final preparations for coming into the war on Germany's side. Spain changed neutrality into that new attitude discovered by the diplomats, "non-belligerency". King Carol of Rumania replaced his pro-ally ministers by representatives of the Iron Guard. Hungary and Bulgaria began to press their claims against Rumania. In the United States, on the other hand, there was a marked reaction towards helping the Allies.

For Germany the results of victory in the north were

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impressive. Between May 10 and June 4 at least 40 Allied divisions had been struck out of the battle line, and 12 British divisions incapacitated from taking part in the forthcoming "Battle of France"—a fact that must be kept in mind when we come to the account of that decisive battle. The war booty captured in guns, vehicles, equipment, munitions and food supplies was enormous and of great value to Germany. But above all Germany had now firmly established herself on the Dutch, Belgian and Channel coasts. From Trondheim to Boulogne Germany was in possession of all the numerous harbours, estuaries and canals furnishing naval, submarine and seaplane bases, and numerous sites for aerodromes behind them. For centuries Great Britain has fought successfully to prevent a powerful aggressive nation maintaining itself in that position, and we shall continue to fight to oust Germany from it.

VII. THE BATTLE OF FRANCE

HITLER believes in doing one thing at a time. He had broken into the Western Front, knocked out two Allies, and temporarily removed a third from the battle; but the exploitation of the break-through could not be regarded as complete so long as France remained unconquered. The German General Staff does not believe in sudden improvisations, certainly not for such a stupendous undertaking as the invasion of England and the destruction of the British Empire, which from the beginning has been their ultimate objective. That was to be reserved until France had been conquered.

After the employment of 80 German divisions in continuous fighting for 26 days, in which considerable casualties were incurred, especially among aircraft and tanks, it was generally considered that the Germans would need a week or two to reorganise, particularly for the replacement and overhaul of their tanks and motor transport. No doubt a great

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deal of this had to be done, but there were at least 6 other German armoured divisions available and a large number of other types of divisions which had been pouring into France. Their maintenance of mechanical vehicles was extremely efficient, so that the armoured divisions already engaged were able to continue action, but at half strength due to casualties. Using mainly fresh divisions for the opening stages of the new battle, they were able to give a few days' respite to many of those already engaged before throwing them into the later and decisive stages. Thus it was that, true to the principles of *Blitzkrieg*, the Germans opened the Battle of France on June 5, the day after the completion of the evacuation of Dunkirk.

As already explained, from the day of the break-through on the Meuse (May 16) until the opening of this new battle (June 5), the French had been building up a defensive zone in depth from the hinge at Montmédy (the extreme north of the real Maginot Line) to Rethel on the Aisne, and thence along the line known as the Aisne-Somme front through Péronne, Amiens, Abbeville, upon which Marshal Pétain tells us they had 60 French divisions. Only the equivalent of 3 British divisions fought in the Battle of France; others were despatched (notably the Canadians), but arrived only in time to re-embark. The British Government had decided that, in spite of the enemy having reached the Channel ports, the right strategy was to send the maximum support to France in this decisive battle; but we had few divisions fully equipped and trained after the original B.E.F. had lost all its equipment. Our magnificent Air Force, however, rendered wonderful service to the French Army in the great battle, service which was much appreciated. The Prime Minister has told us, however, that he could not agree to the whole of the R.A.F. being involved. It was considered that the home defence portion of the R.A.F. must remain on guard.

Under Weygand's energetic drive and sound orders for plenty of depth in the defence, a great deal of work was done in two and a half weeks. Defence in depth has always been a

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accepted principle of war, but as the range and mobility of weapons increases, so must the depth be deepened.

By June 2 the French, counter-attacking, had wiped out three of the four bridgeheads that the Germans had established south of the lower Somme.

The German attack on June 5 began with 20 divisions on their extreme right with a view to crossing the Somme. Next day 20 more divisions attempted to cross the Aisne east and west of Soissons. The right attack was destined for the envelopment of Paris on the west, the Soissons attack to converge upon Paris from the north-east. On June 8, 20 more divisions were added to each attack, making a total of 80 divisions attacking towards Paris; and 4,000 tanks were said to be engaged, preceded and supported by the now familiar dive-bombing attacks of aircraft.

For three days the issue seemed to be in doubt, the French were fighting hard and digesting German attacks within the depth of their defence, but on June 8 there was an ominous retirement on the French left from the Somme to the Bresle. By this retirement, as the sea coast extends westward towards Havre and Cherbourg, the French had lost the shortest line to the sea at Abbeville and the Germans had gained room for envelopment on the west which they exploited.

It was about this time that M. Reynaud made his great fighting speech. The French, he said, would fight in front of Paris, if necessary they would evacuate Paris, and fight behind it, they would fight on the Loire, if driven from that they would shut themselves up in a Province, and as a last resort the Government would go to North Africa and carry on the war from the French Empire. Brave words which he obviously meant to fulfil.

It was on June 9 that the Germans launched their last reserves and brought into action every division, every tank, every aeroplane they could assemble. The axis of this decisive attack was from Rethel towards Châlons-sur-Marne. It was designed to penetrate the French centre and fold back French forces east of the break-through on to the back of the Maginot

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Line (as it did), which would thus be surrounded (as it was). At the same time French forces west of the break-through would be folded back to the east of Paris which would be completely encircled in combination with the Germans advancing from Soissons and those advancing west of Paris. No French forces were, however, caught in Paris. Weygand was hard put to it to find reserves to stem this great onslaught. He had no strategic reserve available for a great counter-attack. The moment had come, or rather it had passed, to create reserves by a rapid evacuation of the salient of the sacred Maginot Line—Mulhouse, Strasbourg, Haguenau, Montmédy—in order to fall back upon the much shorter chord line of the old fortifications of the last war—Mulhouse, Épinal, Nancy, Metz, Verdun. A partial withdrawal of garrisons from the Maginot Line appears to have been attempted. Probably few mobile troops complete with transport and mobile artillery were available from the Maginot area. At any rate the Germans did not give time for this big withdrawal to be made, nor time for any French reserves that could be collected to stop them smashing the French centre. By June 15 they had captured the famous Verdun. *On a passé enfin.*

On June 10 their advance troops were across the lower Seine west of Paris and simultaneously on June 12 they had crossed the Marne at Château Thierry. On the 14th they entered an evacuated Paris. The French line of battle was smashed into bits, once more groups of armies were fighting *mêlée* battles, and German armoured divisions rushing through the gaps, followed by motorised divisions, were exploiting rapidly to a great depth. The Battle of France was irretrievably lost.

Speaking generally the French Army was now broken into seven groups resisting bravely. (1) A group in Alsace, (2) a group west of the Vosges trying to cut its way southwards, (3) the Armies of Champagne outflanked on either side and trying to break through towards Dijon, (4) a large group of the troops who had been fighting round Paris, retreating to the middle Loire and hoping to make a stand there, (5) forces

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which had fought west of Paris retreating to the lower Loire to stand there, (6) forces retreating westwards into Brittany towards Brest and Lorient, and (7) the French Alpine Army. Weygand working with one telephone from a provincial hotel was trying to form a line along the Loire. The nearest comparatively short line was farther south from La Rochelle to the Swiss frontier near Geneva. Everywhere the retiring troops, as in the Battle of the Low Countries, were hampered by crowds of refugees. The Germans, on the other hand, from the very beginning of their invasion, had never allowed themselves to be hampered by refugees. In their horrible way they simply shot them down and drove over them.

By June 16 there was only one possible chance for France to shorten her period of slavery. To carry out the programme of Reynaud's fighting speech. For this there would have to be a ceaseless day and night retreat of the armies on the middle and lower Loire (if they could shake off refugees) to the country round Toulon where the Alpine Army would join them, and a similar retreat westwards for the French troops in Brittany to Brest and Lorient or other parts of the coast. Finally, a repetition of the Dunkirk evacuation from the western and the southern ports to Algiers and Oran, preceded by the French Government. The other groups of troops would have to resist as long as possible and then capitulate.

A French Government in North Africa with sufficient troops rescued from France, added to the normal garrisons of French Morocco, Algiers and Tunis, the British garrison in Egypt and Palestine, and the large French force in Syria would present a new and exceedingly unpleasant problem to Germany and her new ally, Italy, who had become a belligerent on June 10. And for the wider issues of the war, though the territory and civil population of France would have been lost, the French Government and Empire would remain in action, still supported by the Governments of the British Empire with all their strength. The waters of the Mediterranean and the Channel, dominated by British and French navies and

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supported by air forces, would halt the Dictators' armies. Time would be gained before hostilities could be renewed, time in which British forces on land and in the air would be increasing daily at a great rate. The vision of a short war so earnestly desired by Germany, so absolutely vital to Italy, would vanish.

The British Government did their utmost to persuade the French to take this course. They made the most astounding offer in our history, an offer of complete union between the two nations under a joint War Cabinet, every Frenchman to be a British subject and every Briton a French subject. But on June 16 it was rejected by the French Cabinet by 14 votes to 10. By a majority of only 4 votes it was decided that the great French nation should abandon the fight for freedom. On June 16 President Lebrun called upon Marshal Pétain to form a Government. That evening the Marshal broadcast to the French the fatal words, *Il faut cesser le combat*, surrendering before he had even inquired from the enemy what were their terms for an armistice. On June 22 the Armistice with Germany was signed in Foch's railway coach at Compiègne and that with Italy at Rome on June 24. Since it involved the disarmament of France, the capitulation was complete. The other terms could have no real validity. Hitler and Mussolini will do what they like when they like with all French interests and possessions. The only hope for France, and for Italy too, in the long run, lies in the British victory which the French surrender has postponed but not prevented.

VIII. THE FRENCH FLEET

AS soon as it was obvious that the French were about to capitulate the thought that leaped to the mind of every Briton was "What will become of the French Fleet?" There was a clause in the Armistice which the French Government seemed to think could satisfy their conscience, but the British Government and people knew that the only guarantee was

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British possession or disablement of the French Fleet. It was earnestly hoped that our comrades-in-arms in the fine French Navy would be willing to render us a last service by helping us in this matter. In our home ports and at Alexandria this fortunately proved to be the case. A large number of vessels of the French Navy passed under our control under sad but peaceful conditions, with mutual regrets at the necessity. But at Oran especially, and afterwards at Casablanca and Dakar, the French naval commanders could not bring themselves to hand over their ships under any of the honourable alternatives offered to them. It is not for us to criticise their action in the painful dilemma in which their Government had placed them. Scarcely less painful was the duty imposed on the British commanders. They did their best to obtain a bloodless solution, but at Oran a fierce but short naval action had to be fought on which we need not dwell. For a study of the strategic situation all we need record is the results of the action taken simultaneously at most of the ports concerned, on July 3, followed by two subsequent moves at Casablanca and Dakar.

If we consider the two large battleships damaged and aground in West African harbours and the aircraft carrier and destroyer blockaded at Martinique as out of service for the duration of the war, then the total number of French naval vessels that are or may be made available *for service against us* probably does not exceed the following:

Battle cruiser, 26,000 tons	1
Cruisers, 10,000 tons	4
Light cruisers	4
Torpedo craft	say 55
Submarines	say 50
Small craft	Not so many as we have in our hands.

All except one of the heavy ships have been destroyed or disabled or are in our hands. The remnant of the French Fleet which we have not secured cannot seriously affect our naval predominance; but, if we had not taken the prompt and efficient action needed, the French Fleet, used by and added

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to the German and Italian Navies, would certainly have had a very serious effect on our commerce and on our power to operate everywhere. The Germans would have made good use of it in their plans for invading this country. As it is the fact that the very valuable services previously rendered to the common cause by the French Fleet in sinking hostile submarines, convoying mercantile marine, hunting enemy raiders, and attacking the German Navy especially in the Skagerrak, have now been withdrawn must of course reduce our capacity to maintain these services in their former completeness.

Several hundred French naval officers and men have taken service under our Government to continue the war, fighting with us in their own naval vessels.

IX. THE FRENCH EMPIRE

IT has already been observed that, if M. Reynaud's intention of carrying on the war with the French Empire after being driven out of France had been fulfilled, the strategic situation in the Mediterranean and in other overseas areas would have been by no means unfavourable to the Allies. Hence the eagerness with which we all noted the first reactions to the Armistice on the part of the local Governments and Commanders-in-Chief in French territories overseas. From all the African Colonies, from Syria and from Indo-China came immediate pronouncements from these high officials that for them and their Colonies the Armistice had no meaning. Unhappily this attitude was not maintained. Space is not available to explore the reasons for the change, but the consequent deterioration in the strategical situation must be noted. We are deprived of Allies who could render valuable assistance on the African side of the Straits of Gibraltar. The value and potentialities of the great French force collected in Syria need not be emphasised. The French force in Tunis, had it been reinforced by troops evacuated from France, could have been

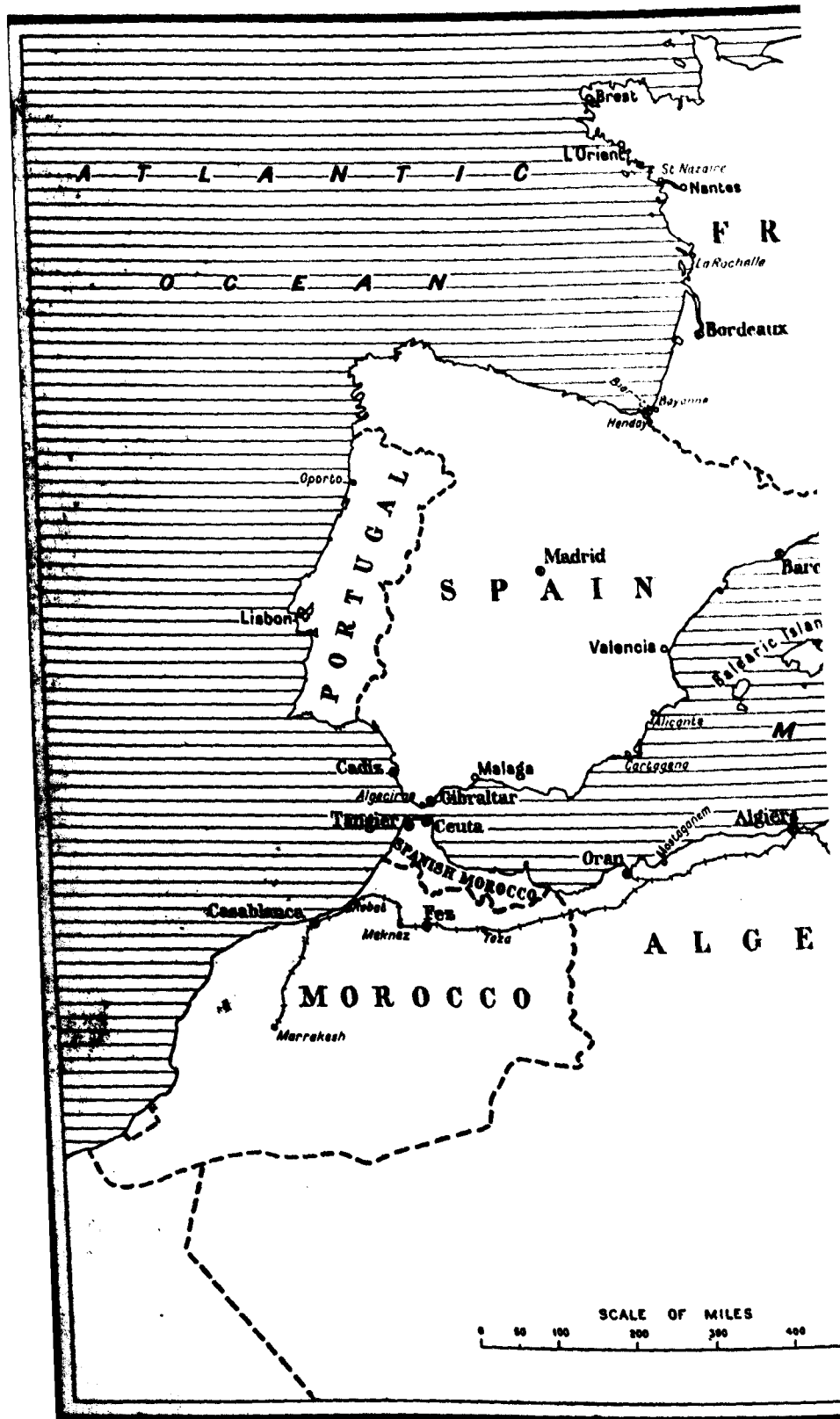
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operated with our force in Egypt to crack the Italian Libyan nut. As it is, the Italians have made use of their security on their western flank to prepare an attack on Egypt. It is a serious thing, moreover, that we can no longer use the French naval bases on the northern and southern shores of the western Mediterranean.

X. THE EFFECTS OF THE BATTLE OF FRANCE

THE effects of the Battle of the Low Countries upon opinion in the world at large, summarised on an earlier page, were greatly reinforced by the German victory in the Battle of France, of which the most important and immediate result was Italy's decision (June 10) to help the victor as soon as she was certain of his victory. It would lie beyond the scope of this article to examine the reaction of the remaining neutral countries in Europe to the French catastrophe. Any reader of the newspapers can see that they have inevitably been obliged to adjust their attitude to the great increase of German military strength on the Continent. It must suffice to draw attention to the following points. (1) Germany now possesses a corridor through France to Spain. There is no need to stress the possible result of that on the position in the western Mediterranean. (2) Sweden cannot prevent the passage of German troops and stores to Norway for the attack on England. (3) Rumania has discarded the British guarantee for the protection of her territory, including the oil wells. (4) The strategic interests of Germany and Italy in the Balkans are in conflict with those of Russia.* Sooner or later, for example, the control of the mouth of the Danube must become an issue of the war. (5) Since Turkey is non-belligerent, though staunchly friendly to Britain, our Navy is deprived of the use of valuable Turkish harbours to supplement its limited naval bases in the eastern Mediter-

* For an analysis of the interests and ambitions of the Balkan States see "A Sketch-map of South-East Europe" in THE ROUND TABLE, No. 119, June 1940, p. 581.



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anean at Alexandria and Haifa. Thus, while our French ex-ally has deprived us of naval and air bases in the western Mediterranean, we are not in a position to utilise such bases in the eastern part of that sea as a Turkish alliance would provide. Turkey is determined to avoid war with Russia, but her strategic position *vis-à-vis* Italy is quite different. The fate of the Dodecanese islands is another issue that may well arise before the war is over.

As to the Far East, there is likewise little to be said that is not obvious to any intelligent observer. The outburst of anti-British sentiment in Japan was the immediate result of the French *débâcle*—the belief it inspired that Britain was now in a desperate plight and perhaps doomed to the same fate as France; and it is not surprising that the Japanese Government took advantage of our difficulties nearer home to press for the closing of the Burma road and the withdrawal of our small force at Shanghai. It would be idle at this moment to speculate on the possible strategic developments in the vast Pacific field, but again some points may be worth noting. (1) The United States has consistently declared its interest in maintaining the *status quo* in the Far East. (2) The core of China has been hammered by three years of war into a solid block of self-defence, and her man-power is still enormous. (3) Though Japan may cut her oversea communications, she adjoins Russia by land, and Russia cannot wish to see her mastered by Japan.

But in Asia as in Europe the attitude of the neutral countries is a subsidiary factor. The dominant factor is the course of the conflict between the belligerents to which the response of the weaker neutrals must be almost automatic, while that of the stronger neutrals will be determined by their own ideals and interests. The most important result of the Battle of France, therefore, has been its effect on Germany's power to battle with Britain. The *moral* effect must have been immense. Dr. Goebbels' customary exaggerations were for once unneeded. The German conquest of Holland, Belgium and France in less than six weeks is one of the greatest triumphs in all the history of war. It must have immensely strengthened the belief of the

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German people in their Führer. On the material side, the strategic value of Germany's occupation of the North Sea and Channel coasts has been very greatly increased by its extension from Boulogne to the Atlantic end of the Pyrenees. The economic results are also very substantial. By plundering the countries she has conquered and by living on their capital, slaughtering pigs and cattle in Denmark, seizing oil and iron-ore and other important materials for armament production in the other countries, taking whatever Germans want without the slightest consideration for the needs of the inhabitants, Germany can make good most of her wastage of resources and can face the coming winter with more confidence than she could a few months ago. For further equipment the great industrial strength of France may now be put at her disposal. By force in the countries she has occupied and by threats in those in which force is not yet needed she dominates and exploits the whole continent of Europe and its labour from the Vistula to the Atlantic.

But it was Germany's great statesman, Bismarck, who said, "You can do anything with bayonets except sit on them." Germany has planted bayonets all over Europe and now she is trying to sit on them. There is already widespread misery in Europe, and, as winter draws on, it may reach a desperate pitch. And the only hope of rescue is in this island. That hope will be kept alive and strengthened by the fact—one more result of the German victories—that there now exist in Britain the germs of governments and fighting forces from every one of the conquered countries. Already their military, naval, and air force contingents, apart from their very substantial merchant shipping, make a formidable total which will continually grow. Each contingent is in touch with its compatriots and is preparing and building up forces for the day of vengeance. And behind them are free Governments whose moral ascendancy can never be disputed by the puppet Governments in their conquered homelands. Even in France the spirit of the people must surely turn, when the sky is clearer, from Pétain to de Gaulle.

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XI. AN APPRECIATION OF THE PRESENT SITUATION (AUGUST 21)

THE war-power of the British Empire, though far from fully mobilised after a year of war, has already been shown to be formidable. The Navy has done what was expected of it. Ceaselessly at work, it has protected thousands of miles of communications, swept enemy shipping from the seas, and gripped the enemy countries with blockade; but it has not yet been required to exert its full strength in a great crisis. The R.A.F. and the Fleet Air Arm have done more than was expected. Their bombers, released at last from the ban on their activity, have ranged far and wide over hostile territory from Norway to Berlin, Italy, Libya and Abyssinia, attacking, with consummate gallantry, unerring accuracy and deadly effect, important military objectives, naval bases, aerodromes, oil stores, factories, railway and road communications, power installations, and, above all, the morale of the enemy. They have beaten off contemptuously the attempts of enemy fighters to divert them from their target or to disconcert their aim, and have faced unflinchingly the most terrifying concentration of anti-aircraft fire from the ground. In these continuous day and night offensives they have suffered much fewer casualties than could have been expected and far less than those inflicted upon the enemy when he has attacked Britain and France. During the month of August our fighting airmen have signally defeated the mass air raids on our shipping and harbours which were apparently intended to be the prelude to invasion. In these battles, assisted by our ground and floating A.A. defences, they have brought down from 12 to 20 per cent. of the raiding forces. Their own casualties in machines have been in a ratio of about one to over four, and in trained personnel of one to fifteen. On a single day, August 15, 180 enemy machines were seen to crash and many more can never have got home. In these big-scale air battles, as in those over Dunkirk, the Germans have suffered defeats as unmistakable as those they have inflicted on the Allies in any single actions

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on land. Nevertheless, the supreme struggle for air supremacy and the final repulse of invasion from the air have yet to come. For these tasks we have now far greater forces to launch into the air than those which fought above Dunkirk.

Co-operating with the Navy, these air forces have made it possible for the sailors of the mercantile marine to steam, with their usual determination, up the English Channel or wherever else they are required to go. They are the sons of the men who defied the menace of the submarine in 1917. Navy, Air Force and mercantile marine between them have taken the sting from Hitler's threat of starvation by blockade.

Lastly, the Army. About 14 divisions have been brought into action in Norway and France and withdrawn to England suffering severe, but not serious, casualties. In the last war, after twelve months our casualties, killed, wounded and captured in France, the Dardanelles and Mesopotamia, were 365,000. In this war they have been 92,000, including civilians. One of the difficulties of the last war was that priceless battle experience was bought with lives of valuable leaders and men who thus could not pass it on. In this war our trained and experienced men, increasing every month, have been busy training the untrained overseas and at home. We now have a million and a half armed men in the Regular Army in this country, apart from the Home Guard. A very large proportion of this great number are now organised in corps, divisions and armies well trained for their work. Daily their organisation grows in size and efficiency. We have had a totally unexpected year of grace in which to build up our Air Force and our Army without large-scale losses overseas and without disturbance of production at home.

But we cannot win this war by indefinitely piling up and retaining forces at home. The first move of the enemy's plan of invasion is now in progress. When it has been defeated we shall know what chance there is of any further attempts. If the enemy continues to threaten us with invasion without delivering it, in order to compel us to retain large forces in this island, then our Chief-of-Staffs Committee will have the difficult

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problem of working out the minimum force that will guarantee the safety of the homeland and set free the largest possible force for action overseas. When the latter is available, strength will attract strength. Non-belligerents with a bias towards us, when guaranteed with real support in the air and *on land*, may well become allies. The people of every conquered country we can manage to enter, bringing with us a contingent of their compatriots, will do all they can to help us.

At present, however, the Axis Powers still have the initiative. How will they use it? The main source of the power of the widespread British Empire is in these islands; its strategic centre is in Egypt. Those are the two main objectives for a would-be conqueror.

In Africa those Italian troops which are south of Egypt are (to use Mr. Churchill's picturesque phrase about von Spee's squadron in the last war) "like cut flowers in a vase". They are a beleaguered and rapidly wasting force. They can be reinforced but not supplied by air. They have made sorties into the Sudan and Kenya, and, aided by the defection of French Somaliland, they have invaded British Somaliland and, not without suffering heavy casualties, compelled its evacuation by the very much smaller British force defending it. By these offensives the Italians may have gained some temporary local prestige, but, since the country they have occupied is mostly barren and the seaboard useless to them, the strategic gain is nil. Further, such enterprises will only accelerate their exhaustion.

It is not to Tropical Africa but to Egypt that we must look for a major decision in the Afro-Mediterranean theatre. At present the Italian invasion from Libya hangs fire on the frontier. We must make no doubt about the security of Egypt, continuously building up a force, mainly from the Dominions and India, until it is large enough to undertake a strong offensive in a direction yet to be determined. It is at the eastern and western ends of the Mediterranean that the struggle for the whole area will be decided. The Axis pressure now being exerted on Greece, and indirectly on Turkey, denotes the open-

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ing stage of a far-reaching design aimed against Palestine and Egypt. Spare strength in Egypt may win allies in the Balkans and the Levant. The situation at the western entrance to the Mediterranean must also be studied and plans made in advance to meet any change in the *status quo*.

But the main German objective is the conquest of England. It is the only thing which would give Germany what she so eagerly desires and what Italy *must* have—a short war.

The attack on England has begun with attempts to drive our mercantile marine from the English Channel, to smash our naval bases in the Thames estuary and at Dover, Portsmouth and Weymouth, and to obtain air supremacy over the sea in the area Cherbourg–Rotterdam–Harwich–Dover–Weymouth. At the time of writing these attempts have been defeated; and there is a general belief in this country that the project of invasion, however fiercely it may be persisted in, will ultimately fail. What are the reasons for this belief?

Invasion can only come from the air and by sea. Germany and Italy possess a large number of troop-carrying aircraft. On any one aerodrome they can deliver, shall we say, 500 troops per hour and they can do that simultaneously at many aerodromes, if they are not interfered with. But, opposed by our magnificent Air Force and by A.A. guns, with sound ground organisation to defend all aerodromes and to obstruct and defend quickly other landing-places, with mobile columns of regular troops assisted by the Home Guard to crush incipient landings before they become formidable, invasion from the air should be reduced to proportions which can only be effective if they are reinforced and supported, as they were in Norway and Holland, by the main bodies of all arms which cannot be carried and supplied by air.

There remains the other very serious menace from the air, namely concentrated bombing of the areas where the sources of our war effort are produced—docks, harbours and shipping, factories and essential services, such as light and power installations, water supplies, railways and roads. A highly industrialised people, concentrated in large towns, is peculiarly vulner-

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able to such attack. Our Air Force and our A.A. guns cannot guarantee us against this, but they have demonstrated by their recent operations that, supported by our ground and floating A.A. defences, they can disperse the concentration of bombing and deflect the aim of the attackers from vulnerable targets, and, what is more important, they are exceeding all expectations in the heavy toll they take of the raiders, so that the ultimate exhaustion of the German air offensive is certain. Our passive defence by A.R.P. is well organised, and the shelters will give the people confidence to endure this severe form of attack until it is defeated. We have, therefore, every right to expect that invasion from the air alone must fail after doing much damage and causing much disturbance.

Invasion can only be successful if the enemy can land sufficient forces *from the sea* with all the necessary arms, equipment and munitions to maintain them in action.

The Prime Minister has told us that the Navy cannot guarantee that detachments, up to, say, 10,000 men each, will not be landed at various points on the coast, but it can guarantee that no reinforcements or munitions will follow in the neighbourhood of those landing-places which will at once become known. It is therefore the business of the Army to delay those landings on the beach, inflict losses there, and quickly to assemble troops to mop them up. This demands mobile columns of all arms with good communications and strong reserves suitably placed to deal with any situation that threatens to get out of hand.

We may be sure that the enemy will have considered every possible device before he finally stakes everything on his main attempt. We may expect further determined attempts at concentrated bombing on vital centres. Landings by air in southern Ireland have probably been planned with a view to establishing air bases and submarine bases there and delivering an attack on this country from those bases. Preparations have doubtless been made to land detachments by air in Scotland and many parts of England and by sea on the east coast of Scotland and south and east coasts of England; all this, regardless

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of loss, to create disturbance and confusion and diversion of our forces. Then, and not till then, would the stage be set for the main effort over the shortest sea routes to land troops on our coasts from Essex to Sussex inclusive. It would be a desperate gamble on the part of the enemy. He would order his small navy to co-operate in a death ride. With proper distribution, organisation and handling of our very large forces on the sea, in the air, and on the ground it should be doomed to certain failure.

Since invasion from the air cannot succeed unless followed and supported quickly by invasion from the sea, and since Dunkirk has shown that an air force cannot stop invasion by sea, though it can disorganise it while assembling (as the R.A.F. and Fleet Air Arm are now doing), and hamper it on arrival, the main task on which all depends for the defeat of invasion falls upon the *surface* ships of the Royal Navy and their auxiliary craft.

In conclusion it may be said that, after the unexpected respite of twelve months, we are unchallengeable on the sea in spite of the loss of most of the French Navy, in the air we are nearing the point where supremacy will pass to us, and on land we are now strong enough to prevent the situation deteriorating further and to inflict a serious reverse upon the enemy if he attempts invasion.

The co-operation of all three fighting services on the sea, in the air and on land is essential for victory. Hitler has two of these services only, but we have all three, and the two which were quite inadequate when war began are rapidly becoming equal to their task. We are already strong enough to halt Hitler, and within a few months we shall be ready to sally forth to attract allies, to seize the initiative, and to direct the course of the war to victory.

WAR ECONOMY AND FINANCE

PROBLEMS AND PROSPECTS

WHEN the British Prime Minister announced on September 3, 1939, that Great Britain was, as from that hour, "at war" with Germany, he was using the traditional language of diplomacy in making known a momentous decision. If his words varied somewhat from those recorded on earlier and similar occasions in British history, the departure from precedent was probably due to a scrupulous desire on the part of his officials to distinguish, in the ears of an expectant and listening world, between a deliberate British onslaught on Germany and an inevitable reaction to the already accomplished fact of Germany's attack upon her eastern neighbour.

But the circumstances which preceded and accompanied this decisive step had, in a degree unusual in British political life of the last century, borne the impress of the Premier's highly individual attitude towards the personalities and problems dominating the European stage. His horror of war as an *ultima ratio* in the fate of nations, his tenacious faith in the power of reasoned discussion to resolve great international issues, were well known. For some people, accordingly, the very words used by the Prime Minister, however intended, seemed to have a disquieting significance. The doors of the temple were open indeed. But was this the expression of an angry resolve to strike down an assailant or merely the reluctant admission of a regrettable lapse, through the failure of diplomacy, into a "state of war"? In the sequel, such misgivings were heightened rather than dispelled by recourse to pamphlets instead of projectiles as a weapon of aerial attack; and in general by the early conduct of hostilities—French as well as British.

Criticism of the Government's war effort, however, first came into the open last April, when the Chancellor produced

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what purported to be a 1940-41 War Budget. Comment upon the inadequacy of the provision made was reinforced by comparison with Germany's war expenditure; and closer scrutiny served only to harden and deepen the first impression, namely that a war effort of this size could not aspire to victory.

The strictures passed upon the April budget no doubt missed their mark in one respect. The expenditure envisaged by the Chancellor was after all merely a measure of the overriding war strategy and policy of the Cabinet. But fiscal and financial considerations do—in ordinary times, rightly—act as a check or at any rate a limiting factor upon policy, both domestic and foreign. And there was more than a suspicion that even in the midst of a struggle threatening the life of the British people, misplaced and untimely notions of economy had continued to prevail. Doubts were not unnaturally nourished by recollections of some of the most serious misjudgments of the immediate pre-war years on the part of those responsible for foreign policy and for rearmament. Even uninstructed observers were aware of the failure of their politicians to realise that considerations of domestic finance had not been allowed either in Germany, Italy or Japan to hamper the pursuit of an aggressive foreign policy and gigantic military preparations.

Much water has flowed under the bridges in the brief but eventful period which has elapsed since then. With the exception of Russia not a single country on the European continent is to-day able to assert an independent existence or follow its own policy in frank disregard of Germany's wishes, expressed or implied. Britain alone remains erect, possessed of the determination and the means, if fully and rightly used, to resist Germany's attempts at world domination.

There is, however, no need to dwell on the magnitude of the task involved. Nor is it necessary in a discussion of economic and financial factors, to digress into the political and military aspects of the problem involved, though these are admittedly primary. But it is of the first importance to re-stress, *ad nauseam* if need be, the circumstance that our strategic and military effort is overwhelmingly dependent on

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our economic effort. In every war the conduct of hostilities is determined by the means available; by production and supply. In the present conflict, waged with highly technical weapons, of greater, more decisive and more rapid destructive effect than any hitherto known, these elements have become more vital than ever. All this is platitudinous. Yet it has been obvious for some time that the British military effort—military in the widest sense—has from the outset been subject to limiting and damaging influences from the side of production and supply.

Happily, the present Government may claim credit for an honest and assiduous endeavour to remedy the worst errors and omissions of a recent and inglorious past. But there is nevertheless, a widespread feeling in the country that much leeway remains to be made up in the economic sphere before the means available can be considered commensurate with the demands likely to be made by the intensity and duration of the struggle. We are far from having organised and stimulated the industrial production of war essentials to a maximum. On the other hand we have merely skirmished with the problem of restricting consumption to a sufficient yet disciplined wartime minimum.

It is, of course, evident that these two aspects of our economic task are correlated. They are linked together at many points and react upon one another. But it so happens that precisely where they impinge directly upon one another they are, in practice, most easily reconciled.

With regard to the former consideration—maximum production of war essentials—it is universally agreed that all other factors should be subordinated to the one object of the successful prosecution of hostilities. In simple terms, every man, every machine and every acre of land available should contribute, as directly as possible, to the war effort. There is no doubt that this point has not been reached, perhaps not even approached. It is also evident that the serious turn of events last spring and, equally perhaps, the prospect of further adverse developments in the near future compel us to for

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shorten considerably what might have been a serviceable and safe time-schedule—to telescope into the smallest compass possible a greater industrial and productive effort than has ever before been demanded of the country.

On all this there is little or no dispute. The supply of war essentials is deficient, the need apparent and the organisation of effort inadequate. How are the energies of the nation to be harnessed in the service of one great task? Where are we to begin? Some critics, taking as their point of departure the number of workers still engaged in non-essential trade and manufacture and the volume of total unemployment, virtually recommend that both groups be immediately drafted into war-work. But they offer no concrete suggestions which would help the practical administrator to approach so big an undertaking. Others, whose experience and informed judgment entitle their views to scrupulous examination, start directly from the industrial end. They argue that the deficiency of equipment is due both to the lack and to the waste of productive effort. Many workshops are idle, many laboratories unused. Quickened by an impatient and irresistible urge—shared by every sentient Briton—to see the whole country galvanised as never before into a visible and tangible war activity, they are impelled to suggest the immediate assumption of control over all industry by the Government.

It is easier to accept the diagnosis than the prescription. The latter, not unnaturally, is influenced by comparison with German war methods. These, if measured only by their results, have proved so successful that the case for their adoption might appear unanswerable. But that is not the only important point which we have to consider at this stage. What is no less relevant than the success attained by the German machine is the process by which this all-pervading government control of industry was established and the length of time spent in its creation.

Now that the German system of control over trade and industry, indeed over all the economic activities of the country, has become—moral and social considerations apart—impress-

sively efficient, it is easy to forget its painful and empirical progress over a period of years. It began with exchange bankruptcy, a banking moratorium and five million unemployed. Private enterprise of almost every kind was already at a standstill. Step by step, the Government was compelled by the sheer force of circumstances to undertake tasks which were neither originally desired nor envisaged by it. The powers progressively gathered into the hands of the Nazi régime in the process were no doubt not unwelcome to it; but they were the despair of thousands of overworked officials as each new responsibility assumed involved the Government in undertaking another.

As a war machine the system has proved formidable. But years of arduous and often agonising directive and administrative toil were required to evolve it. It also depended upon the exercise of more absolute political power and more pervading control of the destinies of individual citizens than have ever been wielded in a highly organised community.

Reverting to our own circumstances in the present emergency, it will be readily accepted that all our productive resources should be at the disposal of the Government. They should, to the utmost, be made to subserve war aims. As a generalisation this is intelligible or, rather, obvious. But as a guide to practical and political administration, it offers no help whatever. And the suggestion that the Government forthwith assume control of all industry and productive resources would, if adopted, assuredly begin by creating more problems than it solved. What is meant by "productive"? Which of the heterogeneous productive activities of a century-old, complex and highly developed economic organism would be included, which excluded? How many of the former could immediately be converted to better purposes, without the existence of an all-embracing plan? And if, as yet, none exists, which Ministry or group of Ministries is to devise and develop it? Would the planning of exports fall within the scheme? Answers would have to be given to these and many other primary questions before effective action could be taken in any direction. And

action would be preceded by laborious and interminable discussion—political and party-political, public and private, departmental and inter-departmental.

The prospect is not alluring. The truth, unfortunately, is that we cannot hope by the adoption of a simple formula, to make good, *overnight*, deficiencies in equipment inherited from politicians and departments more conspicuous over half a generation for the production of excuses than of instruments of offence and defence. As a mental exercise, rather in the spirit of Mr. Herbert Morrison's slogan, it is both tempting and irritating to think purely in terms of maximum production of tonnage, tanks, planes, guns and other war essentials. Problems of administration and organisation are easily and impatiently brushed aside; and the thousand natural shocks to which a complex economic system is heir are readily overlooked. But we are hardly offered a practical remedy.

The conclusion is inescapable. If the war effort is to be intensified and expanded the impetus must come from the top. It must start with the particular, not the general. Present and prospective requirements for the successful conduct of naval, military and air warfare should be revised and reassessed, leaving no possibility of error on the side of deficiency. (Many people remember, in this connection, the treatment habitually meted out by Mr. Lloyd George to "expert" estimates submitted to him by Departments in the last war. Trebled by him on his own responsibility, they had frequently to undergo upward revision.) And such assessment, proceeding vertically down the scale of manufacture or production from the finished destroyer, plane, gun, uniform or whatever it may be, to the primary raw material, home-produced or imported, must simultaneously embrace the enrolment, conscription or virtual control of plant, designs, tools, engineers, skilled and unskilled labour and all other necessities at every stage of the productive process. Even by this method, the task of organising supply and of reconciling competing demands for factories and workers is a formidable one. But action, taking ascertained or estimated requirements as its point of departure,

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becomes possible according to a consistent and harmonious plan. Everything is concentrated on essentials. All the workers and workshops which the country possesses can be drawn into the net, *as required*. Relative degrees of urgency or priority as between rival or conflicting demands can be taken into account.

To some extent the Government is following this procedure. Yet no exhortation to add impetus and scope to its endeavours along these lines need be regarded as superfluous since it is daily apparent that lack of foresight and timely provision still compel us to purchase abroad, against the surrender of irreplaceable assets, equipment which, but for our pressing need, could and should have been produced in the United Kingdom.

Taking the economic effort as a whole, it is clear that production can be regarded as primary. Everything depends on the success of our arms and this, in turn, on the material equipment which can be provided. Finance is relegated to a secondary place. None the less, it plays a very important part for reasons not always immediately apparent to those unfamiliar with its implications. Wrongly or clumsily handled it can impair the productive process on which the successful conduct of war depends. It can set up social stresses and strains making for disorder, distress and disruption throughout the whole economy.

Assuming that the war expenditure envisaged in the latest War Budget is actually incurred or even exceeded, the financial problem to be solved is a formidable one. Doubly so because it can only be mastered, if at all, by a combination of political courage, social forbearance, and financial skill. No mere cleverness or jugglery will avail.

If we begin with its bearing on domestic economy, the problem can be simply stated. Compared with rather less than £1,000 millions a year before the war, the Government will now have to spend £3,500 millions. It will probably secure £1,500 millions or a little more by taxation. Through the cession of British-owned foreign assets to the Treasury it

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may hitherto have obtained £200 millions. Such foreign investments have, of course, been paid for in sterling. But it is fair to assume that funds were available out of balances previously borrowed and no longer required to finance the Equalisation Account; or that the sterling paid to the holders of these securities has for the most part been reinvested in Government issues, thus squaring the account on both sides for the Exchequer.

A part of the gap between expenditure and revenue from taxation will be filled by gold. This, like the dollar proceeds of realised foreign securities, can be used to pay for imports from the United States. The gold reserve, a national asset administered by the Government and paid for at the time of its purchase by the issue of either bank-notes or Treasury Bills, requires no financing (except to the extent that newly mined South African gold may come into account). How much of the available gold stock will be used in this way by the Government during the period covered by the present Budget has not been disclosed and must in any case depend on the value of the goods delivered by the United States during that time. It may be reasonable, however, to assume that gold and foreign securities will together provide the Exchequer with £500 millions during the current fiscal year.

On this basis there remain £1,500 millions to be borrowed. Yet in a normal year savings available for all purposes (*i.e.* government and other) scarcely exceed £500 millions, or little over 10 per cent. of a total national income recently estimated at rather less than £5,000 millions per annum.

Two further factors, however, may be taken into account which will help to reduce the gap. The estimate of £500 millions is commonly accepted as representing *net* savings. It excludes sums set aside each year and in due course applied to the maintenance, renovation or renewal of factory premises, house property, plant, furniture and other durable goods and fixtures. In the stress of war-time much of this expenditure can be deferred; some of it will in any case be eliminated by the diversion of labour and raw materials to war

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purposes. *Gross* savings of £750 millions may therefore become available instead of net savings of £500 millions. A larger figure is sometimes suggested; but allowance must be made for the indispensable upkeep of important factories and workshops incurring a more than normal degree of wear and tear at present, for the necessity of keeping the mercantile marine in a high state of efficiency, as well as for the circumstance that higher taxation will in the case of numerous private persons preclude the accumulation of funds for the maintenance and repair of property.

There is also the favouring circumstance that government expenditure on the present scale itself generates additional income. Some income, of course, is destroyed by the impact of war conditions—the Stock Exchange and the motor trade might be cited as examples. Some, hitherto derived from other sources, is replaced by government or service pay. A substantial part, however, serves to create a net addition to total national income; which, according to competent authorities, is presumed to have risen to a rate of £6,000 millions per annum. It is possible, therefore, that the Exchequer may under prevailing circumstances be able to borrow £1,000 millions out of gross savings, though this estimate probably errs on the side of optimism.

But when everything has been brought to book there remains at least another £500 millions to be provided. And it is this factor which leads straight to the core of our economic and financial problem, once we have passed on from the question of the physical and material production of essential war equipment. For these £500 millions, by which under present conditions taxation and savings fall short of requirements, must be made available in one way or another. In a word, they represent the amount by which the community should *reduce* consumption and increase its loanable savings or fiscal contributions, or both, above the present level, to avoid inflation in the national economy.

Certainly, if the savings are not forthcoming either as a result of voluntary action or of compulsory measures, the

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additional means of payment required by the Government can and will be *created* by technical devices. A beginning has perhaps already been made with this process. The note circulation, which was high in peace-time, has risen by £100 millions since last August; and £900 millions have been borrowed from the banking system (£700 millions in the form of Treasury Bills) during the same period. In the language of the schools, this is the classical form of currency inflation: borrowing in excess of savings—"borrowing" what is not there to borrow.

In more normal times such creation of additional bank credit, bank-notes or, more generally, promises to pay, unless immediately balanced by a corresponding volume of purchasable goods newly produced, leads to rising prices, rising money wages and exchange depreciation—the familiar phenomena of economic and monetary disorder. But in present circumstances expansion of credit is certain to be accompanied by a positive *decline*, possibly a progressive decline in the available volume of consumers' goods. Exchange resources, depleted by the purchase of war materials and the fall in current exports, will enforce a reduction of consumable imports. Thus an increasing demand due to a rising money income is likely to encounter a diminishing supply, with predictable and inescapable consequences to the price structure, in respect of everything for which strict rationing accompanied by stringent price control is not applied. It is true that domestic production—of a particular kind—is now rising rapidly. But it is the production of weapons, not of consumers' goods: it is consigned to destruction in defence of the country or in attack upon the enemy.

To preserve our independence and our nationhood we have to embark upon the most gigantic and the most rapid process of war material "consumption" ever witnessed. All other consumption must be correspondingly reduced unless total production—and especially manufacture for export—can be proportionately increased: which is manifestly impossible. In reality the proposition is as clear as the case of a humble citizen diverting a substantial portion of his salary to the

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construction of an air-raid shelter in his own garden. The dug-out may preserve his life; it will not at the same time provide him with comfort, satisfy his appetite or yield him lucre.

None the less, the problem of how to avoid inflation with all its harmful consequences is not being openly and courageously faced. And it is disquieting to find few indications of any considered economic and financial policy. Instead, an inauspicious beginning was made last autumn when wages were increased in a number of quarters in disregard of the state of war and of the general implications of such a course. There appears to have been no attempt to explain the true position or prospects to the country at large. As a result the process of increasing wages and salaries is going forward to-day, with added momentum. Where will it end? Has no one in the political forefront the courage to tell us, one and all to cut our cloth—in order to provide for uniforms? Is there no means of explaining soberly to bonus-applicants that the rise in prices hitherto encountered, with full allowance for the rations instituted, is barely sufficient to reduce consumption to the level which we can afford over any longer period, either in fiscal terms, in exchange resources, or in shipping space? Are we afraid to utter the blunt truth that no one in these isles can expect during this emergency to have his emoluments *raised* to their former purchasing power? It is surely clear that a Government is merely a directive agency and intermediary, not an omnipotent fairy-godmother; that wars are fought by the people for the people; that everyone is receiving a part of his pay in defensive armaments and national defence instead of comforts and consumable goods; and that to give up nothing in purchasing power is merely to secure something for nothing at the expense of others?

Meantime the crucial problem of providing for government expenditure of £3,500 millions out of fiscal revenue and loans representing genuine savings has not yet been solved. As already shown, there is a gap of more than £500 millions to be filled during the current year; and this uncovered balance will be larger in the second year if foreign assets and gold are

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not available to the same extent as during the present year.

What must be clearly understood is that whether the solution envisaged relies more upon taxation or upon borrowing, the essence of the task remains the same; if an inflationary creation of credit and consequent monetary disturbance is to be avoided, the difference can only be made good through voluntary or enforced renunciation of spending. Furthermore, taxation, to produce additional revenue, must follow the direction in which government expenditure is flowing. Merely to increase the levy on larger incomes—a remedy which has at times been suggested—will not meet the case. Government expenditure and the circumstances imposed by the war are not increasing the larger incomes. On the Stock Exchange and in many professions they are being decimated by the conditions inevitably created by the war. A glance at the burdens imposed by the last Budget should make it clear that recipients of larger incomes are being compelled to cut their consumption to a minimum. They may be made to pay still more, but from a fiscal point of view the process will become one of taxing more and more out of less and less. Additional imposts will be met by discarding burdens such as rates, rents and wages to dependents. Other incomes and sources of fiscal revenue will be destroyed in the process and little net gain will accrue to the Exchequer.

It was recently stated in the House of Commons that if the Government were to appropriate in entirety the excess over £2,000 per annum of all incomes above that level only £70 millions of revenue would be obtained. The effect, however, of confiscation on this scale, probably causing default on many long-term engagements as well as depreciation of property and adverse repercussions upon local finance, would certainly diminish the advantage secured by the Treasury.

It is clear that the Government is faced with a very difficult problem in bringing home the realities of the position to the mass of the people. Political courage will be required to explain fairly and convincingly that the economic stress of the war is such that it can only be met by sacrifices embracing the

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entire population. Though it is not possible to cite precise figures it is certain that a heavy proportion of the Government's expenditure, this latter equal to over half the national income, is being applied to the payment of wages and salaries to workers of all kinds, clerical and manual, skilled and unskilled, in the lower income levels. Compared with the flow of money into these channels, the volume of large incomes is a diminishing quantity.

Simultaneously the wages bill is rising by many hundreds of millions. Apart from the amount spent abroad the government expenditure of £3,500 millions is, directly or indirectly, generating income for somebody (although, as already pointed out above, only a part of its expenditure will constitute an actual addition to total national income). Profits up to the pre-war level will be taxed at the standard rate of income tax or, according to the income of the individual recipient, become subject to both income tax and surtax. Profits in excess of that level will return to the Government through the operation of the 100 per cent. Excess Profits Tax. In so far, however, as it goes to create salaries and wages, an appropriate part of these must necessarily either be taxed or lent to the Government in the form of savings. There is no other method of avoiding serious inflation, and it is this lesson which must be explained to the broad mass of the people. All must be prepared to join in the sacrifices necessary for the war. Even if he is a wage-earner, it is inadmissible that a man whose income is larger as a result of the war should spend or consume more than his normal quota. It is as vital for his own well-being as for that of the country as a whole that he should save and lend all he can to the Government.

It has recently been estimated that after payment of taxes on the present scale, four-fifths of the national income accrues to those with incomes of £500 a year or less. So that without an adequate contribution from this large block of income, no approach towards balancing the Budget—"balancing", that is, by means of taxation and genuine loans—is possible. Recourse to inflationary expedients will become inevitable. This may be

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a difficult and perhaps unpalatable doctrine for many thousands whose incomes have been increased—doubled or trebled in the case of a substantial minority of workers—as a consequence of the Government's huge expenditure. But its acceptance is essential for the survival of a well-ordered economy; and the responsibility for securing its adoption rests with our political leaders, whatever their party affiliations.

So far, however, there are no indications that any other policy than one of drift is to be followed. Mr. Keynes put forward at least a coherent and consistent proposal. He demonstrated clearly the impossibility of financing the war by throwing the whole burden upon the wealthier classes. He also pointed out that the absence of a comprehensive plan, the mere drift into inflation, would, if anything, favour employers and holders of property at the expense of others. But Mr. Keynes' plan appears to have been shelved for the present and no alternative has made its appearance. The Budget included no provision for a wages tax; nor any proposal for the limitation of spending by other methods. It failed altogether to grasp the nettle.

Instead, it has been unofficially suggested in some quarters that income tax should be further increased and a capital levy instituted. The former of these proposals has already been discussed. Of the latter, it is only necessary to point out—putting aside all political and social prejudice—that there could hardly be a more ill-chosen moment for such a measure. Under prevailing conditions it is completely impracticable. With taxation at its present level, many people are in any case compelled to draw on capital by realising assets in order to meet fiscal claims; because it is frequently impossible to effect a sufficiently rapid reduction in other expenditure, such as the payment of rates and rent, or the cost of children's education. Where there was a liquid surplus, it has presumably gone—directly or through the intermediary of the banking system—into government loans or savings certificates. At the same time a limit has been set to all future profits. Thus, only a diminutive fraction of those subject to a capital levy would be

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found in possession of liquid resources sufficient to meet the impost without recourse to sale or borrowing. To sell would, however, become a virtual impossibility as, with everyone similarly placed, there would be only sellers and no buyers. Depreciation of real property and shares would ensue, inflicting heavy losses without conferring equivalent benefit either upon the State or upon individuals. Moreover, with banks, institutions and private persons already lending their available funds to the Government there would be no means of providing loans except by an expansion of credit virtually equal to the amount of the levy. This process if engaged in at a time when, owing to onerous taxation, together with a rising cost of living and a limit on profits, there could be no reasonable or early prospect of repayment of the loans, would merely be the most direct mode of inflation.

It is perhaps unnecessary even to allude to the prodigious administrative labour a capital levy would involve—labour which would have to be undertaken virtually *ex novo* by the departments concerned—or to the length of time which it would take.

Before dismissing the subject of war finance, it is appropriate to refer briefly to one further suggestion which has been put forward. It is that the property of the richer classes should be taken over by the Government to pay for the war.

As a financial expedient, the proposal is founded on so palpable an illusion that it would scarcely deserve mention, were that illusion not being assiduously fostered in some quarters. Wars can only be waged by the production of arms and the curtailment of consumption. The engines of war are destroyed, not sold. Unlike the exports of peacetime, or the other goods whose production they have replaced, they cannot be *exchanged* for consumers' goods—although they are the fruits of strenuous labour. And the confiscation of property cannot serve either to finance the Government or satisfy the wants of the worker. Wages have to be paid in cash, not in bonds and shares, plant and machinery, stone and mortar, pictures or wireless sets. The Government would

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first have to sell what it took. Who would be the buyer where all are sellers? It has even been suggested that, as there are £2,000 millions of deposits in the banks, this "wealth" should be commandeered. The ignorance of facts underlying this naïve proposal is almost incredible. A glance at a bank balance-sheet suffices to show that, so far from lying idle, these deposits are being lent, to the extent of more than 60 per cent., to the Government in the form of long or short-dated loans, while the balance—all except 20 per cent. held in cash—lubricates the wheels of trade and industry, which could ill spare this accommodation. To speak of these deposits as "wealth" is, moreover, pure delusion. They consist of the indispensable working balances of countless companies and business firms, large and small, and of the current accounts, rising and falling each month, of hundreds of thousands of workers and salary-earners. For the most part they constitute neither wealth nor savings.

From a fiscal standpoint, therefore, the suggestion is too unpractical and unrealistic to warrant a second thought. Its political implications, however, deserve attention. If seriously intended and pursued, it would, consciously or unconsciously, be equivalent to an attempt to start a second war on the home-front—a war for State Socialism. The State could, of course, confiscate property—though by so doing it could not finance the war. But the social struggle unleashed by the mere attempt would split the country from top to bottom, robbing it of the unity of spirit and effort vital to success against the enemy. If advocacy of the proposal as a financial measure can be condoned on the score of ignorance, it is, as a political gesture, both irresponsible and pernicious.

Whatever the policy ultimately adopted to solve our economic and financial problem, the fundamental elements of that problem are simple and inescapable. We can only consume what we produce; and the more we are obliged to produce for war purposes, the less can we produce for the satisfaction of daily wants and normal comforts. To allow the volume and flow of money, now so largely directed into

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wage channels, to blur the hard features of that situation would be reprehensible and self-defeating.

It may be that the gap at present looming between the expenditure forced upon the Government and the revenue which it is able to secure by orthodox methods cannot be wholly bridged. So far no serious attempt to bridge it has been made either by taxation, compulsory saving or the shortening of consumable supply. But it should be clear beforehand that, if this is the case, the means of payment additionally and artificially created and distributed will be balanced by no equivalent counterpart in purchasable goods, least of all in consumers' goods, while war lasts. The sacrifices at first rejected by those into whose pockets the extra money is flowing will be enforced upon them by the diminishing value of the money itself. And compared with an orderly and voluntary limitation of spending through taxation graduated according to accustomed standards and services rendered, or saving, the impersonal, unregulated and irresistible impact of currency depreciation inflicts hardships which are the greater because they remain, to the last, incalculable in extent and unfair in their incidence.

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IN September 1939 Germany was ranged alone against a coalition consisting of the French Empire, the Polish Republic and the British Commonwealth (excluding Eire)—some 630 million people occupying about a third of the surface of the globe. Nine months later the situation had, to all outward appearance, been reversed. France and her Empire had dropped out of the war, Italy had thrown off her mask of non-belligerency, and the predominance of her German ally or master extended from the North Cape to the Pyrenees and from Brittany to the Balkans. Alone amongst the European peoples, the English, the Scots, the Welsh and the Northern Irish stood in arms on their own soil against the overlord of the Continent. Their fellow-members of the Commonwealth overseas could give them little help in their immediate task of defending the very heart of it from invasion. Surrounded on the north, east and south, and with a yawning gap in its western defences, owing to the rigid neutrality and military weakness of Eire, Britain was forced to transform itself, almost overnight, into an island-fortress with a detached bastion in Northern Ireland. It was a fortress, moreover, whose manhood, unlike that of the adjoining mainland, had not been trained to arms or habituated to military discipline or any other form of compulsion. Still less were its inmates prepared for the change in mental attitude and daily habits demanded of a humane, tolerant, trustful and easy-going people when it suddenly found itself in the front line of a war in which every civilian had become a combatant. The naval dockyards and commercial harbours of Britain, those ancient nurseries of seamanship, her thickly populated manufacturing areas, where the Industrial Revolution was cradled and the Manchesterian

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gospel of Peace through International Intercourse proclaimed, now lay exposed to attack, from bases the distance from which was counted in minutes—less than the tea interval in a cricket match—by an air force considerably superior in numbers, the fruit of long and methodical preparation for this very enterprise. A portion of her coast was within gunshot of the strongest military power that the world had ever seen. The Narrow Seas which had protected her throughout a thousand years of history seemed to have shrunk to the dimensions of a ditch. What could it profit the islanders, men asked—and not in Germany and Italy alone—to have sister-nations across the oceans preparing in the leisurely British way to fight by their side if their home was being invaded and overrun? And were not the British Isles, after all, as the map suggested, just an appendage to the adjoining Continent, the Atlantic break-water of a land-mass extending to the Bering Sea and the Straits of Malacca? Was not the hour sounding at last for the eclipse of England, for the end of a predominance which had always been artificial and precarious and had only continued to maintain itself from generation to generation through the dexterities of diplomacy and finance and the ingenious play of the Balance of Power? Now that the veils of make-believe were torn asunder and the realities of world-politics stood revealed, what had been so rashly engaged as a contest between Germany and two great Empires had been narrowed down in its “last phase” into a single battle, the Battle of Britain, in which the British Isles, not even united in the hour of crisis, were ranged against almost the entire European continent under the leadership of the most efficient, the most stubborn, and the best organised of its peoples.

Such is the picture as it was presented to readers and listeners in Europe and America by the hot-gospellers of the new German world-order during the lull that followed the collapse of France. It is the object of the following pages to test it by an analysis of the actual position and war-strength of the British Commonwealth at the close of the first year of the second war against German imperialism.

PONDERABLES

I. PONDERABLES

IN 1919 Sir Halford Mackinder, that pioneer in geographical thinking, published an unassuming little volume which fell almost unnoted from the press. It was entitled *Democratic Ideals and Reality*—not very happily, perhaps, for it gave an insufficient idea of its contents. It was, in fact, a plea to apply geographical insight and imagination to the peace settlement in order to ward off the one great danger to which, as the author discerned, the British Commonwealth might be exposed in the future. This danger was that the bulk of the land-mass of the Eur-Asian Continent—which Mackinder christened the “Heartland”—might fall under the domination of a single Power, which might use it as a base for the development of a sea-power outmatching our own. In that event, Britain would go the way of Holland, when her territory and resources had become too straitened to support her naval strength.

The surrender of the German fleet in the Firth of Forth [he wrote] is a dazzling event, but, in all soberness, if we would take the long view, must we not still reckon with the possibility that a large part of the Great Continent might some day be united under a single sway, and that an invincible sea-power might be based upon it? Ought we not to recognize that that is the great ultimate threat to the World's liberty, so far as strategy is concerned, and to provide against it in our new system?

The measure which he recommended should be taken against this danger was the consolidation of the peoples of what he called “the Middle Tier”—the peoples, that is, in the borderlands between Germany and Russia, from Estonia to Greece. He foresaw that, before long, a revived Germany would seek to stretch out her hand over them, and he urged that the only safe course was to construct an effective dam against German expansion and to ensure control by the oceanic Powers over the Baltic and the Black Sea. “You cannot”, he wrote, “afford to leave such a condition of affairs in East Europe and the Heartland as would offer scope for ambition in the future, for you have escaped too narrowly from the recent danger.”

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A victorious Roman general [he continued] when he entered the City, amid all the head-turning splendour of a "triumph", had behind him on the chariot a slave who whispered into his ear that he was mortal. When our statesmen are in conversation with the defeated enemy, some airy cherub should whisper to them from time to time this saying:

Who rules East Europe commands the Heartland,
Who rules the Heartland commands the World-Island (Europe,
Asia and Africa),
Who rules the World-Island commands the World.

Little regarded in this country, where *The Economic Consequences of the Peace* was a best-seller, Mackinder's words fell upon fruitful soil in Germany, where his warnings to his own fellow-countrymen carried a message of fresh hope. In the industrious hands of General Haushofer and his fellow-practitioners of "Geo-politik" (the up-to-date name for what our fathers called "Political Geography") the organisation of the Heartland under German leadership, as a stepping-stone towards the conquest of the world, became the subject of elaborate studies and preparations.

We know from the revelations of Herr Rauschning how these ideas were current coin in Hitler's *entourage* from the early days of his rule. But for their realisation there was one particularly uncertain factor—the attitude of Britain. Two alternative possibilities were therefore envisaged. One was to begin in the West by isolating and breaking France and "drawing England into partnership with the Powers of the New Order". The other was to start operations from the opposite end by a temporary alliance with Soviet Russia. In the former event the calculation was that after the defeat of France Britain would resign herself to the abandonment of her position in the Mediterranean and the Middle East, and would be content to play no further part in continental politics and to concentrate on her extra-European interests. The other alternative seemed to some the more attractive, since it saved "the time-wasting detour by Central and Eastern Europe". An association between Germany and Russia, creating a single politico-economic *bloc* from Hamburg to Vladivostok and the frontiers

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of India, could not but induce Britain (not to speak of France and the Low Countries) to abandon the contest without a blow.

This was the course decided upon by Hitler and Ribbentrop in the summer of last year. The *coup* was duly effected. But the anticipated capitulation in the West failed to follow. Britain preferred to fight. And for this, so far as the evidence goes, Hitler and his advisers were not quite ready. They had hoped to be given time so to strengthen their position on the Continent that Britain would see it was invincible and come to terms. Even so it is doubtful whether they fully realised what war with Britain meant. For, just as in the years before 1914, it was widely believed in Germany that, great as were the resources of Britain herself, she would obtain no reinforcement of them from the overseas Empire. The post-war evolution of the Commonwealth—the Declaration of 1926, the Statute of Westminster of 1931, the India Act of 1935—was construed as a "surrender of power" by a Britain that had lost the "will to rule". "On the very day war broke out, it would become manifest that Great Britain had already lost her world-dominion."*

In 1939, as in 1914, those prophecies proved wrong. Hitler found himself engaged in a conflict not with Britain only but with almost the whole of the British Commonwealth. Now, that conflict is a well-nigh classic example of the type of war envisaged during the last twenty years by military theorists in their discussions—a war in which a Power strong in finished armaments is ranged against a Power superior in resources, which has not yet mobilised its "war-potential". Year after year controversy raged at Geneva around the definition of the term "armaments". One party urged that, since "the conduct of a modern war demands a combination of all the means of action at a country's disposal", a definition of armaments would be "obsolete and incomplete" if it did not take full account of its total resources, both material and human, above and beyond its trained forces and its finished armaments. The

* See THE ROUND TABLE, No. 117, December 1939, p. 14.

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other argued that it was misleading to describe such resources, whether of material or of personnel, as armament, owing to the time required to transform the potential into the actual.

For more than a century [declared the exponents of this school of military thought] there has been a continuous increase in both the quantity and the complexity of material needed for the successful conduct of either defensive or offensive war. The time has long since passed when it was possible to produce after an emergency began the supplies and equipment necessary to arm, equip and maintain soldiers in the numbers required in modern war. . . . Even under the most favourable conditions resources of material cannot be converted into the vital elements of armaments in less than from twelve to twenty months after war has been declared. In consequence . . . other things being equal, the nation possessing the trained reserves with the necessary arms and equipment, if at war with a nation which has no trained reserves and arms and equipment for them, might easily win the war before the latter could transform its resources of material and personnel into armament.*

The cogency of this reasoning has been tragically demonstrated by recent events. It was, in large part, because of the backwardness of the military preparations of Great Britain that the Germans won the Battle of France. But this argument has a sting in its tail for Hitler. For the Battle of France, though it has put an end for a time to military operations on the Continent, did not "win the war" for Germany. On the contrary, though it left her in control over a very substantial war-potential, in the shape of the resources of almost the whole Continent, capable of being converted eventually into finished naval armaments, she can only carry through such a programme by the permission or with the acquiescence of the actual masters of the sea. It will be seen that Hitler has a most compelling reason for seeking to suspend hostilities and the British Commonwealth an equally compelling reason for perfecting its immense, if tardy, process of human and industrial mobilisation.

Let us now briefly survey the elements of the Commonwealth war-potential.

* Preparatory Commission of the Disarmament Conference, Report of Sub-Commission A, 1926, pp. 20-1.

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In order to play the part of a Great Power in twentieth-century world politics a state needs a fourfold equipment. It must (1) contain substantial natural resources within its own borders, (2) control the means of access to such natural resources as it requires from outside its own borders, (3) command the industrial skill, technique and machinery needed to convert the raw material of armament and of manufacture for export into the finished state, and (4) possess the financial reserves, both public and private, required to supplement its foreign trade in case of need in procuring all needed resources from abroad. Put more briefly, the material pre-requisites of a Great Power are natural wealth, sea power, industrial organisation and financial strength. The combination of all four is essential. The lack of any one of them undermines the whole structure of power. Amongst the greater states of to-day Italy and Japan are handicapped for war purposes by their lack of adequate natural resources: they are not so much "Have Not Powers"—for they could adjust their peace-time economy to their needs—as "Can Not Powers". The U.S.S.R., on the other hand, with its large store of raw materials, is backward in its industrial development and deficient in sea power. The United States, again, in spite of its immense natural wealth, did not become a Great Power until the American people had resolved to possess a first-class navy. The recent collapse of France, in spite of her financial strength, her undefeated fleet and the large natural resources of her home and colonial territories, was partly due, on its material side, to weakness in industrial organisation. Judged by this standard, indeed, there are only two Great Powers in the world to-day—the United States and the British Commonwealth. For the distribution over the earth's surface of the materials indispensable for modern warfare is such that no single Power is militarily self-sufficient and these are the only Powers that control the means of access to resources from outside their own borders. It is true that each could, if it so wished, deny to the other access to resources in certain oceans: for the United States commands the Western Atlantic

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and the Eastern Pacific, while Britain commands the Eastern Atlantic and the Indian Ocean. But happily, for reasons which the turn of events is not likely to alter, such a contingency need not be taken into account.

The British Commonwealth and the United States are also pre-eminent in their natural wealth and industrial organisation. So far as the Commonwealth is concerned the relevant facts can be briefly stated.

American writers, working on the League of Nations material already referred to, have made an analysis of these elements of the war-potential which has won wide acceptance.* They distinguish between what they call "the Great Essentials" and "the Critical Raw Materials". The Great Essentials, which are seven in number, are partly elements of Natural Wealth and partly elements of Industrial Organisation. They are food, steel, machinery, chemicals, coal, iron ore and oil. The Critical Raw Materials are copper, lead, nitrates, sulphur and pyrites, cotton, bauxite, zinc, rubber, manganese, nickel, chromite, tungsten, wool, potash, phosphates, antimony, tin, mercury and mica.

Applying this classification to the resources of the British Commonwealth, we find that in only one of the Great Essentials, oil, is it dependent upon foreign sources. Amongst the Critical Raw Materials there is a deficiency of cotton, potash, phosphates, antimony, mercury, sulphur and pyrites. But in every case, including oil, this can be made good, thanks to sea power, from sources outside the German-controlled area.

When we turn to Germany we find a very different picture. Her strength lies, and always lay, in her command over four of the seven Great Essentials, steel, machinery, chemicals and coal. To these must now be added iron ore, of which she has remedied her deficiency by the conquest of France and her access to Spain and Sweden. Of food, where her weak point is animal and vegetable fats, she can no doubt scrape together

* *The Great Powers in World-Politics* by Frank H. Simonds and Brooks Emeny (New York 1935), *The Strategy of Raw Materials* by Brooks Emeny 1934.

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enough to meet the needs of her soldiers and workers at the cost of privations to the rest of the population, especially in the occupied countries. But oil, of which she has very little to-day under her direct rule, remains a standing source of weakness. This is being partly met by the manufacture of synthetic oil, at a great expense of coal and labour: but the factories where this is produced are, as has been demonstrated, vulnerable from the air. Of the Critical Raw Materials she is self-sufficient in two only—nitrates and potash. As for the others, without going into details, it can be said that Germany can perhaps continue to meet absolutely indispensable war-time needs by a variety of expedients, such as the use of accumulated or looted stocks, purchase or barter arrangements with adjoining neutrals, including the U.S.S.R. with its platinum, mica and manganese, the working of low-grade mineral deposits, and, in some cases, though not in those of the indispensable "steel alloy metals", the development of uneconomic substitutes. But no amount of ingenuity in these devices can do away with the cardinal fact that Germany, cut off from the oceans, is a virtual prisoner. She may keep her economy on a war-footing for years, but it is a wasting asset. It is not within her power to return to peace-time conditions. Sea power holds a stranglehold over her future which it will only consent to relax on its own terms. Meanwhile, life in the European prison-house, exposed to attack from the air and to raids from the sea, will hardly correspond to Hitler's rosy vision of the European new order.

Fighting man-power, of course, must be included in national resources, and it must be remembered that the white population of the Dominions alone, which stood at roughly 15 millions at the time of the last war in which the Dominion forces mustered about one million, is now well over 20 millions, about half the population of the United Kingdom. At the end of last July the strength of the Canadian Active Service Force, at home and overseas, was 133,000, and over 19,000 had been enrolled in the Royal Canadian Air Force. The strength of the Australian Imperial Force has been

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temporarily fixed at 80,000. At the end of last June, the men under arms in the A.I.F. and the Home Defence Forces together numbered 185,000. A total of 125,000 men have volunteered for the Royal Australian Air Force, and 27,000 have already been enlisted in it, including those enrolled for the Empire air training scheme. On July 22 the New Zealand Expeditionary Force numbered 63,747, including 4,103 for the first Maori Battalion, which represents 43 per cent. of the Maoris eligible for enlistment. There have been nearly 14,000 applications for the Air Force, and it is estimated that New Zealand will furnish an annual quota of 900 fully trained and 1,500 partly trained pilots and 1,500 partly trained observers and gunners. There are also several hundred airmen from New Zealand and other Dominions in the R.A.F. The personnel of the Royal Canadian and Australian Navies and of the New Zealand Division of the R.N. numbers about 20,000. In South Africa volunteers for the defence forces have exceeded the 56,000 originally required, and the Government is now aiming at a total of 137,000. Of these Dominion forces all those which are for service overseas have been voluntarily enlisted. For further defence purposes Canada, Australia and New Zealand have adopted compulsory military service since the war began.

To these Dominion forces must be added those of India. The Indian Army, whose normal peace-time strength is about 160,000, has been increased by about eight new territorial battalions, and plans were made last May for recruiting 100,000 more men. The personnel of the Royal Indian Navy has been almost trebled since the war began, and the Indian Air Force, of which the personnel last year was 168, is to be quadrupled. In Burma and Ceylon, too, and in most of the Crown Colonies and other dependent territories of the Commonwealth there are local forces, relatively small, but effective for garrison duty; and in some cases, as in Africa, they have been moved from one Colony to defend another.

It is unnecessary to emphasize the advantage conferred upon Britain in this struggle for vital materials through her financial

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strength. Straitened for oil and many Critical Raw Materials, not to speak of the innumerable non-essentials, such as soap, which make up the texture of a civilised existence, Germany is still more straitened for the means to acquire them. Financial strength is not the ultimate determinant in a modern power-political struggle, as was too lightly assumed by a certain school of "economic men" in 1914, but it remains a powerful contributory factor, particularly when it is wielded by a group of peoples that are united in throwing their taxable capacity into the struggle. The risk, indeed, that we may fail to mobilise our financial resources rightly or adequately is not due to any unwillingness on the part of the British people to bear the sacrifices that victory requires, but only to the Government's timidity.* The peoples of the Dominions, similarly, are cheerfully shouldering budgets that would have been inconceivable in peace-time. India, too, though her sources of revenue are far less elastic, is meeting the cost of a great expansion in her armed forces and their equipment. If most of the Colonial territories are too poor to pay for troops or armaments, they are doing all they can to increase the production of raw materials.

Let us next consider industrial organisation.

As the pioneer of the Industrial Revolution Great Britain has long prided herself on the excellence of her products, which have maintained a solid reputation against the competition of younger industrial countries. What was more open to doubt was her power of rapid adaptability to sudden new demands: for this not only made a call upon the skill and intelligence of the workers but involved the acceptance of changes in working methods and habits that could not but be unpalatable to the organised working-class movement, which had built up its standards and regulations during generations of patient struggle and intricate negotiation. These obstacles, which were never fully overcome in the last war, could only be removed by an initiative on the part of Labour itself; and

* See the article in this issue, "War Economy and Finance", p. 798, above.

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this in its turn could only be hoped for if the rest of the community manifested its willingness for corresponding sacrifices. Such conditions, which required a revolution in the mind of the public in all classes, were, unhappily, not attained last September: whether they would have been attainable by bolder British leadership before the *Blitzkrieg* of last spring will always remain a subject of conjecture. In May, at any rate, after the entry of Labour into the Government, the Trade Union movement was in no two minds as to the nature of the effort needed. Thanks to the suspension of Trade Union rules, the measures taken against the "poaching of labour", the introduction of night shifts, the lengthening of working hours, the new facilities for the training of skilled and semi-skilled workers, and other similar measures, production figures leapt up as the news from the Continent became more grave. It was a Trade Union leader himself, as Minister of Labour, who declared strikes and lock-outs illegal and sponsored the drive for increased production until, after the first spurt, it was found wiser in the interest of the workers' health to return in August to the conditions laid down in the Factory Acts.

The attitude of the workers in the Dominions has been the same. In Australia, where Labour is even more jealous of its established practices and rights than in Great Britain, the collapse of France was quickly followed by the creation of Trade Union panels to assist the Government in solving war-time labour problems.* New Zealand, where feeling between the Labour party in power and its opponents had been running high, set up a coalition Ministry for the conduct of the war.† In Canada Labour has co-operated readily with the Government, which in its turn has admitted its right to consultation over emergency measures in the production of war supplies.

Far the greatest share of the production to which the Labour force of the Commonwealth has thus freely harnessed itself

* See p. 920, below.

† See p. 945, below.

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will necessarily be that of Britain with her far larger and older industrial system; but the contribution of the Dominions is by no means insubstantial. And its importance, like that of their military effort in the strict sense, lies not only in the size of the total contribution to a common pool, but also in the geographical points at which the contribution becomes available. The Dominions and India provide safe, separate sources of the industrial power that is so essential to the conduct of modern war—safe, so long as the main fabric of British Commonwealth defence, the command of the seas, remains in being. These sources are located in different parts of the world, strategically situated for supplying the strong points in our system of mutual defence. In particular, the British countries that border on the Indian Ocean area are able to supply not only food and stores but also a great range of munitions to the forces defending that area in India, the Middle East, East Africa and Malaya. A conference representative of the Governments of Australia, New Zealand, South Africa, India and the East African territories has been called, and will meet in Delhi in October, to consider questions of co-operation in military supply for operations in this area. It is not only the avoidance of overlap and the concentration on the most efficient sources of supply that is at issue, but also the economy of time and shipping space in transport from point of origin to point of use. In that group of countries, the two principally concerned in the export of war manufactures are Australia and India. Each of these countries possesses the foundation of armament-making in the shape of a large-scale steel industry with a capacity surplus to local civil needs. In addition to her substantial munitions plant, India has a world monopoly of jute for the manufacture of sandbags, and she has been maintaining the whole armies of the Middle and Far East in clothing and general stores. Australia has tremendously expanded her munitions industry since the outbreak of war. As part of her initial programme, she set aside £25 millions to be spent in 2½ years on aircraft construction and maintenance. By June 1940 the Australian

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munitions industry had so expanded its productivity that it could enter into a new undertaking for the immediate production of £50 millions worth of munitions. Of course such expansion could not be accomplished without pain and difficulty, sometimes connected with the strain on Great Britain's own resources of industrial equipment. The troubles were particularly acute in one phase of the expansion of war industry in Canada, being aggravated there by the connection of many Canadian firms with United States interests. Despite delays and difficulties, however, Canada is already becoming an important arsenal for the major effort of the British Commonwealth in and around the United Kingdom. Canadian-built fighter aeroplanes were already in use over Britain in July. The Dominions have not yet diverted to war production nearly so large a fraction of their total national economic effort as has the United Kingdom, nor is it likely that they will be able to do so; but their contribution in this sphere may well be enough to turn the scale between deadlock and victory.

Sea power has been left to the last, for of all the elements of war strength it is the most decisive. Not only does it confine within steadily narrowing limits the strength of the enemy: it makes it possible for us to fight as a Commonwealth and not merely as an island: it enables us to move the fighting forces and the armaments and the raw materials and the manufactured goods of all the Commonwealth about the world as strategic and economic needs require. The fact, for example, that the manhood of the Dominions adds roughly 50 per cent. to the manhood of Britain would count for nothing in the war if it could not cross the seas. As it is, Dominion forces are not only sharing now in the defence of Britain and gradually gathering strength to join with British forces in the ultimate offensive blow for victory in Europe; they form, together with Indian troops, a substantial part of our army in the Middle East. Nothing, indeed, could better illustrate the value of sea power than our maintenance of this strategic ganglion at the point where Africa and Asia join.

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II. IMPONDERABLES

SUCH, in brief summary, is the material war-strength of the Commonwealth. When Hitler chose to fight it—probably sooner, as has been observed, than he had wished—he evidently envisaged two methods of overthrowing it. The first was a *Blitzkrieg* so tremendous that Britain would be forced to surrender before her own resources had been fully mobilised, still less reinforced by those of the Commonwealth overseas. That stroke was expected to fall on this island at the outbreak of the war; but the plans of continental conquest were given priority. Greatly facilitated by their overwhelming success, the stroke is falling now. But there was always in Hitler's mind, as has already been observed, a second method of attaining his ultimate *Weltreich*, less direct and slower but no less certain in the end. He hoped that the power with which he had equipped the great German nation would so impress the island shopkeepers that from lethargy or fear they would acquiesce in his domination of the Continent without realising what it would mean later on for them. As for the overseas Empire it was on the verge of disruption anyway. The Dominions, already isolationist in sentiment, would wash their hands of Europe rather than be involved in another bloody combat so far from their homelands. This was the reasoning which underlay "the war of nerves". But from first to last it has been based on a complete miscalculation. It misjudges the moral element which at once inspires and unites the Commonwealth. It fails to assess what Bismarck called the "imponderables". To Nazis, indeed, the spiritual meaning of the Commonwealth is quite incomprehensible. They are specialists in the organisation of material power. They know nothing of the strength which springs from freedom.

The response of the peoples of the Commonwealth to the war and, more particularly, to the crisis of last June, has been a striking verification of Burke's famous claim that freedom was "the sole bond which originally made and must still

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preserve the unity of the Empire" and that it was "the spirit of the English communion", the guardian of that freedom, which "infused through the mighty mass, pervades, unites, invigorates, vivifies every part of the Empire, even down to its minutest member". The "mighty mass" has expanded far beyond the dreams of eighteenth-century statesmen. It now includes a part of every continent and a section of all the great families of mankind. But the old bond remains unbroken. The voices that spoke in every corner of the Empire at the outbreak of war were, with all their variety of speech and idiom, almost a single voice. Our cause, they said, is Freedom, and it will perish if the Nazis win the war. And, since it is now manifest to all the world that only the British Commonwealth can prevent the Nazis winning, even those southern Irishmen and Afrikaners and Indian Congressmen, a minute fraction of the whole of its vast population, who, for reasons whose roots lie more in the past than in the present, have so far refused to take an active part in the conflict must be hoping in their hearts for a British victory.

This unanimity is most impressive, perhaps, in that section of the Commonwealth which to-day is farthest back on the road to its common goal of full freedom. The Dominions have attained it. India is rounding the last corner. But the peoples of the tropics, in British Africa for example, have only just left the starting-post. But they have left it, and they know it. Freedom is something very tangible to Africans, for its opposite, slavery, is a thing of only yesterday, and nowhere is the brazen voice of German propaganda heard with more derision than when it tells our African fellow subjects that they are the down-trodden, sullen serfs of British exploitation. Such a grim picture does not square with their own knowledge and experience. They know that it was Britain who, almost singlehanded, destroyed the Slave Trade and thereby cut the roots of slavery. They remember Wilberforce and Livingstone. They know, too, that such a variant of slavery as forced labour is now forbidden except to a very limited extent for public purposes and with proper pay. They know that British

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rule means everywhere the rule of law, and that increasingly it is their own law they can appeal to, administered by their own courts. Nor is it only, so to speak, a negative freedom they enjoy. Except in the most backward areas or where progress is obstructed by the complicating factor of white settlement, they see the forms of local self-government, known as "Indirect Administration", operating every day. And those who can read the newspapers—and, of course, there are many African newspapers, written and printed and published by Africans—are aware that the British people regard this measure of self-government as a means of training for more of it. They saw what the Colonial Secretary told the House of Commons a few months before the war—that "the main objective of our government in all the Colonies is to train the people of the Colonies to stand always a little more securely on their own feet" and to share with them "the freedom we prize so highly ourselves". And, since freedom cannot be had for nothing, since the vital social services are the prerequisite of all self-government, they welcomed Mr. Malcolm MacDonald's further declaration, after the war had begun, that the British taxpayers would be asked to subscribe the sum of £50 millions as a free grant to aid the Colonies' straitened resources.

Those are the main reasons why the peoples of British Tropical Africa feel that the cause of the Commonwealth is as much their cause as it is that of its more prosperous or politically advanced communities, and can express their genuine devotion to it in the same high terms. The Kabaka of Buganda, who rules his kingdom in Uganda under "indirect administration", pledges his people to the "defence of freedom and justice for which the British Empire stands". Similar declarations have been made by all the rulers of the Nigerian "native" states. "I and my people", says the Emir of Kano, "are ready . . . to help His Majesty in every way we can." We will "stand by Britain", the Yoruba rulers jointly declare, "in the fulfilment of her sacred pledge". "The cause of Great Britain is our own", says the Oba of Benin. Nor is it only the ruling class that feels like that. The response of the educated

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democratically-minded African intelligentsia is just the same. "Nigerians", says the member for the Egbu Division in the Legislative Council at Lagos, "as a small integral unit of the Empire, have pledged themselves to rally round and take shelter under the British flag proclaiming 'Liberty and Freedom'." "Take heart, ye sons and daughters of the Great Empire", said the *Ashanti Pioneer* on the morrow of the Battle of France. "The power of the Empire will be demonstrated now that we know we stand alone." After commending Mr. Churchill's confidence that "Britain will win as the liberator of the world", the *Spectator Daily*, another Gold Coast paper, describes it as an "honour that the Empire to-day stands to defend the rights of all peoples singlehandedly". The *African Morning Post*, also from the Gold Coast, prays for God's assistance in "fighting a holy war". "We pledge our unstinted support", ran a resolution of the Rural Areas Assembly in Sierra Leone, "to Great Britain . . . for the establishment and maintenance for ever of a standard among mankind of peace and goodwill, engendered by a sense of equity and justice." "We join with the rest of the Empire", runs a message sent by the Union of Sudanese in Kenya to the Governor of the Colony, "in offering our prayers for the success of our arms—the cause of freedom, civilisation and peace—and as loyal subjects and good Mohammedans we will always pray God that in his goodness, mercy and omniscience He will grant success to those who serve him."

Many more expressions of this universal attitude could be quoted, but it must suffice here to note that deeds have gone with words. Only a very small force of African troops was needed to maintain British rule in Tropical Africa in peacetime—not much more than 6,000 for East and West together, of whom less than 400 were British—and it has now been substantially increased in all the territories by voluntary recruitment. Thus Kenya and the Sudan are not left to face the Italian threat from Ethiopia by themselves. Besides the European land and air forces from Southern Africa, African troops from seven British dependencies are gathered for the

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common fight in Kenya. And those who have not offered their lives have offered their possessions. In every territory a stream of gifts, large and small, from communities and individuals, has been flowing in to feed the war-effort. A list of them is given in an appendix to this number.* Let the reader who peruses it reflect on the light it throws on the character of an "imperialism" which has made possible so spontaneous a sense of fellow-membership in one free commonwealth and of the duty of common service it implies.

Even more striking, perhaps, is the response of the British West Indies, for the world was made aware, not long before the war, that the people of those islands were by no means contented with their life under British rule. There was organised agitation, strikes, rioting, bloodshed. So serious was the situation that a Royal Commission was appointed whose report, if it was drastic in its condemnation of the social conditions it found in many places, was equally drastic in the remedies it proposed. Its large-scale plans for the social and economic reinvigoration of the islands were accepted by the Government, and it was intimated that a considerable part of the new Colonial grant would be spent thereon. Whether or not the local leaders of the agitation felt that their demands had been sufficiently met, they have not hesitated to subordinate them to the primary task of helping to win the war. "Let us be loyal to the flag that is hovering over us in Jamaica, it is ours", said Mr. Bustamente, the Labour leader who had taken a prominent part in the pre-war disturbances in that island: "we must forget all differences in the family and fight for a common cause against a common foe." In Trinidad, the other major island in which serious trouble had occurred, the reaction was the same. The leader of the Labour party assured the Government of its full support. "The trade union movement in this Colony", said its chief spokesman, "stands solidly behind the democracies." "As lovers of freedom and justice", ran a resolution passed by the Workers' United Front Committee, "we pledge our wholehearted support to His

* See p. 950, below.

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Majesty's Government and other democratic Powers who are fighting against the reactionary forces of Fascist rapine, aggression and domination." All this does not mean, of course, that the left wing of West Indian politicians has suddenly fallen in love with the British Empire: its press, indeed, continues freely to criticise the pre-war policy of British statesmen and the shortcomings of the local administrations. But it does mean that the West Indians realise that, if Britain has been disregarding of their interests since she freed them from slavery a century ago, if through ignorance or *laissez faire* she has left them to drift into destitution, at least she has never tried to exploit them for her own profit, and now she has undertaken to make good her past neglect. "Under German rule", observes the *Daily Gleaner* of British Honduras, "there would never have been any West Indies Royal Commission . . . and certainly no proposal to spend fifty million pounds on colonial welfare."

It is impossible within the limits of this article to describe the response of British Malaya and other tropical territories of the Commonwealth to the call of the war, but everywhere the story is the same. It is the same, too, in the European Colonies in the Mediterranean; where a keen sense of national individuality does not conflict in the hour of crisis with a pride and trust in the Commonwealth—Malta heroically facing the perils of her exposed position, Cyprus proving in the crowded recruiting offices the strength of her desire to take her share of the common effort.

In Burma and Ceylon, now far advanced along the road of self-government, there is the same conviction that the cause of the Commonwealth is the cause of freedom. Nor is it, when all is said, so very different in India. Every intelligent Indian detests the Nazi creed, upholds the cause of liberty and law, and wants it to prevail. The Nawab of Bhopal spoke for millions of his educated fellow-countrymen when he said:

The war is a grim and fateful struggle between ordered progress and barbarous aggression, between the reign of terror and the reign of law. India is most profoundly concerned in the success of the

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Allies, not only from altruistic motives but from selfish motives, as on the success of the Allied arms rest the ideals and attainments on which India has set her heart.

The great industrial and military effort which India is making to promote that victory has already been mentioned. Beside it must be set the steady flow of Indian gifts for war purposes. The one discordant note is the refusal of Congress to back the war effort unless its political demands are first conceded; and even that note might never have been sounded if only means could have been found for obtaining the assent of politically minded India to the inevitable decision to go to war. As it was, the crisis caught India when she was still standing on the threshold of Dominion Status, so that, while all the Dominions were free to choose, India was committed to war by a constitutional procedure which, though legally correct, provided for no consultation of the Indian people. That was bound to affront the self-respect of Indian nationalists, since the essence of nationalism is the claim to a footing of equal freedom in the society of nations. For that reason the recent announcement by the Secretary of State and the Viceroy ought surely to be welcomed by all Indian statesmen; for both in its spirit and in its most important clauses it treats India as already Britain's partner in the Commonwealth. More than that, whereas the Act of 1935, though the representatives of India were fully consulted, was primarily British work, the primary responsibility for framing a new Indian constitution is now declared to rest in Indian hands. It is hard to believe that on these terms Congress will persist in its refusal to join with all the other parties and communities in India in the common effort to save the world from barbarism. The British people for their part most earnestly desire to see the day when India attains her full free nationhood. It will be, as Macaulay said a century ago, the "proudest day" in our history. For it will mean that the Commonwealth has become in solid fact a world society, linking Asia and Europe in one communion of freedom. Since that is Britain's attitude, the impatience of Congress patriots is not in the deepest sense a breach in the

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moral unity of the Commonwealth. It is out of tune only because it is out of time. There is no basic discord that cannot be resolved.

Of the moral impulse that inspires the fully independent nations of the Commonwealth there is no need to speak. For, apart from Eire and the dissident South African minority, it is in all of them the same, as anyone knows who has read the contributions from the United Kingdom and the Dominions in *THE ROUND TABLE* since the war began. But there is one question to be asked and answered in conclusion. What is this "British freedom", as Burke called it, that unites and fortifies the Commonwealth? Has it a potency of its own that is somehow lacking in the forms which freedom takes elsewhere?

An answer to these questions may perhaps be found in the instinctive reaction of the British peoples to the developments of Hitler's programme of aggression. For it was only when the conflict between Nazism and Democracy was clearly seen to be not only a conflict of ideologies or a war of material interests, but a conflict between right and wrong, between the forces of good and the forces of evil, that public opinion throughout the Commonwealth was convinced of the dire necessity of fighting. That is indeed the justification of the policy pursued—whether skilfully or not one need not here enquire—by Mr. Chamberlain and his predecessors. Hitler had to be unmasked in all his villainy before the moral unity of the British peoples could be ensured. Up to that moment there were many who were unwilling to deny Germany what they considered her rightful freedom. It was when it became crystal clear that for Hitler freedom meant licence to violate every canon of decency that unanimity was secured. Thus the vast and multifarious war-effort of the British peoples has not, in the last analysis, sprung from obedience to the appeal of the State. It has been a response to the call of the individual conscience. Unnumbered men and women, after debate within themselves, have concluded that they could do no other than accept the Nazi challenge with all the sacrifice that such acceptance involved.

There is a passage in Lord Acton's essay on *Freedom in*

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Christianity, written in 1877, which applies with singular force to the inner history of these recent months:

The idea that religious liberty is the governing principle of civil and that civil liberty is the necessary condition of religious, was a discovery reserved for the seventeenth century. Many years before the names of Milton and Taylor, of Baxter and Locke, were made illustrious by their partial condemnation of intolerance, there were men among the Independent congregations who grasped with vigour and sincerity the principle that it is only by abridging the authority of States that the liberty of churches can be assured. That great political idea, sanctifying freedom and consecrating it to God, teaching men to treasure the liberties of others as their own, and to defend them for the love of justice and charity more than as a claim of right, has been the soul of what is great and good in the progress of the last two hundred years. The cause of religion, even under the unregenerate influence of worldly passion, had as much to do as any clear notions of policy in making this country the foremost of the free. It had been the deepest current in the movement of 1641, and it remained the strongest motive that survived the reaction of 1660.

"More than as a claim of right." Here we penetrate the secret of that inner strength which foreign observers in this island have noted during these summer months, some with unfeigned surprise, others as a mere natural fact, like the white cliffs of England. This is the cardinal reason why the British reaction to Hitlerism at home and overseas has been firmer than that of the democratic movement on the Continent, why the spiritual descendants of Hooker and Milton have stood upright in the storm before which the disciples of Rousseau, not to speak of Marx, have succumbed. Where Continentals have been thinking in terms of rights, British sentiment has held fast to the conception of duties—the duty of free men to their neighbours, using the State as one, and the most powerful, instrument for such service. We can see to-day that a structure of liberty that does not stand on spiritual foundations is a house built on the sands, liable to be overthrown by any passing convulsion, to have its formulas rewritten by any ephemeral band of politicians. But British freedom, because it is rooted in the sense of moral obligation, is stiffened by the impact of evil forces with which its very nature forbids it to

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come to terms. And what has done most to convince the British peoples that they must fight Nazi Germany to the death is just its wickedness—the fact that Hitler and his fellow criminals have conceived and ordered their countrymen to do things that are not done by decent men, even when a ruler commands them to be done. For, as Lord Camden put it in a famous judgment, embodying the true tradition of English law, “the sovereign authority, the omnipotence of the legislature, is a favourite doctrine, but there are some things that you cannot do”.

Here, in this conception of Law, not as the command of a superior but as the expression of the moral life of the community, we reach the deepest source of the unity of the peoples of the Commonwealth in the present crisis. Men have often fought in what they believed to be a spiritual cause, but there has never been a cause which challenged so directly the deepest convictions of multitudes of ordinary god-fearing folk. There have been religious wars, but they were wars of one religion against another, and this is a war of all religions against sheer heathenism. The Commonwealth includes adherents of more than one of the great faiths of mankind, but Nazism, in what it teaches and what it does, repudiates the essential idea of goodness which lies at the heart of them all. That is why this war, as General Smuts has said, “which began as Hitler’s war, will end as God’s war”.

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THREE things, at least, may be set down as certain about American opinion and policy in mid-summer 1940. (1) The next President of this Republic—Roosevelt or Willkie—will not administer a policy of relative isolationism, but will go just as far in the direction of aid to Britain as public opinion will permit him. (2) The full economic and man-power resources of the nation are being mobilized for action, whether for war, prevention, or aid to Britain. (3) Public opinion, in the majority, still hopes to avoid actual belligerency for the United States.

I

NOMINATION of Wendell L. Willkie as the Republican candidate for the presidency, and the re-nomination of President Roosevelt for the third-term attempt, assures a continuity of foreign policy. Mr. Willkie’s views, as disclosed thus far, are almost exactly parallel to those of the Administration in the foreign field. In fact, with his close knowledge of American industry and the enthusiasm with which he is supported in business circles, his presidency might be even stronger and more effective than that of President Roosevelt in the gigantic economic mobilization program that is now under way.

Mr. Willkie is of German extraction. But his grandparents, who were the original Willkie migrants to this country, came in the wave of liberals who fled reaction in Prussia in ’48, and have constituted ever since some of the most intelligent and stable American citizens. His mother as well as his father was a lawyer, and his youthful training was exact and open-minded. His university education was sound, he had a few years of rough-and-tumble work in many parts of the country,

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and finally settled down to a vigorous legal career in Ohio. From that work he was called to New York to head a huge holding company in the electric power industry. In 1932 he strongly supported President Roosevelt's original New Deal platform, and has found much to endorse in it since, but since 1933 he has combated the Administration's policy of public power plants in competition with private industry.

President Roosevelt, on the other hand, felt the world crisis so grave that he could not follow tradition and retire after a second term. He partly stage-managed, and then accepted, the nomination by his party. This violation of established custom in a nation where such traditions are often as strong as law has assisted the Willkie challenge. Obviously the President has an uphill fight if he is to be re-elected. And even if he succeeds, there would appear to be so large and resentful an opposing minority that the degree of national unity and good-feeling throughout such a third term might well be sadly jeopardized. However, if the war enters a graver or a disastrous phase, these partisan considerations would doubtless be swept away overnight and the nation would draw together under either leader.

The encouraging outlook, therefore, is that American policy will steadily go along without any recession from its present degree of aid to Britain, and, indeed, is almost certain to make steady advances therefrom. Many leaders of public opinion are already pressing hard for the sale or transfer of 50 or 60 United States destroyers to Great Britain. It is possible that action on this proposal may be taken by late August or early September, although it must be confessed to be rather unlikely at an early-August writing. For the larger mass of national opinion is still in the grip of cautionary and somewhat isolationist forces—or, to put it in the most accurate possible way, isolationist minorities are still strong enough to block really forthright and speedy action in aid of Britain. The sale or transfer of the destroyers, it must be recognized, would be a bold step, only slightly behind actual belligerency.

In a great many ways, of course, the United States is already

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in the war. Emotionally, the nation has been a participant from the beginning. Economically, we are now an increasingly effective participant. And in an even more tangible sense, this country—through the Havana Conference and all its western-hemisphere diplomacy—is actively combating the spread of Nazi-Fascist influence. The diplomatic relations which we preserve with Berlin are a mere travesty. Nazi embassy and consulate officials in the United States are under surveillance constantly. The report of an official inter-state Commission on Crime actually stated the other day that "espionage and sabotage can be expected from Nazi-Fascist consulates and business firms". The German Embassy protested; nobody paid much attention to its words.

As this is written, the battle over conscription is in full swing in the Senate. It seems virtually certain that some form of draft will be legalized, although there may be a delay before the first draftees can be called up. The President has already been authorized to call out the entire National Guard for a year's training. That means only about 183,000 officers and men, but it is a substantial addition to the present army. If a selective draft begins, it can start tapping a reservoir of from ten to forty millions. The purpose of the draft is not to build up the standing Army and Navy, but rather to assure the United States a reserve of trained man-power to be called when and if needed. As General Marshall, the Chief of Staff, succinctly said: "Paper plans no longer will suffice. The security of our country depends on having trained men . . . and there is no other way to do it."

Despite the logic of a situation which dictates the draft of man-power to handle the results of \$14,700,000,000 spending on armaments which is under way, there was serious protest against conscription. Many citizens think such a step should be deferred until wartime and connotes a degree of involvement which has not yet been reached. There gathered in Washington, finding expression on the floor of the Senate, a conglomerate of very vocal minorities which threatened to ruin the Bill. Yet it seemed evident that a majority in national

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opinion favored conscription. A Gallup poll in May showed the nation evenly divided on the issue; another similar poll at the end of July revealed 67 per cent. in favor of conscription. It did not seem likely that such a majority could be altogether thwarted.

The greatest American achievement of these months, and perhaps the factor of greatest real bearing upon the war was the national defense program. The National Defense Advisory Commission, headed by the big-framed, humbly born Dane who became president of General Motors Corporation, Mr. William S. Knudsen, has made great strides. It illustrates America's capacity for improvisation, and on the whole it has cut cleanly through partisanship, politics and personalities. It has scores of the nation's leading businessmen working full-time in Washington as "dollar-a-year-men" to organize the productive capacity of our entire industrial framework—from locomotives to safety-pins.

Perhaps the largest single achievement of this Commission has been the boosting of American aircraft production to 900 planes a month, or 10,800 a year, with the definite promise that by January 1, 1941, the rate will be 1,500 a month and 18,000 a year—and, says Mr. Knudsen, "the volume will increase steadily thereafter". The amount of this production which will be available for sale to Great Britain remains simply a matter for decision by the Administration from time to time and up to date British orders have been consistently pushed ahead. It would not be surprising if further production earmarked in advance for the American Army or Navy might be available to Britain if required, in addition to specific British orders.

Labor, agriculture, raw-materials procurement, price fixing and consumer protection are all provided for within the Defense Commission. Already 60,000 formerly unemployed workers are being trained for defense occupations in addition to those who have been absorbed directly by industry, and 900,000 other unemployed skilled workers are registered and available for use when needed. In short, the

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entire American economic system is now running at a fast tempo under the stimulus of our own \$14,700,000,000 program and British orders. It is the strongest possible assurance of support to Britain if the war settles into a long-range struggle in attrition. For the American defense forces and materials are not being assembled against a mythical or anonymous enemy, but against the Axis Powers. The nation is a non-belligerent, but it is definitely in alliance with Britain within these terms of reference.

II

AND now perhaps much of the rest of this article can be devoted to the central question: Why does the United States not enter the war as a belligerent? Why does public opinion still hang back?

The simplest answer is to say that to plunge a great nation into war, when it is not actually and physically under attack or under immediate threat, is a very terrible decision to make. The threat to America is indeed great. Many Americans are prepared to admit this. The national unanimity which supports the defense program is a complete admission that the nation is in danger, an admission with which few take issue. But the threat is still not direct and immediate. And our enemy is already being fought by a gallant and effective foe. Britain, for her own defense, is doing our job for us. It is not pleasant for an American to state the problem in these terms. And some day, somehow, we shall have to re-pay our debt to Britain.

In 1917 Germany had sunk many American ships, had challenged and scorned the United States, before the nation got to the point of declaring war. Moreover, the decision came somewhat unexpectedly, after a presidential election won on the slogan: "He kept us out of war." The decision this time may be equally unexpected. What is still more important, in 1917 the nation had no real conception of what it was getting into. The kind of belligerency contemplated by President Wilson,

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and, indeed, requested at the outset by the Allies, involved economic and industrial co-operation scarcely going beyond what the United States is doing today. If it had been visualized in 1917 that the United States would send 2,000,000 men to France and reap the after-effects of the war, it would have been far more difficult to persuade Congress to declare war. There was scarcely an American who comprehended the potentialities of that 1917 decision.

But today the prospect of what happened then, and much more, stretches before almost every American. And the disillusioning aftermaths of the last war work powerfully upon the judgment of Americans. They want to be sure that they will get what they fight for. They want to be sure they imperatively must fight. They want to be sure they are defending genuine American interests, and that their whole war effort will be in this direction.

To go to war, a democracy needs to be virtually unanimous. The task of coercing a substantial dissident minority is far too dangerous. Therefore the isolationist minority here has been given a tremendous advantage. It has only to retain the assumption of continuing minority existence to retain decisive authority. To date, it is probably true that an actual if not a substantial majority of Americans would declare themselves opposed to entry into the war. A far greater majority is in favor of every sort of aid to Britain short of belligerency, even including such venturesome steps as the sale of destroyers. But there is yet no sign of crossing that all-important line, the declaration of war.

This majority of Americans which is still opposed to going to war—of whom is it composed?

Well, first of all, there are millions of citizens who are not world-conscious, who feel themselves centered in this continent and hemisphere, and who believe the United States can make the most effective stand for democracy here. If democracy is actually challenged here, they would be prepared to fight. Many of them are deeply and emotionally critical of the Old World. They are terribly disillusioned and fearful at the

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prospect of "overseas adventures". They can see no light as they look down that tunnel, but they can still see some openings through the clouds over the American skies.

Then there are many, and this probably includes a big majority of youth, who have been deeply indoctrinated against war at any price. They stand where the takers of the Oxford oath stood a few years ago, and for much the same reasons. They grew up in the atmosphere of the 'twenties and 'thirties, with all of literature and much of politics shouting with disillusionment at the outcome of 1914-18. But just as the British undergraduates who took the Oxford oath are to-day gallant defenders of their nation, so this majority of Americans would do their duty as soon as they were persuaded of the peril to their own nation.

There are still others who felt a short time back, after the fall of France, that defeat for Britain was unavoidable, and that the United States should thus hold off and make its fight on its own terms. They felt it was too late to get into the war at this stage, and that the relative insufficiency of American preparations made a wait essential. It may well be that in June and July President Roosevelt and his most expert advisers fell into this group. That may explain why there was a certain slackening in Administration support of aid for Britain, why the mosquito-boats which were to be transferred were called back, why the President until August 9 anyway had taken no action on the question of sending destroyers. But the longer the invasion of Britain was deferred, and the more gallant was the defense and the more insistent the counter-attacks, the more this defeatism wavered and sank.

The motives of these three aforesaid groups were more or less clear and understandable. They were all honorable, and all open to change. They were all more or less patriotic. But there are other groups which shade off into less pleasant colours.

There are the bitterly anti-British, the professional Irish, the hyphenate Americans whose loyalties are determined by their nation of origin. Several members of the Senate shared this

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professional bitterness, and fancied that a majority in their States did so too. The influence of the Irish is substantial. For the Irish in America are mostly living in the old Sinn Fein days, just as the French in Canada are seventeenth-century French. Some of them are under the influence of Father Coughlin, who has been an open Nazi propagandist for some time. And as the Vatican is again a prisoner on a dominated continent, there are signs that its influence here is now more pronouncedly pro-Axis, perhaps under pressure. The anti-Semites are also naturally part of the anti-war faction here. And the Communists are actively operative, especially within youth and labor movements.

Thus we see a special-interest core of anti-war propaganda and organization in the United States, seeking to retain around itself the snowball of mid-road nationalist opinion. So far, the effort has been successful. But if the mid-road folk are ever convinced of a genuine and immediate peril to America which requires action, they will sweep the special interests aside, just as they did in 1917. For these selfish factors do not produce American isolationism. They only manipulate it, and it can all be swept out from under their feet when the crucial awakening comes.

When will that awakening come? The question is impossible to answer explicitly. There are many Americans who earnestly believe the nation should get into the war at once. There are probably more of them than there are of the special-interest isolationists. They are constantly seeking to point the need for action before too late. There are other Americans who really believe the nation should go to war but who are reluctant to say so. They are gradually coming out of their shells, slowly speaking their minds. The influence of these two groups on the national thinking continues.

But surely the major decision depends largely upon events. Suppose Britain continues its gallant resistance to invasion, pulls through the summer and autumn, and as the war settles into a long struggle begins to feel the need of food and supply ships. Suppose the toll on shipping seems to require American

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bottoms and convoys. Such aid would almost certainly be forthcoming. It would be a logical outgrowth of previous assistance, especially if the destroyers are transferred. And with such aid, America's contribution to the war might be adequate. Actual belligerency might not be necessary. Indeed, the kind of help we will almost surely be giving by next spring will be scarcely distinguishable from belligerency.

If—and one hates even to speculate on the possibility—the invasion of Britain is successful, then the United States' course of action will be determined by the policies which are followed by the British Commonwealth of Nations. If some naval resistance on a long-range basis is still being offered, the United States would probably participate fully as a belligerent. If resistance had collapsed, the Nazi-Fascist-Japanese challenge to the western hemisphere would probably not be long delayed, so we would be a belligerent anyway.

It would be mistaken to assume that the mere conclusion of the presidential election will produce as striking a change as came after President Wilson's re-election in 1917. There is nothing necessarily decisive about getting the election out of the way. Even if President Roosevelt is re-elected, the opposition to him is sufficiently bitter to leave him many problems inside and outside Congress. He might quite possibly be blocked by a hostile House or Senate, and faced by a resentful and divided national opinion. And even if he attains quite a majority, it is most unlikely to be taken as a mandate for war.

It is true enough that for the period of the campaigning, policy may be somewhat hampered and stultified. For some reason, from late May until mid-August at least, President Roosevelt was not pushing ahead with aid for Britain with his former vigor. He made no effort to combat the narrow isolationists within his party who made its Chicago platform declaration on foreign policy an ambiguous jumble. He withdrew his mosquito-boat plan. He did not advance the destroyer project. He seemed to have gone into an air-raid shelter, even being extremely cautious in his support of conscription.

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In all this the heavy hand of the campaign was very evident. But perhaps it need not have been. Independent of the President, public opinion in August was beginning to ask for a stronger resumption of the aid program, was beginning to seek the transfer of the destroyers, and recorded itself in favor of conscription and of an even speedier prosecution of the defense program. With the public so active, it would soon appear to be vote-getting strategy for the candidates to come along, and for the Administration to resume its pressure for aid.

Basically, therefore, American policy flows along and responds primarily to events in Europe, secondarily only to domestic politics. The same will be true after election day. And seeking to look ahead into the misty days and weeks, one can visualize a steady continuance of aid to Britain up to a point where it is virtual belligerency. But one cannot visualize a declaration of war, or the preparation of an expeditionary force, or of actual use of the American Navy to convoy ships except perhaps for child refugees. One can only see continuance and evolution of present American policies, not a sudden revolution in the direction of war. Yet, if it is true that our policy is dependent on events, then events may produce this revolution. The startling incident may happen. Suppose we decide to transport and convoy refugee ships; suppose one is sunk. The consequences might be immeasurable, although even here a word of caution is needed. Public opinion in these days has suffered many shocks; it is immune to much sensationalism. It is wrong, therefore, to assume glibly that even a shocking and tragic event of this nature would inevitably bring the United States in. No; there is only one really safe conclusion. This country will become an actual belligerent, if it actually does, only when the Nazi challenge to our immediate interests becomes palpable to most of our citizens. We drift steadily toward more help for Britain, but there is no evidence that under present circumstances the challenge to our interests is becoming any more palpable to our citizens. The situation is precisely in suspense.

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III

A FINAL word about inter-American diplomacy. The Havana Conference was an amazing success. Its commitments, true enough, are the pledge and not the deed. But they are tremendous commitments, and there is a very real chance of making them stick when the rub comes. Cordell Hull said that "the agreements have cleared the deck for effective action". By his patient efforts to take away the curse of United States imperialism, Secretary Hull personally brought the conference through to success.

The Convention of Havana, which alone of the agreements reached there requires ratification, sets up the machinery to seize and administer any European possessions in this hemisphere which are threatened with transfer of sovereignty. An additional emergency resolution gives the United States Pan-American sanction to take over a colony, if an emergency requires, before the Convention goes into effect. An effective anti-Axis blow was thus struck in the Convention and the emergency resolution.

In exchange for this implementation of the Monroe Doctrine, the United States agreed to a declaration that "Any attempt on the part of a non-American State against the integrity or inviolability of the territory, the sovereignty, or the political independence of any American State shall be considered an act of aggression against the States which sign this declaration". Thus the United States pledged military protection of the hemisphere. These achievements were made possible despite—and to a degree because of—the efforts of Axis propagandists at Havana to sow discord. Latin America remains a vast battleground, but the United States has been able to win the first round. It was entirely the victory of the tired, gray Tennessean—Secretary Hull—who has patiently fitted together for seven years the stones of inter-American unity, and who still does not hesitate (even under the epithet of Saint Hull) to preach his doctrine of the rule of law and the possibility of an international order.

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So the suspense continues. And as was said at the opening of this article, we can be certain only that American policy is moving in the right direction. Its rate of speed can only be altered by events still in the womb of time. It is perilous to write in these terms, for even as this manuscript wings its way across the Atlantic, even as it is prepared for publication and circulated, the events may themselves be emerging. But as yet we still wait.

United States of America,
August 1940.

SEEKING A SOLUTION IN INDIA

I. POLITICS AND THE WAR

ANOTHER effort has been made in India to end the constitutional deadlock. Indians of all political persuasions have been profoundly impressed by the gravity of events in Europe, and since the invasion of the Low Countries and the fall of France there has been an insistent demand for political unity, so that the country may assume its rightful place in the fight against Nazi aggression. The trend of the war has given fresh significance to the strategic position of India in relation to the British Commonwealth, and it is everywhere realised that the political future of the country largely depends on a British victory. The spread of the war to the Mediterranean has brought the Nazi and Fascist menace closer to Indian shores, and fighting is already taking place in the neighbourhood of the outer bastions of Indian defence at Alexandria, Egypt and elsewhere.

In view of these new developments a new mood has come over political thinking. Except in extremist circles the view is now rarely expressed that Great Britain is engaged in an imperialist war, and moderate opinion would like to see the constitutional controversy put in cold storage for the duration of the war, asserting that political grievances against Great Britain are of secondary importance when contrasted with the possibilities of Nazi domination. All would like to see India playing an even more important part than she has done in contributing to the common effort of the Commonwealth, although the leaders of the Congress party continue to say that a British declaration of independence is still necessary before they can appeal to their supporters to give their full moral and material aid to the country's war effort.

Though the attitude of the principal political organisation in this country was thus unchanged, the Viceroy, Lord Lin-

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lithgow, once again summoned party leaders to meet him to make yet another attempt to find a solution that would be satisfactory to all. He saw Mr. Gandhi, representing the Congress; Mr. M. A. Jinnah, President of the Moslem League; Mr. V. D. Savarkar, President of the Hindu Mahasabha; and the Jamsaheb of Nawanagar, Chancellor of the Chamber of Princes. It is reasonable to assume that the British Government's suggestions for a solution were placed before these leaders. In the absence of any authoritative information it is generally believed that the Viceroy explained the Government's post-war intentions towards India, and made suggestions for securing the collaboration of all political parties for prosecuting the war, pending a final settlement of the constitutional question. Earlier declarations, both by the Viceroy and spokesmen in Parliament, had made it clear that the goal for India was Dominion Status, but Indian critics had indicated that there was need for specific explanations as to how and when the status would be established. What actually transpired at the interviews was not made public at the time.

While several Congress leaders are anxious to see a new approach to the problem, it was clear when Mr. Gandhi met the Viceroy that the higher-placed members of the party were still bound by the resolution passed at Ramgarh, which rejected Dominion Status as a solution and said that nothing short of complete independence could be accepted by the Indian people. Some Nationalist newspapers had held, prior to the passing of the Ramgarh resolution, that an honourable settlement on the basis of Dominion Status was as much in the interest of India as of Great Britain, and that a "free" India would agree to co-operate with Great Britain. But before the meetings with the Viceroy took place Nationalist opinion appeared to assume that the situation had changed, and there was a general demand in Congress circles that independence should be conceded and that a National Government, with direct responsibility to the people, should be formed forthwith. It is evident that the British authorities had no such drastic changes in mind, and the most that was expected from the

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Viceroy's suggestions for a solution was an expansion of the Viceroy's Executive Council to include representative party leaders to assist in prosecuting the war. In addition it was thought that a special war council would be established, which would enable representative public men from British India to collaborate with the Indian Princes, in a consultative and advisory capacity, for war purposes.*

II. THE CONGRESS ATTITUDE

MR. GANDHI gave an account of his interview with the Viceroy to the members of the Congress Working Committee, who assembled at Delhi for the purpose. After five days' discussion the Committee issued a resolution which showed that, while there were divisions of opinion within Congress on matters of war policy, there was none regarding policy on the constitutional issue. The resolution said that the Committee was more than ever convinced that the acknowledgement by Great Britain of the complete independence of India was the only solution for the problems facing both countries, and was of the opinion that such an unequivocal declaration should be made immediately. As an immediate step towards giving effect to such a declaration the Committee urged that a provisional National Government should be constituted at the Centre, which should be such as to command the confidence of the elected elements in the Central Legislature and secure the closest co-operation of the responsible Governments in the Provinces. The Committee asserted that unless such steps were taken, all efforts at organising the material and moral resources of the country for its defence could not in any sense be voluntary or as from a free country, and would therefore be ineffective. On the other hand, if the measures sought by Congress were adopted, the party would throw its full weight into the effective organisation of defence.

The meeting which resulted in this decision will be memorable in India, as it also resulted in Mr. Gandhi declaring that

* See the Statement of Policy of August 8, p. 861, below.

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the policy of the Working Committee departed from the spirit of the Ramgarh resolution, in the sense that the Committee had abandoned the party's policy of non-violence as applying to the defence of the country. Prior to the passing of the Delhi resolution the Congress policy implied that, so far as the party was concerned, there would be no participation in the war except for the moral influence which Congress could exercise if its demand for independence were met. The new resolution made a more realistic approach to the war issue, and implied that Congress would collaborate in winning the war if the preliminary demand for immediate independence were conceded. It was clear from a statement issued by Mr. Gandhi that he did not favour that course, and his attitude was emphasised in an appeal he made to the people of Great Britain that they should apply his principles of non-violence to Hitlerism. On the other hand, Mr. Gandhi did not sever himself entirely from the Committee's resolution. After admitting that it had been drafted mainly by Mr. C. Rajagopalachariar, former Premier of Madras, Mr. Gandhi advised, as a disinterested but staunch friend, that the British Government should not reject the hand of friendship offered by Congress.

The Nationalist press endorsed Mr. Gandhi's view. The resolution was generally regarded by Indians as a marked advance on anything the Congress party had so far proposed, although sections of the British-owned and Liberal press maintained that, so far as the independence demand was concerned, it showed no change on previous Congress statements, which had been rejected as impracticable. The *Hindu*, of Madras, asserted that the British Government and non-Congress organisations in the country would not find it easy to evolve a better or more workable alternative than that proposed in the resolution, but the *Leader*, of Allahabad, said that the Congress in its quest for power was not taking a dispassionate, judicious and realistic view of the situation, having regard to the attitude of other political parties to its political demand. In its analysis of the Congress resolution the *Leader* said:

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From its own point of view the Congress committed a grave political blunder in surrendering power in the Provinces and by throwing away the fruits of a decisive victory. And this it did without consulting the constituencies which placed the Congress in power. It is trying to retrieve the blunder by stipulating terms, the acceptance of which will mean the establishment of its control in the Centre and its rehabilitation in the Provinces in which it ruled. This is the implication of the Congress Working Committee's resolution. The power it seeks is for the ending of the British connexion and the assertion of India's complete independence. The prospect of Congress rule over the whole country cannot be welcome to those who had an unhappy experience of it in the Provinces. It had an unique opportunity of winning the confidence of all classes and it lost it. It thus seriously weakened its position in the country and brought disillusionment to many of its former supporters. The policy of inaction it pursued after vacating office spread demoralisation in its own ranks. It has shown itself incapable of adjusting its policy to the menacing realities of the international situation and of interpreting the predominant feeling of the country, which is one of safeguarding the internal and external security of the country by co-operating with the Government in its efforts to ensure it.

These views reflect the opinion of nearly all non-Congress elements, who are wearying of the controversy and would like to see the British Government imposing its own solution, so that the country may intensify its efforts to win the war.

III. A NATIONAL GOVERNMENT

WHILE Congress leaders have not clearly explained what they mean by a National Government, they have definitely indicated that it does not mean merely an expansion of the Viceroy's Executive Council. The Working Committee implied that the Government must derive its mandate from the elected elements of the Central Legislature, in which the Congress has a majority. This is unacceptable to other parties, particularly the Moslem League, which seeks equality of status with the Congress in whatever central government may be formed. But the form of central government envisaged both by the Congress and the Moslem League is not contemplated by the British Government. Clearly, what has been offered is

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party representation on the existing Council without prejudice to the main constitutional issue, which will be decided when the war is over.

The Congress is unwilling to be associated with such a Government unless its demand for independence is met, while Mr. Jinnah will not associate the Moslem League with a National Government in which Congress may have a majority. Some Nationalist commentators have said that Congress is not asking for majority control at the Centre, but that would be the logical outcome of a government based on existing representation in the Central Legislature. To Mr. Jinnah such a Centre would be "a permanent Hindu majority government—a position which will never be accepted by Moslems". The Hindu Mahasabha has indicated its willingness to accept Dominion Status at the end of the war, but even Dominion Status is unacceptable to the Moslem League if it means Hindu supremacy at the Centre, nor are the Indian Princes enamoured of Dominion Status, until they are satisfied that their treaty rights are to be safeguarded, in some cases in a manner that will militate against the working of a genuine Dominion. The unwillingness of the Congress party to give due weight to these various policies, which are mutually contradictory, is largely responsible for the deadlock, and no effort has yet been made by Indians themselves to reconcile their views in a manner that would present the British authorities with an entirely new situation.

The truth is that the Congress party prefers to regard the constitutional issue as a matter between the party and the British Government and no one else. Its leaders claim that the just demands of other parties will have full consideration when the country has been granted independence, but they show no inclination to settle party and communal differences beforehand. As Mr. Gandhi has said, "the Congress, which professes to speak for India and wants unadulterated independence, cannot strike a common measure of agreement with those who do not". This is the kernel of the controversy. While British commentators hold that some measure of agreement between

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parties is necessary, if anything in the nature of a national body is to be formed, Congressmen assert that the party would betray its trust if it compromised on the independence or freedom issue. This attitude becomes paradoxical when Mr. Gandhi says that the British Government would not ask for a common agreement if it recognised any one party to be strong enough to take delivery from the British, and he admits that the Congress has not that strength to-day. He says that the party has attained its present position in face of opposition, and, if it does not weaken, it will develop strength enough to take delivery, and he points out to his followers that it is an illusion created by themselves that they must come to agreement with all parties before they can make any progress. He contends that there is only one democratic elected political organisation—the Congress; the others are self-appointed, or elected on a sectional basis. The Moslem League, while elected on a popular basis, he claims to be frankly communal, seeking to divide India into Hindu and Moslem states. Thus, in Mr. Gandhi's opinion, there are only two parties in India—the Congress and those who side with it, and the parties who do not. He maintains that between the two sides there is no meeting ground without the one or the other surrendering its purpose.

In view of this frank admission that Congress and non-Congress policies are incompatible, it is difficult to explain how the Nationalist press continues to blame the British authorities for the deadlock. Clearly, in the circumstances, the British Government can only seek a compromise that will not bring about a head-on collision between those who disagree with each other in India. The deadlock persists because the Congress party and the Moslem League are at variance with each other in their proposals for a solution, and both are in disagreement with the British Government regarding the merits of independence. The Congress seeks independence of the British; but while the Moslem League also seeks independence of the British, it seeks in addition, even more emphatically, independence from Hindu domination. The political

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extremism on the part of the Congress has led to communal extremism on the part of the Moslem League, and the stalemate will continue until statesmanship devises some form of agreed procedure by which both the communal and constitutional difficulties may be ironed out.

The press generally, including some British-owned newspapers, has been urging the formation of a National Government at the Centre, presumably loosely formed to represent the principal parties. It has also urged the return of popular governments in those Provinces where the Congress vacated office. These measures are sought to enable the country to prosecute the war and to forget, for the time being, the conflicting political arguments which hinder a final settlement of the constitutional controversy. But the resolution of the Congress Working Committee clearly states that the constitutional question must first be disposed of, before the party can consider rendering its help in prosecuting the war. "Thus" said the *Times of India*, "we are back again in the same old vicious circle which the latest Congress resolution does nothing to break." The paper pertinently asks how there can be a National Government in India if internal political unity is lacking, and holds that to talk of a National Government without first ensuring the national character of its composition is a contradiction in terms.

IV. THE WAR EFFORT

THE fact that the Congress party has not formally associated itself with the country's war effort has not seriously detracted from the significance and importance of what the country has done for the allied cause. Congressmen, no less than representatives of all other parties, have clearly shown that they have no sympathy for either Nazism or Fascism and are anxious for a British victory. Their unwillingness actively to support the war effort in the absence of a declaration of independence does not obscure the fact that they are desirous of rendering support. It is true that Mr. Gandhi has urged the British people to combat Hitlerism with "non-violence"; but

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on this issue he has broken with his own colleagues who prefer the more realistic attitude of meeting Hitlerism with its own weapons while maintaining non-violence as a policy for domestic purposes. What Great Britain loses by non-Congress support for the war effort is the moral influence such support would have in the eyes of the world. Nationalist commentators attach special significance to opinion in the United States on this question, but impartial observers in that country need only examine the political picture in India if they are anxious to understand the seriousness of the difficulties which have been raised by the Congress demand for immediate independence. Although Congress might win at the polls over such an issue, it has to be remembered that only about 35,000,000 out of approximately 400,000,000 people in India have the vote, and these are subjected to the insistent pressure of a press predominantly Hindu and generally pro-Congress. In any event, the Moslem League refuses to accept the principle of majority rule that must inevitably follow the establishment of an independent government, and until the League and other minorities are prepared to accept the kind of constitution wanted by Congress there would appear to be no prospect of a solution without the risks of civil strife.

Meanwhile, all sections of the community, not excluding the Congress press, have been urging greater defence measures for the country. This demand has been so insistent that even the Defence Department of the Government of India has been forced to respond to the public clamour. As in Great Britain in the early months of the war, public opinion in India has frequently been ahead of official enterprise, although official failure to inform the country of the scope and extent of the war effort has been responsible for much ill-informed criticism. This has to some extent been rectified by the creation of a special information department; but, although the publicity authorities have been greatly increased in number, few of them have any real appreciation of what is needed to keep the public, both in India and overseas, informed of what India has done and is doing to win the war.

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The range of the Indian war effort has been remarkable and is unique within the Commonwealth. Expeditionary Forces are maintained in Egypt, Aden and Singapore. The personnel of the Royal Indian Navy has been trebled since war broke out, and further schemes of expansion are contemplated. Plans are being forwarded for the quadrupling of the Indian Air Force. The spread of the war to the Mediterranean, with its consequent extension of hostilities to areas nearer India, has resulted in plans for the immediate expansion of the Indian Army, and the first 100,000 of this new force is in process of creation. During the last war more than 1,000,000 Indian soldiers were in the field in various theatres of war, and there are indications that a similar force could be raised for this war if it should be required. Although thousands of army personnel have already proceeded overseas, the Army in India is stronger to-day than it was when war broke out. This has been made possible by reinforcing the regular units, embodying the territorials, raising new garrison companies, and accepting the services of the Indian States forces for collaboration with imperial troops. The scheme of restricting Indian officers to a limited number of army units has been abandoned, and arrangements are now being made to recruit officers for all branches of the service. Steps are being taken to provide for a potential output of 1,100 officers a year, while the training of officers at the Indian Military Academy at Dehra Dun is being speeded up.

The difficulty hitherto faced in equipping the new forces is now being overcome, and the country is being transformed into a vast arsenal. Since the war broke out India has supplied Great Britain, France, Egypt and the Dominions with munitions and war supplies surplus to her own requirements, and continues to do so, and projects are now being developed which will extend the range of munitions to be manufactured in India. A War Supply Board has been created, and it is significant that the portfolio rests in the hands of an Indian Minister. The board is co-ordinating the activities of all ordnance factories, which have been increased in number and enlarged in size, and all civil industrial organisations engaged

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in war work. Under this new organisation the most modern types of weapons and munitions will be produced, including field-guns and anti-aircraft guns. The possibilities of manufacturing aircraft in the country are being examined, and the shortage of machines which has hindered greater air force expansion may presently be met by purchases abroad, under the direction of an expert who has proceeded to the United States.

Large sums of money continue to pour into the Viceroy's War Purposes Fund, for which no direct appeal has been made. It was opened to receive the unsolicited gifts of those who are anxious to do something for the war, and it has been generously helped by Princes and peasants alike. An Indian Defence Savings Movement has been inaugurated on a wide basis to facilitate regular contributions to finance the enlargement of the army. Civic Guards and District War Committees have been formed in most of the Provinces, for maintaining public order and augmenting local defence measures. Imports and exports are controlled to conserve the imperial currency situation. A.R.P. measures have been adopted in various places, notably in cities and towns. An Economic Resources Board provides a centre for the discussion of special economic problems. These various projects do not exhaust the wide range of war activities which have been started or are contemplated, and but for the complications caused by the political controversy it is clear that India would take a leading place among the units of the Commonwealth in the range and comprehensiveness of its war effort.

India,

July 1940.

On August 8 Mr. Amery, Secretary of State for India, made the following statement in the House of Commons. It had been issued, he said, in India that morning by the Governor-General.

India's anxiety at this moment of critical importance in the world struggle against tyranny and aggression to contribute to the full to the

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common cause and to the triumph of our common ideals is manifest. She has already made a mighty contribution. She is anxious to make a greater contribution still. His Majesty's Government are deeply concerned that that unity of national purpose in India which would enable her to do so should be achieved at as early a moment as possible. They feel that some further statement of their intentions may help to promote that unity. In that hope they have authorised me to make the present statement.

Last October, his Majesty's Government again made it clear that Dominion Status was their objective for India. They added that they were ready to authorise the expansion of the Governor-General's Council to include a certain number of representatives of the political parties, and they proposed the establishment of a consultative committee. In order to facilitate harmonious co-operation, it was obvious that some measure of agreement in the Provinces between the major parties was a desirable prerequisite to their joint collaboration at the Centre. Such agreement was unfortunately not reached, and in the circumstances no progress was then possible.

During the earlier part of this year I continued my efforts to bring the political parties together. In these last few weeks I again entered into conversations with prominent political personages in British India and the Chancellor of the Chamber of Princes, the results of which have been reported to his Majesty's Government. His Majesty's Government have seen also the resolutions passed by the Congress Working Committee, the Moslem League, and the Hindu Mahasabha.

It is clear that earlier differences which had prevented the achievement of national unity remain unbridged. Deeply as his Majesty's Government regret this, they do not feel that they should any longer, because of those differences, postpone the expansion of the Governor-General's Council, and the establishment of a body which will more closely associate Indian public opinion with the conduct of the war by the Central Government. They have authorised me accordingly to invite a certain number of representative Indians to join my Executive Council. They have authorised me further to establish a War Advisory Council which would meet at regular intervals and which would contain representatives of the Indian States and of other interests in the national life of India as a whole.

The conversations which have taken place, and the resolutions of the bodies which I have just mentioned, made it clear, however, that there is still in certain quarters doubt as to the intentions of his Majesty's Government for the constitutional future of India, and that there is doubt, too, as to whether the position of minorities, whether political or religious, is sufficiently safeguarded in relation to any future constitutional change by assurances already given.

There are two main points that have emerged. On those two points his Majesty's Government now desire me to make their position clear.

The first is as to the position of minorities in relation to any future constitutional scheme. It has already been made clear that my declaration of last October does not exclude examination of any part either of the Act

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of 1935 or of the policy and plans on which it is based. His Majesty's Government's concern that full weight should be given to the views of minorities in any revision has also been brought out. That remains the position of His Majesty's Government.

It goes without saying that they could not contemplate transfer of their present responsibilities for the peace and welfare of India to any system of Government whose authority is directly denied by large and powerful elements in India's national life. Nor could they be parties to the coercion of such elements into submission to such a Government.

The second point of general interest is the machinery for building within the British Commonwealth of Nations the new constitutional scheme when the time comes. There has been very strong insistence that the framing of that scheme should be primarily the responsibility of Indians themselves, and should originate from Indian conceptions of the social, economic and political structure of Indian life. His Majesty's Government are in sympathy with that desire and wish to see it given the fullest practical expression, subject to the due fulfilment of the obligations which Great Britain's long connection with India has imposed on her and for which His Majesty's Government cannot divest themselves of responsibility.

It is clear that a moment when the Commonwealth is engaged in a struggle for existence is not one in which fundamental constitutional issues can be decisively resolved. But His Majesty's Government authorise me to declare that they will most readily assent to the setting up after the conclusion of the war with the least possible delay of a body representative of the principal elements in India's national life in order to devise the framework of the new Constitution, and they will lend every aid in their power to hasten decisions on all relevant matters to the utmost degree. Meanwhile they will welcome and promote in any way possible every sincere and practical step that may be taken by representative Indians themselves to reach a basis of friendly agreement, first upon the form which the post-war representative body should take and the methods by which it should arrive at its conclusions, and secondly upon the principles and outlines of the Constitution itself.

They trust, however, that for the period of the war (with the Central Government reconstituted and strengthened in the manner I have described, and with the help of the War Advisory Council) all parties, communities and interests, will combine and co-operate in making a notable Indian contribution to the victory of the world cause which is at stake. Moreover, they hope that in this process new bonds of union and understanding will emerge, and thus pave the way towards the attainment by India of that free and equal partnership in the British Commonwealth which remains the proclaimed and accepted goal of the Imperial Crown and of the British Parliament.

DIVIDED IRELAND

I. PORTENTS

THE portentous events which, during recent months, have followed each other in startling and rapid succession make it abundantly clear that Ireland cannot reasonably hope to remain immune from attack or invasion. The strategic unity of these islands makes it almost inevitable that sooner or later, and probably sooner, Ireland will be involved in the battle for Britain. As one inoffensive neutral State after another has been ruthlessly overrun and ravaged, none but the wilfully blind could fail to see that only British sea power has so far preserved us from a similar fate. The seeds of Nazi intrigue, whose fruit is now so familiar elsewhere, are commencing to sprout freely here in congenial soil. We also have our ready-made Fifth Column, and evidence of its activity has become both cumulative and overwhelming. On May 7 two Civic Guards, who were conveying important state correspondence in a motor-cycle combination through Dublin, were suddenly attacked in Holles Street by several men in a motor-car armed with Thompson machine-guns. The guards pluckily defended themselves and, although they were both seriously wounded, repulsed their assailants, one of whom was wounded. In spite of the Government's offer of a reward of £5,000 no one has since been made amenable for this attack, the purpose of which was clearly to obtain information. In a broadcast on the following evening Mr. De Valera made it clear that the Government was determined to govern. After pointing out that every party in the state was now free to achieve its aim by peaceful means, and that the use of violence was therefore not only unjustifiable but a wanton attack upon the whole community, he said that the Government had for many years shown an extraordinary patience, he was afraid he must say now an excessive patience,

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towards the extremists. Putting their hope in patience they had punished mildly and with reluctance. That policy was not altogether without fruit, for everybody now realised that the Government would not go to extremes without grave and persistent cause, but, as regards the men who were now in hiding and planning new crimes, the policy of patience had failed and was over. After referring to the steadfastness and bravery of the wounded guards as an example to every citizen, he said that danger threatened now from within as well as from without, and that a deadly conspiracy existed which did not hesitate to declare war on the freely elected Government. He concluded by warning the conspirators that the law would be enforced against them with the utmost rigour.

Three days later, on May 12, an attempt was made to blow up the premises of the Royal Cork Yacht Club at Cove, County Cork. Fortunately prompt police action surprised the perpetrators in the act, and an explosion, which would probably have wrecked a large part of the town, was prevented. One of those concerned was captured. Subsequent police investigations led to the discovery of a miniature bomb factory in a disused Cork store. The only reason one can suggest for the attack on this club, which is one of the oldest yacht clubs in the world, is its royal title and the desire to create a state of anarchy. During the trial of one Anthony J. Magan before the Special Criminal Court or Military Tribunal on May 17 it was proved that the police had found in his room £100 in Bank of England notes and a letter addressed to the "Adjutant General G.H.Q. Dublin". A document found on his person disclosed plans for tampering with the loyalty of the military and police. He was sentenced to twelve months imprisonment. But the climax of these peculiar events was reached when the Civic Guards on May 22 raided "Kronstanz", the suburban residence of Stephen Carroll Held, a director of a Dublin sheet-metal factory. After breaking into a locked room on the premises they discovered a used open parachute; a tie with a German tab marked "Berlin"; an attaché case containing documents referring to the collection of information of a military character

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regarding Irish harbours, aerodromes, roads, bridges, landing grounds and disposition of the defence forces; a code and papers relating to wireless telegraphy and the morse code; a military cap with German and Austrian medals of the last war and a flying badge of the present German Air Force; a wireless transmitting and receiving set; and a box containing 20,000 United States dollars. Held, who was immediately arrested, told the police that the room had been occupied for several days previously by a strange man who had introduced himself as Heinrich Brandy, but he was unable to explain why this stranger had not returned. Held was subsequently charged before the Special Criminal Court with various offences under the Emergency Powers Act 1939 and, after conviction on some of these charges, he was sentenced to five years penal servitude. Most of the trial, for obvious reasons, took place in camera. Mrs. Iseult Stuart, a daughter of Madame Maude Gonne MacBride, who was charged with failure to give information concerning Mr. Held's mysterious visitor, was also tried in camera but was acquitted. On June 13 detectives arrested a man who gave his name as Karl Anderson, whom they observed travelling from Tralee in County Kerry to Dublin without any luggage except a brown paper parcel, which was found to contain £215 in sterling and 1,910 United States dollars. In reply to questions Anderson stated that he had come from Rotterdam in a British boat, of which he could not give the name, and that he had been landed in Dingle Bay on the night of June 12. Anderson was charged with landing unlawfully and after trial by the Special Criminal Court was sentenced on July 8 to three years penal servitude.

These startling occurrences forced the Government to take drastic action. On June 4 there was a police round-up of all the known members of the I.R.A. and kindred organisations, some four hundred of whom were interned in Cork male prison under military guard. Shortly afterwards the Government by an Emergency Powers Order abolished the Commission set up to consider representations made by interned persons and delegated their powers to the Minister for Justice.

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On June 8 it was announced that all persons entering Great Britain from neutral Ireland would require to obtain a special visa from the United Kingdom permit office in Dublin and that this would only be granted to persons who could prove that it was necessary for them to travel to Great Britain on business of national importance. Apparently as a reprisal for the seizure of the money found with Held and Anderson, armed raids were made on three banks in the Falls Road, Belfast, on June 28 during which a cashier was wounded and £4,000 taken. Favoured, as usual, by the element of surprise, the raiders escaped with their booty and no arrests have since been made.

On August 1 the Irish-owned ship *Kerry Head* was bombed by a German aeroplane near Kinsale off the Cork coast within Irish territorial waters but was not struck by the bombs. The Irish Government through its Chargé d'Affaires at Berlin has lodged a protest with the German Government and claimed damages for injury to the ship caused by the shock of the exploding bombs.

An interesting light has been thrown on government policy by the case of Thomas MacCurtain, who was recently sentenced to death for the murder of detective John Roche. MacCurtain's father, who was an officer in the I.R.A. and Lord Mayor of Cork, was killed by the British police force in 1919 as a reprisal for the killing of one of their comrades by the I.R.A. Early in July the Government announced that a petition for MacCurtain's reprieve had been rejected and that the execution must proceed. On July 5, the eve of the execution, an application was made to the High Court for a habeas corpus order, which was refused, but the execution was postponed to July 13. On July 11 the Government announced that MacCurtain had been reprieved and his sentence commuted to one of penal servitude for life. Has the death sentence on the policy of patience also been cancelled?

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II. PRECAUTIONS AND PARTITION

MR. DE VALERA's appeal for a united front against violence received an immediate answer. On the following day, May 9, Mr. Cosgrave, the leader of the Fine Gael party, announced in the Dail that his party would not contest the forthcoming by-election in West Galway and would not move for the writ for a by-election in County Kilkenny where a vacancy also existed. Mr. De Valera, whilst expressing appreciation of Mr. Cosgrave's action, announced that the election in Galway would proceed. The government candidate, Mr. John J. Keane, was, however, opposed by Mr. M. Donnelan representing a new farmers' party called the "Sons of the Soil". Mr. Keane was returned by a majority of 9,000 votes. Speaking during the election on May 13, Mr. De Valera, referring to the invasion of Belgium and the Netherlands, which had just taken place, said that those two small nations were fighting for their lives and it would be unworthy of this small nation if he did not utter its protest against the cruel wrong that had been done against them. Expressing his appreciation of Mr. Cosgrave's patriotism in not forcing a contest, he said that, as the vacancy in Galway had existed for ten months, the Government felt they should show that they were not afraid to face the people. Speaking at Galway again on May 26, he announced that he had recently met representatives of the various parties in the Dail and that as a result he was able to say they would stand as one in helping to preserve the country's freedom. He expressed the determination of the Government to resist any invasion of the country and said it would be the end of everything if there were division amongst the people. A recruiting campaign would, he said, be immediately begun to bring the army up to war strength. At the same time a local security force, designed to prevent surprise attack from the air and to counter treasonable activity, would be created, and black-out arrangements would be perfected. The supply of arms and ammunition to these new military forces raises questions to which the answers are by no means

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clear. Amplifying this statement, Mr. De Valera announced in the Dail on May 28 that in agreement with the Opposition a National Defence Council was to be formed consisting of three members representing the Government, three representing the principal Opposition party, Fine Gael, and two representing the Labour party. This Council would meet each week, or as might be necessary, to consult and advise on matters of national defence. Mr. Cosgrave announced his party's support of this project. They were willing, he said, to accept their full share of responsibility for policies on which there had been consultation and agreement. The country, he added, had never before faced such a serious situation, and his party would respond to the people's desire for the utmost united effort to meet the danger.

The first meeting of this Council was held on May 30, and it has since held several other meetings. Its members are Mr. Aiken, the Minister for Co-ordination of Defence, Mr. Boland, the Minister for Justice, and Mr. Traynor, the Minister for Defence, representing the Government; Deputies Dillon, Mulcahy and O'Higgins representing the Fine Gael party; and Deputies Norton and Davin representing the Labour party. It will be observed that unfortunately neither Mr. De Valera nor Mr. Cosgrave are members of this body. In a subsequent series of broadcasts members of the Council opened a recruiting campaign for the Army and the Local Defence Corps, a portion of which is to be trained in the use of arms and entrusted with military duties whilst the remainder will act as an auxiliary police force. Opening this series of talks on May 31, Mr. Traynor, the Minister for Defence, referred to pessimists who believed we were incapable of resisting attack and said that for reasons of strategy as well as geography any attack made by a predatory great Power could not be beyond our capacity to repel. With our resistance organised to a maximum the greatness of the effort required to conquer and subdue us would outweigh the advantages which success would provide. With our resistance unorganised we presented to any marauder a vantage ground at a low

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price. We could, he said, defeat any enemy within or without if we welded our resources into a single weapon of defence. This last statement is, of course, sheer nonsense. On June 1 Mr. De Valera, broadcasting again, declared that the nation was in immediate and imminent danger against which we might have only days to prepare. There was only one way by which we could hope to save ourselves, namely, by making it an obvious disadvantage for an aggressor to come here. At this moment, he added, the existence of partition was our greatest peril, and he hoped it would not prove the undoing of us all, Unionists and Nationalists alike. Were it even now possible to remove it, the strength of our people would be many times increased. Speaking in the Dail on June 5, Mr. J. M. Dillon, T.D., Deputy Leader of the Opposition, denounced as ignoble and disgraceful representations that had, he said, been made by certain persons here that Ireland should, if invaded, follow the example of Denmark. The submission of Ireland to invasion by one of the belligerent Powers would, he said, invoke counter-invasion by other Powers and our people would be destroyed between the upper and nether millstones. In the Dail on June 6 Mr. James Hickey, T.D., the Labour Lord Mayor of Cork, complained that the people were being confused with vague speeches about the danger of invasion. Mr. De Valera, in reply, referred to the example of Switzerland, which might expect attack from any quarter, and said that those who did not want to be wilfully blind could see that we were well within the war zone, and that it might suit any one of the belligerents to interfere with our liberties, which we could only hold if we were prepared to defend them. He could only tell them to look at the map of Europe and at what was happening to-day to see what part might be played by Ireland in the whole business.

The response to the appeal for recruits showed that, whilst veterans of past wars offered their services in large numbers, the new generation held back. Speaking at Ennis on June 9, Mr. De Valera made it clear that conscription would become necessary if the young men did not join up at once. So far,

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however, no steps have been taken to introduce compulsory service, as the Army's capacity for training recruits is fully taxed. Cork city and county have made the best response. A good example of the attitude of our urban unemployed towards work of any kind was recently given when 88 Dublin "out-of-works" who had been passed as physically fit were invited to work at saving turf in the country with the assurance that they would be housed, fed, and provided with pocket money whilst learning the job and afterwards paid at least 35s. a week. Of these men 31 at once refused to go, and the remainder who went were soon reduced to 16. Such men are not likely to join the army, and one almost wishes they could have a taste of Nazi rule.

The recruiting campaign culminated in an enormous meeting at College Green, Dublin, on Sunday, June 16, presided over by Mr. Fahy, the Speaker of the Dail, and addressed by the leaders of the three political parties, Mr. De Valera, Mr. Cosgrave and Mr. Norton. It was the first time since the establishment of the new Irish State that all the elected leaders of political opinion had come together on one platform. Mr. De Valera put the position clearly. "When your neighbour's house is on fire", he said, "and the sparks are coming on to your roof, it is no time to talk of 'business as usual'. We will have to put all the resources of the community at the disposal of the Government at once, so that our preparations may be made in the shortest possible time." Referring to the I.R.A., he said, "It is sad to think that there should be any Achilles in his tent at a time like this. . . . I ask them to come out of the tent and fall in behind the rest of us." The Government had, he added, no enmity to any people, and their efforts had been directed to securing peace and co-operation amongst all peoples. At the beginning of this war, realising that they could not influence such a conflict and that they had as a small nation the first duty of self-preservation, they declared their neutrality and had since done everything to keep out of the conflict. If now they were attacked by either side, they would be attacked unjustly. But, as Mr. De Valera also pointed out,

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the problem of our national defence is seriously hampered by the political division of the country, a defect which can only be cured, as he said, by "Irishmen of all sections coming together for a common purpose and a common ideal, the preservation of our liberties".

It would, however, be very foolish to imagine that the common danger will solve this old and thorny problem. The political leaders on both sides of the border are small men dealing with great issues, and they have a Bourbon mentality which, even in the face of imminent peril, learns nothing and forgets nothing. No better proof of this unfortunate fact could be found than the speech of Lord Craigavon at an Orange Lodge in County Down on June 30 when, after stating that Mr. De Valera was once more blackmailing the British Government to end partition, he said that, in the interests of North and South, he was prepared to enter into the closest co-operation with Mr. De Valera in matters of defence, provided he took his stand, as Northern Ireland was doing, on the side of Britain and the Empire, dismissed the German and Italian representatives from Dublin and undertook not to raise any issue of a constitutional nature. Mr. De Valera naturally ignored this mischievous utterance, for any reply he could have made would only have made things worse. Like Lord Craigavon he, too, is the prisoner of his past and cannot ask his followers to enter the war beside Great Britain, although he must fully realise that this step will become inevitable when the first German invader lands in Ireland. It is ironic to reflect that this event would inevitably unite all Irishmen. But it would be quite wrong to imagine that Mr. De Valera is actuated by any vague idealism. He is really walking a perilous tight-rope in a manner which no other politician in Ireland could at present even attempt. Public opinion is in general, if not pro-German, by no means enthusiastically pro-British, and in this respect Mr. De Valera is probably far in advance of his followers and represents the lowest common denominator. The popular view may perhaps be best summed up in the words of an old farmer, who on being asked to express his

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views on the war said, "I hope England will be *nearly* beat". A more educated point of view is expressed by Professor Michael Tierney, the Vice-Chairman of the Senate and a former member of Mr. Cosgrave's party, who is by no means anti-British, in a recent article on "Ireland and the Anglo-Saxon Heresy".* He expresses the view that nationalism, parliamentary democracy, and industrialism are close kindred products of the same heresy, and were imposed on the western world, not by the inevitable laws of beneficent progress, but by a disastrous revolutionary break with the old Christian traditions of Europe, and that here in Ireland the institutions, ideals and practices associated with Anglo-Saxon civilisation have not proved an unmitigated blessing even since we acquired self-government. Although he condemns utopianism in national and international affairs, his only suggestion for a remedy would seem to be "a rational inquiry as to whether we can bring our Irish world into greater harmony with the traditional spirit and idiom of the historic Irish people".

The truth must be faced that not even the abolition of partition would, failing German attack, induce us to enter the war. Ireland, like France, is profoundly divided over her own history. It is only now that one realises the full implications of Gladstone's far-seeing and patriotic Irish policy and the disastrous consequences of its rejection. The fact that Lord Craigavon will not make any political sacrifice whatever to secure the safety of Great Britain only proves that he places the interests of the Northern ascendancy, of which he is probably the last representative, before those of the cause to which he proclaims his undying attachment. It is only fair, however, to point out that other and more statesmanlike voices have been recently heard in Northern Ireland. Two Parliamentary Secretaries, Lieutenant-Colonel A. G. Gordon and Mr. Edmund Warnock, K.C., have resigned from the Government as a protest against their inadequate defence policy. Colonel Gordon called for a new Government which would give

* *Studies*, March 1940.

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Ulster, and indeed all Ireland, a lead, and urged that Ulster should ask Mr. De Valera to agree to the setting up of a united government of Ireland defended by Great Britain. Mr. Beattie M.P., the Labour representative on the Advisory Defence Council in Northern Ireland, has also resigned as a protest against Lord Craigavon's attitude. In a striking letter to the Northern press, published on June 25, the Marquis of Dufferin and Ava, a former Conservative Minister, pointed out that the Craigavon Government should have long ago realised that the things Ulster held in common with the rest of Ireland were a great deal more precious and enduring than the things about which they fought in the past. They were, he added, too obsessed with the memory of past quarrels to realise that within a very few hours everything that they had ever fought for might be threatened by a foreign invader with little respect for the Orange Drum and very doubtfully acquainted with the Statute of Westminster. To those in the rest of Ireland, who thought that neutrality might save them or that Ireland might gain if England were destroyed, they could only reply that history, and very recent history, does not support that belief and that it was highly improbable, if the whole Continent passed under Nazi rule, that a small corner of freedom in Ireland would be preserved like an appendix in a bottle. The history of Ireland was eccentric but hardly as eccentric as that. The Rev. Dr. James Little, M.P., a Presbyterian minister, who represents an Ulster constituency at Westminster, also publicly appealed for a united Irish front to meet the common foe in a letter written from the House of Commons, but subsequently on returning to Belfast he wrote another letter to explain that the first did not really mean what it said.

Such are the results of environment. Unfortunately the leaders of no religious body in Ireland have given the people courageous moral leadership in these perilous days. A sad example of this failure was given in a message issued by the Catholic Hierarchy on June 25. Having exhorted the faithful to pray for peace and rejoice in our neutrality, they reminded them that it was a sin to conspire against the legitimate authorities

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of the state and proceeded to refer to partition and the disabilities and difficulties suffered by Catholics in Northern Ireland. Apart from the fact that this statement concerning the Northern Catholics is inaccurate and misleading, nothing could be more likely to revive serious sectarian animosity in the North. The truth is that the Catholic population there suffer from no civic disabilities other than the fact that they do not receive an adequate share of official patronage. This was, indeed, admitted by Cardinal MacRory, the Archbishop of Armagh, on the day after the statement of the Hierarchy was published, when, speaking in Dublin, he said that the Catholics desired the abolition of partition not only for reasons of sentiment but for reasons of pounds, shillings and pence. It will be observed that the declaration of the Hierarchy makes no attempt to distinguish between right and wrong so far as the war is concerned, and, whilst asking us to pray for material security, is silent on the spiritual issues involved. Its insistence on the rights of Northern Catholics and its failure to point out their duties is symptomatic of the moral disease which has brought the world to its present plight. Making every allowance for ecclesiastical timidity one can only regret that such a pronouncement should have been made by the successors of Patrick and Columcille.

After Mr. Churchill's statement in the House of Commons on July 4 that the British Government were making every preparation to repel assaults whether directed at Great Britain or Ireland, Mr. De Valera issued a statement to the effect that the Irish Government was resolved to maintain and defend the country's neutrality in all circumstances. On July 7 Lord Craigavon visited London, and after an interview with Mr. Churchill expressed himself as well satisfied with the position. On July 9, in an interview given to the representative of the *New York Times*, Mr. De Valera said:

We are not prepared to join in any such proposal as a defence committee while Ireland is divided. What we do propose is a union of Northern Ireland with Eire. This could be accomplished in a day. We are perfectly agreeable to Northern Ireland retaining its Parlia-

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ment and its governing machinery to deal with local problems just as they do to-day. The only change we contemplate is that the Northern Parliament should be subject to the Parliament of all Ireland instead of the British Parliament. Defence measures can be worked out effectively. Such defence measures must be worked out on the basis of neutrality; strict neutrality is our best safeguard. If we let one country in, that inevitably would provoke the other to attack. Our only hope is to let none in.

To all of which one can only reply that our neutrality would not last for ten minutes if the British Navy were defeated, and that it is our only real defence, as Mr. De Valera well knows. There are none so blind as those who will not see. This picture of a divided Ireland which has learnt nothing from the sad experience of other neutral countries would not be complete unless one pointed out that the two Irish Governments are at least at one in their complete self-complacency. By a curious coincidence the question of broadening the basis of both Governments was raised in the Belfast House of Commons and the Dublin Senate on June 19, and both Lord Craigavon and Mr. Sean T. O'Kelly, the Tanaiste or deputy Prime Minister of the Dublin Government, were at one in declaring that even in regard to executive ability any alteration in either Government would be for the worse. Although one may seriously doubt this assertion, it is at all events true that any change under present conditions would be virtually impossible. This fact, with all its implications, constitutes probably the gravest indictment of both régimes, which, in the fine phrase of Lord Dufferin, will probably still be haggling in the guard-room when the postern gate of Christendom is forced.

III. PAYMENT

THE budget, introduced on May 8 by Mr. Sean T. O'Kelly, the Minister for Finance, is unlikely to meet either the liabilities for defence which have since developed or the realities of the present situation. He was then faced with a deficit of £2,616,000 between the estimated expenditure of £35,584,000 and the total revenue likely to be received at

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existing taxation rates of £32,968,000. To meet this situation he relied on a yield of £750,000 from the extra shilling on income-tax imposed as from April 1940 by the second budget last autumn, and proposed also to take a further £150,000 from the Road Fund. After deducting £600,000 for over-estimation, £125,000 for saving on unemployment insurance, £100,000 for a subsidy to provide artificial manure for farmers, and other small adjustments, he proposed to borrow £1,194,000 to meet capital expenditure in connection with defence, air ports, afforestation and employment schemes, and claimed that he would finally have a microscopic surplus of £4,000. The only new taxation imposed was an increase of 2s. 6d. in the cost of wireless licences, an additional shilling per gallon on cider, and an increase in the surtax on incomes over £20,000, which are few and far between. He said that the total dead-weight debt of the country in March 1940 was £54,250,000 and the gross capital liability just over £100,000,000. Other points from his statement were that the Government could not permit the civil service cost-of-living bonus to rise above the present figure of 85, that the provision for social services could not be reduced without adding to the number of unemployed, and that no further economies were therefore possible. Our revenue depended, he said, on our ability to maintain and even increase our exports as well as our imports. In spite of this dependence the recent trade negotiations with Great Britain concerning the price to be paid for our agricultural produce have been both inconclusive and unsatisfactory. The only agreement so far arrived at seems to have been an agreement to disagree, particularly as regards the price of creamery butter. But supplies are still being sent to Great Britain, for there is nowhere else to send them, on the understanding that when agreement as to price is finally reached it will be retrospective. The Irish farmer has painfully discovered that the present controlled purchase of British foodstuffs has created a situation in which prices cannot be inflated, and his own inability to increase output rapidly has so far prevented him from reaping the full benefit of the situation created by the

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cessation of Danish exports to Great Britain. The inevitable decision not to hold the Dublin Horse Show is due to the collapse of the market for horses. On the other hand we have not so far suffered any serious economic disaster. There is an ample supply of food in the country, and both coal and petrol are easily procurable at increased prices which have naturally affected the balance of payments. The Minister for Supply, Mr. Sean Lemass, in recent broadcasts, has urged retailers and householders to lay in maximum stocks of flour, sugar and tea, so that, if invasion takes place, supplies of these essential foodstuffs would be easily accessible and problems of transport and distribution simplified. No scarcity of meat, milk, vegetables, bacon and poultry need, he said, be apprehended, since these were produced at home in excess of our needs. Neither our neutrality nor our determination to resist invasion would, he added, make us immune from attack. Invasion would produce counter-invasion, with the result that on our territory the next great battle of the war might be fought. To meet this threat the principal ports have now been placed under military control, mines are to be laid along our coast, and commissioners have been appointed to govern each county in the event of communications being suspended.

And so Ireland, a prey to ignoble fears, divided by old discords, and devoid of all great purpose, awaits the future.

Ireland,

July 1940.

GREAT BRITAIN

I. A UNITED PEOPLE

THE first three months of Mr. Churchill's Premiership have brought heavy tidings to the people of Great Britain—the enemy's break-through to the Channel ports, the capitulation of the King of the Belgians, the retreat of the Allied armies in Flanders, and, finally, the invasion, conquest and surrender of France. But there is something, too, to be written on the credit side during the same period. The evacuation of the B.E.F. from Dunkirk was a feat of which all three Services can be justly proud. And so far the Battle of Britain has been very different from the Battle of France. It began, in the second week of August, as it was expected to begin, with the launching of large-scale air attacks on this country. Previously, although British bombers had been ceaselessly bombing military objectives in Germany, Italy and the occupied territories almost from the start of the Western offensive, German raids on Great Britain had been of the reconnaissance sort, and only in attacks on convoys and once on Dover was there any considerable number of enemy aircraft engaged. But on August 8 a series of attacks on convoys in the Channel, in the last of which 150 German planes took part, was the preliminary to an air battle, around the coasts and in various districts inland, which was resumed almost every day for a week and ended in an unsuccessful attempt to break through London's air defences. It can be said with complete certainty that in these first big battles of the air, the losses inflicted by the R.A.F. on the enemy were out of all proportion to the damage done to this country; and, although civilian casualties have in fact been fairly heavy in some areas, all eyewitnesses agree on the remarkable equanimity with which the people have greeted the bombs. For the first time Hitler has received a check, and

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the R.A.F.'s clear superiority over the *Luftwaffe* in both men and machines has gone far to offset his victories on land.

The danger to Great Britain has brought about a national unity stronger than at any other time since the beginning of the war. This unity has given strength to the new Government and enabled it to put into force many measures which would otherwise have been challenged. But national unity itself has been strengthened by the knowledge that the Government is one that the people can trust. The presence of the Labour leaders, Mr. Attlee, Mr. Greenwood, Mr. Bevin and Mr. Morrison, has effectively dispelled any suspicion that the war was being run by an exclusive few for their own benefit. And Mr. Churchill has won a standing and popularity in the whole country such as have seldom been enjoyed by a Prime Minister in our times.

It is true that the Government still contains members of Mr. Chamberlain's Government, and from time to time there have been strong suggestions from persons representing very different shades of political opinion that it is unseemly—to say the least—that positions of trust should be held by men whose policy has been proved by events to have been discreditable and even dangerous. But although the new Prime Minister naturally assumed the leadership of the House of Commons, Mr. Chamberlain remains the leader of the Conservative party, and to turn him or his old colleagues out of office would run the grave risk of creating the same political dissension which played so large a part in the fall of France. Mr. Churchill himself has severely rebuked any attempts in the House of Commons to impute blame for past disasters; and Sir Walter Citrine, General Secretary of the Trades Union Congress, warned the Trades Councils on the same point, saying that in a coalition period there could be no denying the rights of the Conservative or Liberal parties to appoint the men they trusted, and that the Labour party had gone into the Government with its eyes open, basing its decision on the same facts as existed to-day.

THE GOVERNMENT'S ACHIEVEMENTS

II. THE GOVERNMENT'S ACHIEVEMENTS

UNITY alone will not win a war. It is the Government's task to turn it into concrete things—into armed forces, aeroplanes and munitions. On paper the new Government has achieved much. Before it had been in office a fortnight it introduced a measure, the Emergency Powers (Defence) Act, 1940, which empowers it to make regulations conscripting the persons, services and property of every subject in the land. The Bill passed through all its stages in both Houses of Parliament in less than three hours with virtually no opposition or criticism, although by its terms the Government was given power to take over property and to compel anyone to do anything.

The machinery of Government has also been improved. One of the complaints brought against Mr. Chamberlain's War Cabinet was that its members were burdened with departmental duties. Mr. Churchill's War Cabinet is much smaller; and at first only Lord Halifax was a departmental head, though Lord Beaverbrook, when he was given a place in it in August, retained his office of Minister for Aircraft Production.

The work of Ministers under the direction of the War Cabinet falls into three divisions, defence, foreign policy, and economic and home affairs. The first is in the charge of the Prime Minister in his capacity as Minister of Defence, and he is assisted by a Defence Committee comprising the three Service Ministers with the Chiefs of Staff as advisers. Questions of foreign policy are reported direct to the War Cabinet by Lord Halifax. Economic and home affairs are dealt with by five Ministerial bodies: the Production Council (Chairman, Mr. Greenwood) which gives general direction as to the organisation and priority of production for war purposes; the Economic Policy Committee (Chairman, Mr. Greenwood), which conceives and directs general economic policy; the Food Policy Committee (Chairman, Mr. Attlee), dealing with all food questions including food production; the Home Policy Committee (Chairman, Mr. Attlee), which is concerned with every-

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thing affecting the Home Front and is also responsible for the framing of regulations and drafting legislation; and the Civil Defence Committee (Chairman, Sir John Anderson), dealing with civil defence and home security. Finally, the work of all five committees is co-ordinated and directed by a Committee consisting of Mr. Chamberlain as chairman, Mr. Attlee, Mr. Greenwood, and Sir Kingsley Wood, the Chancellor of the Exchequer.

Mr. Greenwood, therefore, has many of the functions, if not the title, of the Minister of Economic Policy, an office which was at one time so strongly urged. The Production Council's task is "to balance the supply of material and of the plant available, and have knowledge of the strategy of the war, together with the labour supply, so that the whole national effort may move in a cohesive and disciplined way".

Production needs materials, plant and labour. The extension of the British blockade, which has followed Germany's European conquests, means that, with the important exception of iron ore, an abundance of raw materials is at Britain's disposal in non-European countries. Plant is a different matter, and a shortage of machine tools was felt early in the war. The Production Council has, therefore, taken a census of machine tools, and the Controller of Machine Tools has been given power by the Minister of Supply to requisition any plant which is now idle and is capable of being effectively used. Moreover, Area Boards have been established, each consisting of representatives of local industry and of the Government Departments concerned, which are to seek out latent industrial capacity in their areas so that both plant and labour are used for war purposes to the fullest possible extent. Where the Boards find that industrial capacity cannot be fully employed under local conditions, labour and plant will be transferred to places where they are needed.

Like plant, labour is overtaxed in some parts of the country and idle or employed for non-essential purposes in other parts. In the industries directly connected with munition work, unemployment is virtually at rock bottom. In engineering the

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percentage of insured workers unemployed in June was only 1.8 per cent., compared with 4.6 per cent. just before the outbreak of war; in the chemical industry, 2.5 per cent., compared with 4.8 per cent.; in the construction and repair of vehicles, 1.5 per cent., compared with 4.0 per cent.; in other metal industries, 2.9 per cent., compared with 5.8 per cent. But there are still large reserves of labour in the millions of workers in the distributive trades, in banking and commerce, and in non-essential industries, whose services are at the disposal of the State.

It is mainly a question of training and transfer. The Government has speeded up training in the government centres, so that hundreds, instead of tens, of thousands will be turned out in a year, and employers are being exhorted to train workers in their industries. A committee under Sir William Beveridge is surveying available labour resources; skilled workers in the engineering industry have registered; and use has been made of the powers conferred by the Control of Employment Act to prevent competitive bidding for labour. Moreover, trade union principles have largely gone by the board. The unemployment insurance regulations have been amended so that any person convicted of refusing to comply with the Minister of Labour's direction to perform any service will be debarred from unemployment insurance for a period of six weeks, and it will be no defence that the new job carries with it lower pay and less favourable conditions of work than the old. Strikes and lock-outs are forbidden. Any trade disputes which cannot be settled by the recognised methods of discussion between employers and workers are to be referred to an Arbitration Tribunal whose decision will be final.

Between the industrial programmes of the old Government and the new there is a gulf of difference. But at the same time requirements have grown owing to the loss of the B.E.F.'s equipment in Flanders and the loss of French industrial capacity; and it is clear, even now, that the country's economic resources are not being mobilised ruthlessly enough. There has, it is true, been a big expansion in the output of munitions

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and aircraft. The losses of the B.I.F. have been more than made good. With regard to aeroplanes, Lord Beaverbrook announced that the June output was double that of June last year, and in August the Prime Minister said that he had been advised that now production was largely exceeding that of Germany. But these achievements have been mainly due to the same workers working longer hours—70 to 80 hours a week in some cases—and to the same plant in operation for seven days a week. As an interim measure, to make up for nine months of dilatoriness, this was necessary. But by the end of July, when it was clear that long hours of work were defeating their own ends and output was falling, a long-term policy of complete mobilisation should have been thought out and put into effect.

The Government has the power to divert to itself whatever part of the country's resources it requires for the purposes of the war. It has a far better grasp than Mr. Chamberlain's Government of what the size of this part should be. But it is still hesitant to use the powers it has taken, except indirectly, and the Emergency Powers (Defence) Act, which was passed in such haste in May, remains virtually a dead letter. There is reluctance to throw men and plant into unemployment, because there is no conviction that they can be immediately re-employed for war purposes. There is no conviction, because there is not enough determination.

Diversion is consequently taking place far too slowly. And the danger that it will take place by the inequitable and costly method of inflation is perhaps even nearer than under Mr. Chamberlain's Government, now that production for war purposes has jumped ahead while the decline in civilian consumption has been negligible. Restrictions have been placed on the sale of a wide range of consumption goods; but the second budget was attacked for being too lenient, and, as is observed in another article,* the only wages policy the Government seems to have is to allow them to rise. Mr. Bevin has asked, and obtained, great things of his workers; and he, if anybody,

* See "War Economy and Finance" p. 798 above.

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could make a national wage policy, aimed at combating inflation, palatable to the trade unions. But there is still no sign that he, any more than they, can make the distinction between real and money wages.

III. PREPARATIONS AGAINST INVASION

THE imminent military danger at the time Mr. Churchill's Government took office partly explains why it relied on the short-term method of pushing up production—by increasing the hours of work in existing factories—instead of attempting to enforce immediately a long-term policy which might cause temporary dislocation. In the military sphere, too, policy in the last three months has mainly concentrated on the short-term danger of invasion. The first week-end of total warfare brought this possibility home to the inhabitants of the United Kingdom. By the time the surrender of France had given the European coast-line from Norway to Spain into the control of the enemy, the idea of invasion, from the sea or air or both, had come to be taken for granted.

The first step taken to meet the danger was the formation of a voluntary body of men between the ages of 17 and 65 whose duty in their spare time was to be the detection and capture of German parachutists or troops landed from the air. The part played by these in the invasion of the Low Countries was the prime cause in the recruitment of the "parashots" as they were unofficially called, and the sense of national danger, and the strong desire on the part of all those who are ineligible for military service to play an active rôle in the defence of their country, quickly brought the number of "parashots" up to the million.

At the end of July, when the defence of Britain had been fully organised, their status and object were more clearly defined. Their official name was changed from Local Defence Volunteers to the Home Guard. No longer were they to be merely armed watchers of the skies. Now, they are auxiliaries to the army, and co-operate with other parts of the military

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machine. Their duties—which are still part-time—are to share in the defence of their home town, village or countryside, or in some cases of their workplaces. They will provide guards of vulnerable places at strong points and, acting as an observer corps, will report movements of the enemy to the regular military formations.

But the defence of Britain on land has always relied mainly on the regular Army. At the end of May, General Sir Edmund Ironside was replaced by General Sir John Dill as C.I.G.S. and was entrusted instead with the task of organising the home forces to meet the invasion danger. Small mobile units, dubbed Ironsides, which are heavily armed and ready to move to any point of the country at a moment's notice, were formed out of the regulars. As the Battle of France drew to its unhappy close, the home forces were reinforced by the B.E.F. In the middle of July the Prime Minister announced that the strength of the British Army at home was $1\frac{1}{2}$ millions; in addition, there were 1,300,000 of the Home Guard, contingents from the Dominions, and units of Poles, Czechs and Frenchmen. About this time further changes in the High Command were announced. Sir Edmund Ironside became a Field Marshal, though still on the active list; and Lieutenant-General Sir Alan Brooke, who commanded the Second Army in France and Flanders, took his place as Commander-in-Chief of the Home Forces. Lord Gort, Commander-in-Chief of the B.E.F., became Inspector-General for Training.

The invasion danger, which has thus added home defence to civil defence, has also thrown a different light on what are vulnerable areas, and the Government's evacuation policy has been remodelled accordingly. Children evacuated to east and south-east coast and inland towns have been moved elsewhere, and children resident in the same areas have been given the chance to move. Moreover, another evacuation of school-children from London, the Medway towns, Southampton, Portsmouth and Gosport, who were registered under the Government's second scheme, has taken place. The number of children who were moved was again disappointingly small.

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But registration in London and all other evacuation areas remains open; and, if the order has been given, evacuation takes place from those areas in parties as the children are registered. "Trickle" evacuation of this sort has already taken place from London and one or two port towns, and will continue so long as there are children whose parents wish them to move to safety.

In addition, the Government has declared certain parts of the country to be defence areas. Earlier in the war, certain districts in Scotland had been declared protected areas in which the movement of enemy aliens, and persons not normally resident there, was restricted. After the invasion of the Low Countries, the list of such protected areas was considerably extended, and no alien of any nationality can enter into, or remain in, them except by written permit. But in the defence areas, all persons, British subjects or foreigners, have to obey the orders of the Regional Commissioner of the district for the purpose of defence against an enemy attack. (These Regional Commissioners were appointed early in 1939 to co-ordinate civil defence.) The first defence area was a strip, 20 miles wide, stretching from Hastings to the Wash. This was later extended to Berwick-on-Tweed in the north and to Weymouth in the south. Finally, after serious air-raids started in August, the whole of Great Britain was declared a defence area as a precautionary measure so that in the event of a serious emergency the Regional Commissioners can act without delay. But it is only in the original defence areas that any restrictions have so far been imposed by the Commissioner concerned. These have taken the form of a curfew, prohibiting access to the beaches, and restricting the movement of non-residents into the area unless they have good reason for their visit.

The result is, of course, that towns in such areas have become distressed places, particularly as many of them relied mainly for their prosperity on summer visitors who are now forbidden. The Government has consequently pledged itself to come to the aid of local authorities whose finances have broken down;

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and by the Defence (Evacuated Areas) Regulation a moratorium in respect of rent, rates, mortgages, hire purchase and other regular payments has been provided for persons who have left those districts in defence areas which have been declared evacuation areas for the purpose of the regulation, that is, areas from which a general evacuation of families and businesses has been strongly urged or made compulsory. Several towns and districts in East Anglia and on the south-east coast have been declared evacuation areas for the purpose of this regulation.

Yet another form of evacuation has come to the fore in recent weeks. When air-raids on this country began, and the possibility of invasion arose, offers came from all the Dominions and the United States to take children from Great Britain for the duration of the war. The Government, while putting the full responsibility of the decision to send their children overseas on to the parents, with commendable promptitude worked out a scheme for taking advantage of these generous offers. It would enable children, between the ages of five and sixteen, to be transported free, if they attended grant-aided schools, parents of other children making a small payment for transport. As at first envisaged, 7,000 children would leave in convoyed ships every month till the offers of homes were exhausted. Unfortunately, the difficulties of finding convoys, especially after the French Fleet had been lost, led to the virtual abandonment of the whole scheme. This caused great disappointment, and even resentment in some quarters who complained that many children of well-to-do parents had crossed the Atlantic, although it was pointed out by the Government that these had gone as a result of private arrangements and in unconvoyed vessels at their parents' own risk. It has, however, been possible for the Government to continue with the scheme, though on an even smaller scale, by sending some children, only from grant-aided schools, in fast liners without convoys, and it is hoped to send bigger numbers when convoys are possible.

Another danger disclosed by Hitler's recent aggressions has

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been treachery in the invaded lands. The success of this weapon in Norway had already begun to cause uneasiness in Great Britain, and the fears were strengthened by events in the Low Countries. Quislings among British subjects have been rounded up under Regulation 18B, which gives the Home Secretary power to detain persons, believed to be dangerous to the State, without having to answer to a writ of *habeas corpus*. As amended in May the regulation allows, as grounds for such a belief, membership of an organisation subject to foreign influence or control, or controlled by persons who sympathise with the system of government of an enemy Power; and Sir Oswald Mosley, leader of the British Union of Fascists, together with over 500 of his followers, has been detained by virtue of this amendment. The total number of persons detained under the Regulation numbered 1,226 at the end of July.

Revelations of treachery and spies also threw doubt on the wisdom of continued leniency to enemy aliens and eventually caused the Government's whole aliens policy to be revised. Soon after the invasion of the Low Countries, all male Class B enemy aliens, that is, those exempt from internment but subject to special restrictions, were interned; this was followed a week later by the internment of women in the same class. At the same time restrictions were placed on all aliens of whatever nationality throughout the United Kingdom.

Finally, a general internment of enemy aliens took place. Of the total number, amounting to about 74,000, who entered this country in recent years as refugees, some 64,000 were placed in Class C and were freed from all restrictions, 55,000 giving satisfactory proof that they were racial or political refugees. They included among them famous scientists and skilled technicians who were working for the British cause. It is not surprising, therefore, that, when it was realised that such men, and also the old and the sick, were being indiscriminately interned, a public outcry was heard. That military considerations must be paramount was recognised, and the fact that the military advisers recommended a general internment in the

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interests of national safety was accepted. But, once a mass internment had taken place, there was surely every reason for a sifting process so that those, whose *bona fides* was established beyond doubt and whose qualifications made them an asset to the British cause, should be released. Unfortunately, the authorities were dilatory in making such releases and shamefully neglectful of the conditions in the internment camps, which were in some cases little better than the concentration camps the refugees had experienced in Germany. Families were broken up; anti-Nazis found themselves in the same camp as Nazis; books and newspapers were forbidden; communications with wives and friends were inexcusably delayed; some aliens were sent overseas without notification to their wives who were left behind.

Strong pressure was, therefore, brought to bear in Parliament; and the Government promised to improve conditions in the camps, which are now supervised by the Home Office instead of the War Office, and to consider the release of certain categories. These include the young and the very old; the invalid and infirm, who are to be released immediately; those with special qualifications for whom work of national importance is available; and those who formerly occupied key positions in industries engaged in such work. There still remain many, however, who will fall outside the existing categories but are genuine anti-Nazis; and it is hoped that individual cases will be sympathetically treated by the Advisory Committee, set up under the chairmanship of Mr. Justice Asquith, which is to advise the Home Secretary on the whole question of internment. An Advisory Council has also been formed to advise on the welfare of all aliens, whether from Germany or friendly countries.

IV. PARLIAMENT AND THE HOME FRONT

THE internment of enemy aliens was not the only occasion on which the Government, under pressure from public opinion, has climbed down. The absence of an official Opposi-

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tion has not deprived the House of Commons of its virility, and at question-time it still displays its customary vigilance. This watchful attitude was perhaps most clearly seen in the debate on the Emergency Powers (Defence) (No. 2) Bill, 1940, which proposed to set up special civil courts in war zones to function when the ordinary civil courts cannot operate owing to the military situation. The new courts are each to be administered by a single officer of high judicial standing, helped by two justices of the peace; they will have power to administer any existing law, and to sentence to death. Under the Bill as it originally stood, no right of appeal was provided, and it was this omission which was most strongly attacked in the Commons. It was useless for Sir John Anderson to protest that the right of appeal against grave sentences could be included in the regulations to be made under the Bill. Members quite rightly saw no reason why a judicial review should not be provided for in the Bill itself; and though the Government refused to go the whole way with them, the Bill as finally passed contains a clause providing for such a review in cases where the death sentence has been passed and in such other circumstances as may be provided for in the regulations.

Government by regulations, which can in theory be rejected by Parliament but in practice only with difficulty, has never been popular, especially when the regulations deal with such precious matters as justice and free speech. In the early months of the war, after pressure from Parliament, the Government was persuaded to amend the first Defence Regulations after an all-party consultation. During the *Blitzkrieg* in May and June, however, many regulations were put into force which but for the presence of danger might have caused more discussion at the time. Such was Regulation 39BA which makes any person publishing a report or statement likely to cause alarm or despondency liable on summary conviction to imprisonment for a term not exceeding one month or to a fine of not more than £50 or to both. Soon after this regulation was put into force the Ministry of Information started a campaign apparently intended to stop every kind of discussion about the war;

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and acting on what thus seemed to be the Government's view—that idle chatter and the repeating of rumours were dangerous—magistrates imposed heavy sentences under Regulation 39BA. For instance, persons passing on rumours that parachutists had been dropped were fined as much as £30.

Parliament immediately protested at this attempt to stifle all discussion, whether intelligent or merely silly, about the war, coupled as it was with reports, happily unfounded, that the press was to be subject to compulsory censorship; and the Prime Minister himself promised that all sentences under Regulation 39BA should be reviewed by the Home Secretary and dismissed the Ministry of Information's so-called Silent Column into "innocuous desuetude".

Parliament's protests were soundly based, for the people are neither alarmed nor despondent. Rarely has any country, after a series of such major disasters as befell Great Britain in May and June, decided to carry on a war in a spirit of such confidence. The defeat in Norway woke the people out of the complacency into which their rulers had lulled them in the first months of war; the defeat in Flanders made them realise the extent of the efforts which are needed; the defeat of France brought a strong feeling of sorrow at the humiliation of their Allies but a sense of pride as well that on them, almost alone for the time being, the duty of saving Europe from Hitlerism has been laid. Whether the future holds more mass air-raids or invasion or both, it is awaited by a united and confident people.

Great Britain,
August 1940.

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I. A NEW WAR EFFORT

THE portentous changes in the European situation produced by the German army's swift conquest of France, Holland and Belgium in a few weeks and the entry of Italy into the war came as a rude awakening to the Canadian people and soon shook both them and their Government out of the dangerous complacency, communicated to Ottawa by infection from Downing Street during the Chamberlain *régime*, with which they had been regarding the war. There was a swift dissipation of the notion that the war could be won by a remorseless application of the maritime blockade without any unduly exhausting drain upon the man-power or financial and material resources of Canada, and in its place there came a sudden realisation that nothing less than the whole future of Canada was at stake, and that, if tremendous further sacrifices would be required for the achievement of victory, they would be made for Canada's own salvation. So during May anti-war sentiment virtually vanished in the English-speaking provinces, and, if it lingered in certain quarters in French-Canada, it found little overt expression. Indeed, if there is still no ardent enthusiasm for the war among the French-Canadians, the sympathy of the large majority of them for the national war effort is in very happy contrast with their sullen intransigence during the later stages of the last war. It is partly due to the outspoken antagonism of Cardinal Villeneuve and other leaders of the Roman Catholic Church in Quebec to Hitlerism and all its works, and partly to the resolute leadership given by Mr. Lapointe and other French-Canadian Ministers. It has been found necessary to suppress the activities of the National Unity party, which was an avowedly Fascist organisation, but the internment of its leader, M. Adrien Arcand, and his chief lieutenants, commanded general approval in Quebec.

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The new Federal Parliament, elected on March 26, assembled for its first session on May 16 under the shadow of the German *Blitzkrieg* which had been launched a week previously, and its meeting found the Liberal Ministry of Mr. Mackenzie King, supported by 183 out of a total of 245 members in the House of Commons, in an even stronger position than in the previous Parliament. Before the session opened the resignation of Dr. Manion, whose glaring deficiencies as a political leader had been clearly exposed during the election campaign, had been accepted by the Conservative parliamentary party, and it had elected as a temporary house leader Mr. R. B. Hanson, K.C., of New Brunswick, who first entered Parliament in 1921 and served as Minister of Trade and Commerce during the last year of Mr. Bennett's Ministry before losing his seat at the general election of 1935. Here it should be said that Mr. Hanson, elevated thus unexpectedly to a position which he did not seek, and handicapped by imperfect health, has conducted himself admirably as leader of the official Opposition; he is not a politician of brilliant abilities or any high debating powers, but he is an able lawyer and has, along with a judicial temper and an agreeable personality, a vein of shrewdness and an instinct for parliamentary strategy which have enabled him to offer the Government both useful co-operation and valuable constructive criticism, to make the battered Conservative party a more effective force in Parliament than seemed possible when the session opened, and to earn the respect of his opponents and the country at large. The C.C.F. party, which had just managed to retain its former strength in Parliament, suffered a severe blow on the eve of the session through the incapacitation of its leader, Mr. Woodsworth, by a serious illness which may end his political career. The Social Crediters, who had lost little time in discarding the title of the New Democracy, had come back diminished in numbers from 15 to 11.

At the election the Mackenzie King Ministry had been fortified by a fresh mandate for a war programme, which, as more than one Minister admitted during the campaign, clearly visualised a policy of limited participation in the war; and in

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the opinion of experienced political observers it undoubtedly owed its huge majority to a widespread disinclination for heavier commitments. But before Parliament met it had found itself faced with a vociferous popular demand for a substantial enlargement of the nation's war programme in the light of the critical situation which had developed in Europe, and it had acceded to it by announcing an expansion of the Canadian Active Service Force and other measures. However, what seemed an adequate enlargement of the war effort at the beginning of one week looked quite unsatisfactory by its close, and the Conservative Opposition could be confident that any criticisms about the inadequacy of the Government's war programme would be widely endorsed in the country. So the official Opposition performed the useful rôle of voicing the popular desire for a much more vigorous war effort, and the Government responded by announcing enlargements of it by instalments. This enlargement inevitably threw a heavy additional burden upon the shoulders of Ministers and their officials, and gradual steps were taken to strengthen the administration at Ottawa by enlisting the services of more leaders of business and industry, who have shown a praiseworthy willingness to sacrifice their private interests and inclinations. But such a move did not serve to terminate the criticisms, led by influential papers like the *Montreal Gazette* and the *Toronto Globe and Mail*, which were steadily being directed against the personnel of the Ministry and were coupled with a demand for the formation of a genuinely National Government; and Mr. Mackenzie King, who became the chief target of this campaign, had the unpleasant experience of hearing Conservative members declare, on the floor of the House of Commons, that the interests of the common cause demanded his immediate retirement from the Premiership in favour of somebody who could command more general confidence as a war leader throughout the country.

To appease this agitation he undertook a reorganisation of his Cabinet, a process which was hastened by the tragic death of Mr. Norman Rogers, the Minister of National Defence, in

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an aeroplane accident on June 10. It involved prolonged negotiations and was not completed until July 8, when Mr. Mackenzie King was able to announce the personnel of his reorganised Cabinet to the House of Commons. The popular demand for a National Government was very unpalatable to the Prime Minister, who has an ingrained dislike of coalitions and is also a firm believer in the theory that the successful working of the system of parliamentary democracy requires the existence of an effective Opposition which can offer the country the possibility of an alternative administration. But he could not dismiss cavalierly the demand for some representation of the 45 per cent. of the voters who had declined to endorse the policy of the Liberal party at the late election in a Government which was calling upon the whole nation for immense sacrifices. So, disregarding the parliamentary leaders of the Conservative party, he approached several prominent business men of the Conservative faith with offers of places in his Cabinet, but he found them all unwilling for various reasons to accept his invitations.

He decided, therefore, that, having made this gesture, he was justified in falling back for recruits for his Ministry upon the resources of the Liberal party. The changes in the personnel of the Ministry have been facilitated by some reshuffling of portfolios and by readjustments of the duties assigned to different departments, and there have also been wisely created three new departments for Air, for Naval Affairs, and for National War Services. Colonel J. L. Ralston has handed over the Ministry of Finance to Mr. Ilsley, the Minister of National Revenue, and has returned to the Department of National Defence which, as an experienced soldier, he administered with general acceptance from 1926 to 1930; but its burdens have been lightened since Major Power as Minister of Air takes full responsibility for the Air Force, and Mr. Angus Macdonald, one of the new Ministers who has been a very successful Liberal Premier of Nova Scotia and should by reason of his varied abilities and attractive personality be a valuable reinforcement to the Ministry, takes separate charge

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of all naval affairs. The other new department, that of National War Services, has been entrusted to Mr. J. G. Gardiner, the lively Minister of Agriculture, who will retain also his original portfolio until a competent successor can be found for it. The Ministry of National Revenue, vacated by Mr. Ilsley, has been given to a parliamentary novice, Colonel Gibson of Hamilton, who, although he only entered Parliament four months ago, is recognised as a politician of promise. The most severely criticised of the new appointments is that of Mr. W. P. Mulock, Jr., whose unexpected selection as Postmaster-General is popularly attributed to Mr. Mackenzie King's veneration for the new Minister's grandfather, the veteran Sir William Mulock, who sponsored his entry into public life nearly forty years ago, and seems otherwise inexplicable. Mr. Howe, the Minister of Munitions and Supply, is set free to concentrate his energies upon the production of munitions by having most of his duties as Minister of Transport transferred to Mr. Cardin, the Minister of Public Works.

Mr. Mackenzie King, in announcing the changes in his Cabinet, simultaneously tried to appease the complaints directed at the partisan character of his Ministry by making a formal offer to Mr. Hanson and his chief lieutenant, Mr. Stirling, to become associate members of the War Committee of the Cabinet, which he also enlarged by the addition of Mr. Gardiner and Mr. Macdonald, or in the alternative to participate in regular consultations with this committee, at which they would be given confidential information. He also intimated that, if the Conservative leaders accepted these offers, they would also be extended to the leaders of the C.C.F. and Social Credit parties. But the Conservative leaders, who had naturally felt rather slighted by Mr. Mackenzie King's courtship of Conservatives outside Parliament, replied after due deliberation that they could not see their way to accept either invitation because acceptance would involve them in responsibilities without power, and that they preferred to abide by the mandate given them to oppose the Liberal administration when necessary and to continue their policy of co-operation on all

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vital issues pertaining to the war without abandoning their duty of vigilant criticism. The leaders of the C.C.F. and Social Credit parties took a similar line, and so Mr. Mackenzie King's effort to introduce at least an aroma of non-partisanship into the management of the national war effort has ended in complete failure. The Cabinet reorganisation earned moderate commendation in the press, but the demand for a National Government has by no means been pacified; and, if Hitler carries out his threat of a ferocious assault on Britain, it might soon become irresistible, particularly if Australia follows the example of New Zealand in securing a national administration.

The German invasion of the Low Countries and France had steeled the Canadian people to the prospect of further efforts, but the final *débâcle* brought the war much nearer home to them, and with the invasion of the British Isles now, in the words of Mr. Mackenzie King, "not a remote possibility but an impending actuality", the Government decided that a drastic intensification of the national war effort had become imperative and would have popular support. Accordingly on June 18 Mr. Mackenzie King announced the immediate introduction of a Bill to confer upon the Government special emergency powers for the mobilisation of all the human and material resources of the Dominion. He intimated also that one of its prime features would be a national registration of all citizens of Canada over the age of 16, that there would be provision for compulsory military training for the youth of Canada, but that recruitment for service overseas would be maintained on a voluntary basis. When the Bill came up for discussion in Parliament it had the approval of all parties except a tiny minority of French-Canadian isolationists on the Liberal side, but, when two of them sponsored an amendment designed to eliminate any element of compulsion, they could not find a solitary supporter, and when a resolution of the same nature was introduced in the provincial legislature of Quebec it was defeated by 56 votes to 13.

The Government then proceeded to make use of the drastic powers conferred on it and to take measures for a regimenta-

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tion of national life which would have been deemed unthinkable a few months ago. On June 18 the enlisted strength of the Canadian Active Service Force was approximately 100,500 men of all ranks, and, after its increase to 150,000 was authorised, recruits poured in so fast that it now numbers about 140,000 men of all ranks. Three divisions have been fully organised and the infantry battalions of a fourth division are being recruited, while there have also been raised substantial contingents of ancillary troops. The exact number of the Canadian forces serving overseas is kept a close secret, but there has been a steady flow of reinforcements to the original first division, and there are Canadian garrisons stationed in Newfoundland, Iceland, and the British West Indies. It has been possible to insist upon a high standard of fitness for recruits, and the troops have been supplied with the new form of battle dress and the most modern equipment. In the initial stages of the war it was found necessary to rely upon Britain for the heavy mechanical equipment required for the army, but its manufacture is now being undertaken in Canada. There has also been raised a Veterans' Home Guard, which will assume responsibility for a variety of duties at home such as furnishing guards for internment camps. The scheme of national registration, which is under the direction of the Ministry of National War Services, will begin to operate about August 19, and with the data thus made available it will become possible to start the system of compulsory military training. It is estimated that there are, in Canada to-day, between 700,000 and 800,000 young men between the ages of 21 and 35, but, as there are not camp facilities or trained instructors available to handle more than 150,000 at a time, the draftees will be called up in batches, and probably about 50,000 will receive a summons to report on or about September 15, when they will begin to receive six weeks military training in camp, drawing pay at the rate of \$1.20 per day but no allowances for dependants. In view of the urgent need of maintaining the production of munitions and other commodities necessary for the war, certain occupations are being "reserved", and young men engaged in them

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had of attending camp will undergo training drill in the evenings two or three times a week. But the intention is that the youth of Canada will have at least some elementary military training before another twelve months elapse.

When the war broke out Canada had a navy consisting only of a few destroyers and auxiliary vessels, but a programme of expansion is now on foot which involves a total expenditure of roughly \$90,000,000, and, thanks to the zeal with which workers in Canadian shipyards are toiling, at least one ship is now being launched every week, the majority of the vessels being minesweepers and patrol boats of a useful type. The personnel of the Canadian Navy has been more than doubled since the war began: it now exceeds 7,000 of all ranks, and this number will be increased to 12,000 as more ships become available. At first the Canadian Navy confined its activities to patrol and convoy work on the Atlantic seaboard, but its ships have lately been ranging farther afield and doing excellent service in European waters.

It was planned from the start that a substantial part of Canada's contribution to the Allied cause should be in the air, and the opportunity for this was greatly enlarged when the decision was taken to make Canada the theatre of the Commonwealth Air Training Scheme. Its administration has been entrusted to the Royal Canadian Air Force, but there also exists a supervisory board upon which all the participating governments are represented. The original plan of the Commonwealth air scheme contemplated a programme which could not reach its full peak of efficiency until the summer of 1941, but the portentous results of Hitler's *Blitzkrieg* have caused a wholesale revision of the original plan. Major Power, the Minister for Air, whose gifts of initiative and imagination have made him emerge as one of the ablest members of the cabinet, was able to announce recently that there was every likelihood of the two-year programme being compressed into a single year without any loss of efficiency. Out of the 115 odd training schools and other establishments planned under the scheme some 32 are already functioning, and the construction

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of the balance is being rapidly pushed to completion. On July 22 there were roughly 12,250 officers and men trained or in training, for administrative, instructional and maintenance duties, and over 2,400 pupils had begun their training, while many more had been warned to be ready to enter the air schools. A serious obstacle to the progress of the scheme was created by the inability of the British Government to spare the planes which it had promised to deliver for elementary training purposes, but successful efforts are being made to surmount it by the acceleration of production in local aircraft factories and by purchases in the United States. Apart from its work in connection with the Commonwealth scheme, the Royal Canadian Air Force has sent overseas several efficient squadrons, which it will keep supplied with reinforcements, and it is doing its share of coastal defence work.

In the last two months the mobilisation of Canada's industrial and other economic resources for war production has been pushed ahead with great vigour. An index of the new momentum is visible in the fact that during the first eight days of July the Department of Munitions and Supply, which has assumed all the functions of the British Supply Board stationed in Canada, placed roughly 147 million dollars worth of contracts which was equal to the total value of the contracts placed in the first three months of the war. The British Government is financing on a generous scale the enlargement of Canadian industrial plants, and it is co-operating with the Canadian Government in the erection of a group of huge new plants to be devoted to the production of shells and explosives. The system of governmental control over industries has been extended and tightened up; and a group of the controllers appointed to supervise different industries form a War Industries Control Board which is armed with very drastic powers designed to eliminate waste and secure a maximum of production.

The Federal budget, which Colonel Ralston, then Minister of Finance, presented to Parliament on June 27, imposed upon the Canadian people by far the severest burden of taxation

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in their history. For the fiscal year 1939-40, with revenues estimated at \$562 millions and expenditure at \$681 millions, of which \$118 millions had been absorbed by the war programme, he had to admit to a deficit of \$119 millions, which was more than double the deficit of the previous year—\$51 millions. For the current fiscal year, 1940-41, Colonel Ralston forecast non-war expenditure at \$448 millions, which was a reduction of \$71 millions as compared with the previous year, and the sum of \$700 millions appropriated by Parliament for war expenditure brought the provisional total of expenditures to \$1,148 millions. He estimated the yield of the Federal revenues on the basis of the existing tax structure, after allowance had been made for the certain enlargement of the national income, at \$650 millions, a figure which left a nominal deficit of \$498 millions. He then revealed that the Government had resolved to meet a substantial portion of this deficit by increases of existing taxation and fresh levies, which were calculated to yield \$110 millions during the balance of this fiscal year and \$280 millions when they are in full operation for a whole year. The nominal deficit would thus be reduced to \$388 millions, but the Minister gave warning that further commitments involving expenditure of between \$150 and \$200 millions had been undertaken, and that more might become imperative. So he intimated that for the provision of the necessary funds probably between \$500 and \$600 millions would have to be raised by borrowing during the present year.

There were two important innovations in taxation—a war exchange tax, designed to conserve exchange, which will be levied upon all imports except such as enjoy the privileges of the British preferential tariff, and a national defence tax, which is levied at the rate of 2 per cent. on all incomes of single persons in excess of \$600 and of married persons in excess of \$1,200, and at the rate of 3 per cent. on the incomes of single persons in excess of \$1,200. In the personal income-tax the scales are all substantially increased, and the exemptions from it are lowered by 25 per cent. from their present levels of \$2,000 for married persons and \$1,500 for single persons. One

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result of these changes is to broaden materially the scope of taxation, and hereafter only the lowest classes of wage-earners will completely escape it. The scale of the Excess Profits Tax is increased from 50 to 75 per cent., and the alternative option of paying it under the "A" plan—a graduated tax on the basis of capital employed—or the "B" plan, which applies to profits in excess of profits during a standard period now to be taken as 1930-39, is withdrawn; everybody liable to it must now pay on the "B" plan, and a special board is to be established to determine what is a fair level of normal profits for individuals or companies hit by the depression. The old levy on motor vehicles is replaced by a new motor tax graduated on a scale which ranges from 10 per cent. on cars of a value below \$700 to 80 per cent. on cars valued at above \$1,200, and since it will act as a virtual ban on the importation of high-priced cars it, too, has for its object the conservation of exchange. There are sharp increases in the excise duties on tyres, inner tubes, syrup, furs and other commodities. Most of these tax increases are of a sumptuary nature and are avowedly planned to make as large a part as possible of the increase in the national income available for financing the national war effort and preventing its diversion into the consumption of luxury goods and private investment. Such tariff changes as are decreed are of a technical character for the purpose of facilitating administration. The budget had a favourable press and was ruefully but stoically accepted by the country as part of the sacrifice which had to be paid for the suppression of Hitlerism. It did not encounter serious criticism in the House of Commons except from a group of westerners who demanded the exemption of farm implements from the operation of the 10 per cent. war exchange import tax, but the Government stood firm against any such concession.

The only important domestic legislation of the session concerned a nation-wide scheme of unemployment insurance. An effort made to establish it by the last Conservative Ministry was frustrated because the Privy Council held, in a verdict on a constitutional reference, that such a measure was *ultra vires*

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of the Federal Parliament. However, with the consent of all the Provinces, the constitutional difficulty was removed this summer when the British Parliament, acting upon the authority of a resolution passed by both Houses of the Canadian Parliament, put through with remarkable despatch an amendment of Section 97 of the British North America Act, which brought unemployment insurance within the jurisdiction of the Federal Parliament. The Bill which Mr. McLarty, the Minister of Labour, submitted to the House of Commons on July 16 proposed a plan modelled on the British scheme first introduced in 1911. It will be applicable to all workers earning \$2,000 per annum or less, with the exception of farm labourers, fishermen, loggers and a few other classes whose employment is of such a seasonal character as to make their insurance against unemployment a most complicated problem. Some 2,100,000 workers in all will come under the scheme, and, when their dependants are included, it will affect the fortunes of more than one-third of the population of Canada. The workers pay contributions levied on a scale graduated according to their wages, and the levy upon them is estimated to yield about \$28 millions per annum. A similar sum will be contributed by the employers, and to the \$56 millions thus secured the Federal Treasury will add a further \$11,200,000 per annum which will make a total fund of more than \$67 millions available at the end of the first year. The Federal Government will also provide the cost of administration which will be about \$5½ millions. Thus the total cost of the scheme to the country will be about \$74½ millions per annum. The administration of the scheme is to be entrusted to a Commission of three members, of whom one will represent the employers and another the workers, and there is to be created a nation-wide employment service under Federal control. The benefits payable under the scheme are smaller than under the British scheme, though wage scales are higher in Canada; for example, an insured Canadian worker with a wife and four children will draw unemployment benefit at the rate of \$9.60 per week, whereas if he were in Britain he would draw \$10.30.

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All parties in the House of Commons endorsed the principle of the measure, and it earned particular commendation from the C.C.F., which had long urged its enactment; but for the Conservatives Mr. Hanson pointed out a variety of difficulties which he foresaw in connection with the administration of the scheme and expressed misgivings about the advisability of imposing such a heavy additional burden upon Canadian industry in these difficult times. He insisted that before it became law very careful consideration should be given to the Bill by a special Committee of the Commons, and the Government has acceded to his request. Most of the other legislation introduced consisted of measures connected with the war effort or amendments to existing legislation. It had been hoped that the prorogation of Parliament would have been possible by July 20, but the introduction of the Unemployment Insurance Bill has necessitated the prolongation of the session into August.

The fact that the Earl of Athlone was assuming office as Governor-General at a time when the very fate of the Empire was at stake naturally heightened public interest in his appointment and in his arrival in Canada on June 19. It was generally recalled that the new Governor-General was chosen to succeed H.R.H. the Duke of Connaught in 1916, but was prevented from doing so by the pressure of war duties at home.

That the new Governor-General is an uncle of His Majesty and a brother of the Queen Mother, and that his Consort is a granddaughter of the great Queen in whose reign Canada came into being, constitutes a link with the past of the Empire which could not but appeal to the imagination.

But apart from what they are, it is realised that they are distinguished for what they have done. Great interest has been expressed in the press and otherwise in His Excellency's distinguished military career which has included service in the Matabele Rebellion of 1896, in the South African War and in the Great War. It is appreciated, too, that His Excellency was, as the *Toronto Globe and Mail* expressed it, "brilliantly successful

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as Governor-General of the Union of South Africa during a period of great difficulty".

The feeling of the country was well voiced by the *Toronto Globe and Mail* when it said that "the spirit of the Empire is illumined by the experience and personalities of the Earl and Countess of Athlone". It remains to add that His Excellency and the Princess Alice have already made themselves at home in Canada and are rapidly winning popularity.

II. THE ROWELL-SIROIS REPORT

THE Report of the Royal Commission on Dominion-Provincial Relations was submitted to Parliament on May 16, 1940, after two and a half years of work. It is, perhaps, desirable first to review the circumstances in which the Commission, frequently tagged as "The Fathers of Re-Confederation", was appointed. The development immediately responsible was the financial difficulties of the three Prairie Provinces. These difficulties led to an investigation in the spring of 1937 by the Bank of Canada at the invitation of the three Prairie Governments and the Dominion Government. The Bank of Canada reported,

We do not see any solution other than that which might be provided by a comprehensive enquiry into the financial powers and responsibilities of all our governing bodies, and we are therefore led to the unqualified recommendation that a Royal Commission should be appointed for this purpose.

Pending the report of such a Commission, the Bank recommended temporary financial aid to the Governments of Manitoba and Saskatchewan and found that Alberta had, by reducing its contractual interest rates, put itself in a position to maintain its governmental services on as favourable a basis as Manitoba or Saskatchewan, without receipt of additional aid. These particular circumstances, however, merely brought to a head a situation which was basically unsatisfactory and becoming increasingly difficult. Seventy years had passed in which there had been great changes in the economic and

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financial basis of Confederation and in the scope of governmental activities, and it was not surprising that the constitutional division of powers and responsibilities established in 1867 should have proved inappropriate in conditions which could not then have been foreseen. The Royal Commission on Dominion-Provincial Relations was consequently appointed in August 1937, with instructions to make a factual report on:

- (a) 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) 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;
- (c) 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 re-allocation thereof;
- (d) Dominion subsidies and grants to provincial governments.

The Order in Council then gave the further instruction that the Commission was

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.

In the recital in the terms of reference there were a number of other specific points referred to, but sufficient has been said to indicate the very broad scope and basic nature of the Commission's task.

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The Commission, as originally appointed, consisted of the Hon. Newton W. Rowell, Chief Justice of Ontario, as Chairman, and the Hon. Thibaudeau Rinfret, Justice of the Supreme Court of Canada; Dr. John W. Dafoe, Editor of the *Winnipeg Free Press*; Dr. R. A. MacKay, of Dalhousie University; and Professor H. F. Angus, of the University of British Columbia. Two of the outstanding authorities on constitutional law, the leading newspaper figure of Canada and the best-known champion of the West, and two students of political science and economics, representing all the main sections of Canada, were thus included. As the work progressed, unfortunately first Mr. Justice Rinfret, and subsequently the Chairman, Chief Justice Rowell, were forced to retire on account of illness. Dr. Joseph Sirois, of the City of Quebec, notary and professor of constitutional law at Laval University, replaced Mr. Justice Rinfret and, after Chief Justice Rowell's resignation, was appointed Chairman. Dr. Sirois brought to the Commission, in addition to his outstanding qualities of broad sympathy and understanding, a particularly intimate knowledge of the law and customs of Quebec.

The Commission immediately proceeded to organise an elaborate research programme on the various matters submitted to them for consideration, and to arrange for hearings in all the provincial capitals and in Ottawa of submissions from Governments, public organisations and selected individual witnesses. These hearings occupied most of the year 1938, and, in all, more than 10,000 pages of evidence were recorded and 427 exhibits were filed. The Government of Alberta prepared a brief but subsequently decided to submit it directly to the Dominion Government; the Government of Quebec appeared briefly before the Commission simply to record its objection to the Dominion Government's procedure in appointing the Commission; and the Government of Ontario, after having appeared before the Commission, declined to co-operate further on the ground that the Dominion Government had broken faith by proceeding with certain amendments to the Income War Tax Act prior to the Report of the Com-

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.. Complete co-operation was secured from all other departments and from a large number of representative local and public organisations, and many of the submissions made were of high quality and represented painstaking work.

The research programme included a large number of detailed studies of the Canadian economy, an elaborate compilation of public accounts of Dominion, provincial and municipal governments on a uniform basis, and a number of specialised studies on constitutional matters. This work was carried on concurrently with the Commission's hearings and was designed to make the Commission as comprehensive and objective as possible of the various matters referred to them. Frequently an opportunity was given to the governments which had made submissions to review the research studies and make any representations concerning them which they felt were necessary.

The Report proper is issued in three volumes, although it is stated that this is done for convenience only and that the three volumes form an integral whole. Book I is a fact-finding analytical review of the economic and historical background of Dominion-provincial relations. Book II contains the Commission's recommendations and supporting discussion. Book III is made up of statistical summaries of the Commission's public finance studies and reprints, for reference purposes, of certain basic documents. In addition, the Commission published as appendices to the Report detailed statements of the public finances of the Dominion and Provincial governments and some eighteen of the research studies conducted for the Royal Commission. The Commission does not accept responsibility for these studies but published them as important and useful material which would not otherwise be available to the general public.

Book II, containing the Commission's recommendations, is, of course, the portion of the Report which is of chief topical interest, but Book I, which establishes the general principles on which the Commission's recommendations are based, is of

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primary and perhaps greater long-run importance. Book I is to some extent an economic history of Canada from Confederation to the present, and as such fills a conspicuous gap in Canadian economic literature. It is not primarily, however, a general economic history, but rather an analysis of the economic characteristics of Canada and its development which are significant from the point of view of public finance and Dominion-provincial relations. It undertakes to trace the growth of Canada from Confederation within the framework of the broad national economic policies laid down by the Federal Government. These were positive policies of development, and the need for a strong central government to inaugurate them was in fact one of the most powerful motives of Confederation. They were, in brief, the Dominion's railway policy, its settlement policy and its tariff policy. Moulded by these policies, Canada developed and became more and more of an integrated whole, for, although the different regions became sharply differentiated in the natures of their economies and in their immediate interests, they also became increasingly interdependent.

It is described in detail, with particular reference to the working of the federal fiscal system, how the isolated regions and pockets of settlement have grown into an integrated trans-continental economy; how small towns and cities have grown into large urban concentrations and great metropolitan centres; how the self-sufficiency of the household and the family have been superseded by highly specialised activities which are greatly dependent upon the smooth operation of an intricate exchange economy and a world trading system; how the meagre but relatively stable incomes have risen to support a much higher but more precarious standard of living; and finally, how the philosophy of government has changed from one of *laissez-faire* to one of increasing interference with a view to improving economic and social conditions. The depression of the 'thirties revealed that the Canadian economy is one with serious disabilities and weaknesses—the necessary dependence on a few specialised exports and the consequent vulnerability

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and sharp fluctuation in income, the large proportion of unproductive areas and the seasonal handicaps which increase overhead costs, and the consequent rigidities of the cost structure as a whole. But in addition to those disabilities, which are inherent in the nature and distribution of Canadian resources, are the increased costs which have been incurred for political and national reasons and which further increase the rigidity and vulnerability of the economy.

The Commission's survey of the regional economies which have developed within the main structure revealed wide disparities in *per capita* regional incomes, partly as a result of the operation of national policies which tended to concentrate surplus income and wealth in a few advantageously located centres. In times of depression this condition is likely to be greatly intensified, at least as between certain regions. This raises, of course, grave financial problems for Provincial and municipal Governments dependent upon political rather than economic units; it produces great inequalities of capacity as between Provincial Governments to withstand economic crises and to maintain services under the present division of revenues and responsibilities. In Canada to-day there are clearly some economic factors making for national integration and interdependence and some for division of interest and friction. With the passing of the period of expansion which was so greatly influenced by the traditional national policies, it may be necessary both for the preservation of national unity and for the preservation of the national welfare that new policies should be inaugurated and developed to stimulate and give dynamic direction to new national expansion, although probably on very different lines and different frontiers. The Commission's conclusion was that while it was not their task to say what policy should be followed they felt it necessary to recommend adjustments in the federal system which would make it possible to follow some policy. Canada's present and prospective economic condition makes it clear that neither the friction and waste of conflicting policies nor the greater loss due to paralysis of policy arising from an inappropriate division of govern-

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mental responsibilities and powers can any longer be afforded.

Book II contains the recommendations for adjustments in distribution of powers and responsibilities as between the Dominion and the Provinces which the Commission believed necessary to bring the federal system into conformity with the economic realities and present-day needs of Canada.

The financial recommendations described as Plan I contain the essence of the Commission's views and by implication outline their philosophy of federal government. They are relatively sweeping and simple. The Dominion is to have exclusive jurisdiction over personal income taxes, corporation taxes and succession duties, just as it was given in 1867 exclusive jurisdiction over the outstanding national taxes of that time, customs and excise. These are the taxation fields in which the greatest inequities result from the operation of national policies which fortuitously concentrate taxable surpluses in some Provinces and drain them from others, and from the scramble of competing Governments for revenues, and where the conflict of governmental policies depresses the national income.

The Commission recommended the assumption by the Dominion of complete responsibility for the relief of unemployed employables—a financial responsibility which the Dominion has in fact in large measure had to bear throughout the 'thirties. The Commission also recommended assumption by the Dominion of all provincial debts, the Dominion to secure in return from each Province a fixed payment based on the Province's receipts from its wholly or partly self-supporting assets. The taxation, unemployment relief and debt service transfers are all recommended as intrinsically and independently desirable. When combined and applied to each Province it was clear, however, that some Provinces would not be able to provide, at the average Canadian standard, for the functions left to them which the Commission thought it was desirable they should preserve, without far more than average severity of taxation.

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The final financial recommendation was accordingly that the existing system of Dominion subsidies to the Provinces, which is roundly condemned by the Commission as illogical, chaotic and inequitable, should be replaced by a system of national adjustment grants from the Dominion to the Provinces. It is recommended that these adjustment grants should be sufficient to permit each Province (and its subordinate municipalities) to supply the average Canadian standard of education and public welfare services to its residents, and adequate developmental expenditure based on its previous experience, without resorting to taxation materially above the Canadian average. There are, however, to be no conditions attached to these grants; that is, a Provincial Government may elect to spend above the Canadian average on one service and less on another, or it may provide higher than average services with higher than average taxation, or it may provide lower than average services with lower than average taxation. It is recommended that machinery be set up to review these grants from time to time (although the initial amount is to be irreducible) and to recommend temporary emergency grants from year to year to meet any disaster or special circumstances.

The net effect of the financial transfers recommended would be to improve the financial position of all Provincial Governments (including their municipalities) at a cost to the Dominion Government (after allowance for certain economies which the recommendations would make possible) of approximately \$40 millions a year. The Commission stress that they do not view lightly the heavy additional burden on the Dominion Government but that they do not consider it alarming in view of the greatly improved position in which the Dominion would be put to carry out a comprehensive fiscal and monetary policy in either prosperity or depression, and in view of the relief to business and the economy in general which a coherent and rationally designed taxation system would afford.

There are, in addition, a number of recommendations on matters which are not primarily fiscal, such as the recommendation that the Dominion and the Provinces should have

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concurrent legislative powers to deal with the marketing of selected natural products; that the British North America Act should be amended to make provision for delegation of powers from either the Dominion to the Provinces or the Provinces to the Dominion; that the Dominion should have power to implement conventions of the International Labour Organisation; and that the Dominion-provincial Conference should be held regularly and provided with an adequate and permanent secretariat. A section is devoted to the difficulties arising from divided jurisdiction in the field of transportation, where the Dominion controls railways and Provincial Governments control highways, and to the public finance implications of extended competition between these two agencies of transportation. The urgency of this problem was stressed, but the Commission felt unable to do more than indicate the general lines along which they felt co-ordination would be desirable. An effort was made to deal with every submission presented to the Commission, including the special claims made by a number of Provincial Governments, although in many cases the Commission found it necessary to point out that the subject-matter lay outside the terms of reference.

A word must be said on the relevance of the Commission's Report to the new situation produced by the war. The Canadian press almost unanimously hailed the Report as a thorough and competent piece of work, but a portion took the attitude that no action would be possible or should be attempted during the war. In this connection the following quotation from the letter of transmittal is of interest:

As noted in the final Chapter, the decisions underlying the recommendations of the Report were reached before the outbreak of war. The Commission has since reviewed its recommendations and, in spite of the great and relative changes in the financial outlook for Canadian governments, it believes its recommendations to be appropriate to meet the new strains and emergencies of war conditions.

Canada,
July 1940.

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POLITICAL CHRONICLE

THE end of the first week of July approaches. From Daventry, Australia hears warnings that the Nazis may within days, or even hours, begin their attempt at the conquest of Britain. Those who do not know how deep into British soil go this country's roots would marvel at the suspense and anxiety that are evident on all sides. Australians are not oblivious of what would be the consequences for us of German success. But anxiety for ourselves is not the emotion with which the whole Commonwealth is stirred. One of the Labour stalwarts in the House of Representatives a week or two ago expressed in a few simple words what almost any Australian feeling. An irrelevant party thrust omitted, he said: "The workers of Australia do not regard England merely as a place where they can sell goods and borrow money. . . . England is the home of our race; we love England; and if England should go down it would seem to me as if the sun went down."

Here in Australia, though we feel all the helplessness of disaster, we have no lack of confidence in the outcome. But the disastrous events in Europe in the past three months have affected nothing less than a revolution, both in the situation that confronts us in the Pacific and in our own attitude towards the country's war effort. British readers might regard Australia's present measures as still partial and unsatisfactory. Owing partly to our distance from Europe, however, and partly to the great area over which our small population is scattered, there is an inevitable time-lag in the reaction of Australian politics to world events. This country has often stood very much where Britain had stood six months before. A more illuminating comparison is with what was being done there before.

Prior to the German conquest of Norway, Denmark and the Low Countries, the Australian Government had been

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organising on rather a long-term basis, and public opinion, though repeatedly warned that much greater effort would be necessary, had not been aroused. Those conquests, and still more the collapse of France, produced an abrupt awakening. The frontiers of lethargy and doubt were pushed back almost overnight. With a new and heartening realism and unity the nation determined to face its perils and surmount its obstacles at whatever cost. The changes that took place in the position of the Labour party were probably the most significant of all.

The Labour party, which is the official Opposition in the House of Representatives (with 32 seats in a House of 75), has not at any stage wavered in its support of the British Commonwealth in the war. But its defence policy had been laid down before the war in very restrictive terms. From the outset, however, the party realised that this policy must be modified, and, pending revision, the Leader of the Opposition did not treat it as binding in its full rigour. Emphasising the risks of sending Australian troops overseas until the alignment of the neutrals should have become more clear, Mr. Curtin and his party did indeed oppose the decision to send overseas the Sixth Division of the Australian Imperial Force. But they did not oppose the reintroduction in November 1939 of compulsory military training; and during the important by-election at Corio* in March 1940 they accepted the obligation to maintain the A.I.F. abroad with adequate reinforcements and to participate to the full in the Empire Air Scheme. Labour opinion was definitely on the move. On June 19, after the Allied débâcle in Western Europe, a conference of the party agreed on an entirely new policy.

The Labour resolutions ran as follows:

Having regard to the gravity of the world situation and the imminent danger to the Commonwealth of Australia, the Empire and the Allies, this conference of the Australian Labour party definitely declares as its policy:

- (1) Complete and indissoluble union with the Allies in the war;
- (2) The entire resources of Australia (which include all produc-

* See THE ROUND TABLE, No. 119, June 1940, p. 687.

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tive and financial organisations) to be under the control of the Commonwealth Government for national service in the urgent and adequate defence of Australia and the prosecution of the war;

- (3) That, to secure maximum productive efforts, all idle employable labour be absorbed into industry;
- (4) Speeding up of our war and other services on a planned scale, aiming at the highest efficiency and the most economic use of the resources at our command;
- (5) National training for defence, in terms of the existing Defence Act, to be maintained on the highest basis of efficiency, and provision for an adequate system of physical training throughout Australia; complete participation in the Empire Air Force scheme; necessary provision for reinforcement of the Australian Imperial Force divisions; the extent of European participation by volunteer army to be determined by circumstances as they arise, having regard to the paramount necessity of Australia's defence;
- (6) Full recognition of trade unions, safeguarding industrial standards and the participation by labour organisations in the successful organisation of the nation;
- (7) An excess war profits tax of 100 per cent.

This conference is firmly convinced that Australia can be united on these principles, and calls to Australians to stand together in resisting aggression from any source, to bear willingly any burden that may be imposed in the interests of Australia's security and to demonstrate to the Empire and its Allies that we shall not be found wanting in the struggle for human liberty.

In order to implement effectively the policy agreed upon by the conference, and to achieve and maintain the maximum of national unity, and to ensure the preservation of the utmost degree of civil liberty consistent with the conduct of the war, this conference declares:

- (a) That Parliament should be regularly consulted;
- (b) That the Labour party should maintain its integral identity in the people's interests;
- (c) That a national war council, including representatives of Labour, should be established to advise the Government in respect of the conduct of the war and in preparing for the post-war reconstruction.

In substance these resolutions mean that the Australian nation is united as never before in a determination to win

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the war. Naturally demands have been made for a National Government, representative of all parties, especially since the establishment of Mr. Churchill's Government at Westminster. The Prime Minister has declared that he would welcome Labour representatives in his Government provided there were no compromise on essential principle. Mr. Curtin, however, has so far been unwilling. Broadly, his position is the same as that of the Labour leaders in Britain until May last—that democratic government is best carried on with constructive criticism by an Opposition, which will preserve its identity and be able to present itself to the electors at the next election (whenever it comes) as an alternative government. Mr. Curtin claims that as Leader of the Opposition he has been able to do better work, both for the Government and for the country, than he could have done as an ordinary member of the Cabinet. There are, moreover, some differences on questions of policy and personnel.

There has been much discussion about the date of the next federal elections. Triennial Parliaments are the rule throughout Australia. In the case of the Commonwealth the Constitution, which is written and inflexible, prescribes that "every House of Representatives shall continue for three years from the first meeting of the House, and no longer, but may be sooner dissolved by the Governor-General". The present House met first on November 30, 1937, and will therefore expire on November 30, 1940, at latest. Even assuming the desirability of a prolongation of the lifetime of the present House, such a change is beyond the powers of the Commonwealth Parliament. The Constitution itself must be amended. This, of course, would ordinarily require a referendum. It may be taken for granted that no attempt will be made to utilise such a costly and slow procedure. The only other legal technique available is an amendment of the Constitution by Act of the Parliament at Westminster. The passing of an Imperial Act, on the request and with the consent of Australia, would be unusual, but in no sense unconstitutional, even if Australia had adopted the Statute of Westminster. If any necessary

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changes can be made without an election or with an uncontested election, so much the better. The great inarticulate majority in the electorate does not want to face the responsibility of a party choice during war-time, and the closer Labour's defence policy has come to the Government's, the weaker has become the case for an early election. If the Government has already made a decision on the question, its secret has been very well kept. Events may of course make postponement inevitable. But one thing is certain, that, if after all an election is held this year, the Government that the Australian people will have is the one that convinces the country of its capacity to organise the nation for the maximum of effort.

Just a month after the Parliament at Westminster had passed the great Emergency Powers Act 1940, the Royal assent was given at Canberra to an amendment, in substantially identical terms, of the National Security Act. In this country, as in Britain, the brief and simple phrases authorising the Executive to make "provision for requiring persons to place themselves, their services and their property at the disposal of the Commonwealth" constituted a delegation of power unique in our history. The day before Parliament met, the Labour conference had foreshadowed support of the Bill by the Opposition by resolving (as quoted above) that the entire resources of Australia, including all productive and financial organisations, should be placed under the control of the Government for defence purposes. The Bill was in fact carried by overwhelming majorities—in the House of Representatives by 61 votes to 9, and in the Senate by 27 votes to 3.

The Australian (like a good many other people) co-operates more readily than he obeys, and the Prime Minister wisely emphasised the Government's determination to keep its great new compulsive powers in the background and to proceed, as in the past, as far as possible by co-operation, especially with the trade unions. Along with a thorough-going reorganisation of the arrangements for munitions supply has gone a patient, and now successful, attempt by Mr. Menzies to secure the

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establishment of an advisory panel of trade union representatives, with which the Government will be able to discuss all questions of industrial standards.

The war effort is expanding all the time with such velocity that last week's figures for taxation, for production, or for enlistment, are obsolete almost before they come to hand. Apart from what has been chronicled in recent numbers of *THE ROUND TABLE*, the expansion in the production of munitions calls for mention. Recent changes overseas have altered not merely the dimensions but the very shape and nature of the problem to which the Australian effort had previously been directed. We are now essaying the task not merely of multiplying our output of all the types of munitions: the organisation for directing the supply of them has been entirely reconstructed. The control of munitions production was separated from the Department of Supply and the Prime Minister himself became Minister for Munitions. The chief executive head is Mr. Essington Lewis, formerly General Manager of the Broken Hill Proprietary, which has a dominating position in the iron and steel industries of Australia. The new Director-General of Munitions Production has been given the widest powers, with direct access to the War Cabinet. The aid has been enlisted of a number of the leading industrialists of Australia as a Board of full-time directors, each of whom is to be responsible for a special department. The eight directors are concerned respectively with aircraft, ordnance, ammunition, explosives, machine tools and gauges, materials, labour supply and finance. One of the appointments to the directorships should perhaps be specially mentioned—M. J. B. Chifley, formerly Minister for Defence in the Labour Government of 1930, becomes Director of Labour Supply and Regulation. A year ago the Government was at the stage of utilising the services of many of these men in a purely advisory capacity. To-day they are giving their full-time executive services to the Commonwealth.

Australia,

July 1940.

SOUTH AFRICA

I. PARLIAMENT

THE first half of this year's Parliamentary session was reviewed in the third War Number of *THE ROUND TABLE*. The session ended on May 14, considerably earlier than seemed possible a couple of weeks before. Germany's invasion of Holland and Belgium irresistibly reinforced General Smuts's appeal, made earlier in the session but then disregarded by the Opposition, that Parliament should finish its work quickly and leave him and his colleagues free to do their war-multiplied administrative work. The remaining business of the session, which was substantial in volume, was hurried through. The Government majority stood very firm, as it had stood throughout the session, and there was no abandonment of any necessary measure, though several desirable Bills were left over. Parliament must evidently meet again, probably in September, certainly not later than October. Money will then be necessary for war supply, in addition to the £14 million budget provision.

All through the session a torrent of Opposition garrulity flowed endlessly on. The Government, which had found it necessary to use a guillotine procedure to pass the War Measures Bill, before Easter, avoided a repetition of that reluctantly-adopted step during the rest of the session. It did this at the cost of very long sitting hours, which put an unusual strain on members, especially on the Government side. For weeks the House of Assembly met in the morning, adjourned for an hour and a half for lunch, and continued, with a couple of hours off for dinner, till eleven o'clock and very often till much later. Whenever unconscionable time was being taken up by the Opposition, the Government resorted to the suspension of the rule of order by which the House automatically adjourns at 11 p.m. This meant that the leader of the House could announce that the debate in progress must be finished before

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the House adjourned. The expedient succeeded. It would have been unworkable if the Government supporters belonging to the Dominion and Labour parties and the three representatives of the native peoples had not been impeccably diligent in their attendance. Their record in this way was beyond all praise and will be remembered with gratitude by all members of the United party, which is led by General Smuts, after the war crisis is over and the present coalition of parties comes to an end. United party members were equally conscientious, so that the Government majority, which, with all members on both sides of the House voting, is 18, maintained a steady level, in all important divisions, of round about 20 and often considerably more.

Urgent measures, as has been said, were disposed of before Parliament adjourned. Among them were the Industrial Development Bill, referred to a Select Committee before Easter and passed very much in the form there given to it; the Wine and Spirits Control Amendment Bill, very vital to the welfare of the wine industry in the Western Province of the Cape; the Rents Bill, which contains an unusual experiment in its application to business premises; and the Electoral Laws Amendment Bill. The last is designed to remove anomalies in the electoral system which have crept into the machinery devised by the National Convention and embodied in the South Africa Act—our Constitution—thirty years ago. The Bill was based on a unanimous report of a Select Committee in 1939; but the Opposition members of that Select Committee, subjected no doubt to very strong party pressure, failed to live up to their Select Committee views and, when the Bill came before the House, fought many of its clauses with great determination. The South Africa Act machinery allows the Delimitation Commission, which parcels out the four Provinces of the Union into a number of constituencies fixed beforehand by an automatic process, to reduce the quota of voters by 15 per cent. in rural constituencies and to load it by 15 per cent. in urban constituencies. This provision remains unaltered in the new Act. But in practice the constitutional

preference in favour of rural constituencies—amounting to a maximum of 30 per cent.—has been greatly exceeded. So much so, that, in the circumstances existing before the amending Act was passed, two and a half votes in some urban constituencies had no more than the same value for returning a member to the House of Assembly as one vote in many rural constituencies. These were extreme cases; but it is true to say that, as a general rule, one country vote was equivalent to from one and a half to two urban votes. The method adopted in the Act to remove this anomaly is complex and takes a number of shapes. Most important, however, are two. Compulsory registration has been made the law for the whole country, and the Delimitation Commission, which hitherto could not take account, in parcelling out constituencies, of anything but the last formal roll of voters, has now the power to take into account provisional rolls which have not passed the objection stage. Ancillary to this provision is another which reduces the period of residence in a constituency necessary for registration from three months to one, and there are many other minor alterations in the existing electoral law.

In fairness to the Opposition, it should be said that on some points in this complex measure their criticisms were a help to the Minister in charge, Mr. Lawrence, who handled the Bill with great competence and indomitable patience. An awkward incidental problem arose in connection with the Coloured voters of the Cape Province, who were included, in the first draft of the Bill, in the provision for compulsory registration. Coloured voters, however, must have certain qualifications, whereas the franchise is given to every adult white man and woman. (Coloured women, by the way, have no vote.) Officials in Mr. Lawrence's Department pointed out to him that administrative difficulties might follow the imposition of compulsory registration on Coloured voters, who have to prove that they are qualified, which would be absent in the case of white voters. Thereupon Mr. Lawrence dropped compulsory registration for Coloured voters out of the Bill, announcing this decision in his speech on the Second Reading.

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Representatives of the Coloured people saw in this decision another instance of discrimination between white and Coloured, to the detriment of the latter, and agitated to have compulsory registration of Coloured voters restored. Mr. Lawrence refused and the Government majority in the House supported him. The agitation seemed to many to be not very wise, for there was no doubt that compulsory registration would have been irksome to Coloured men living on farms in rural areas. But Coloured leaders are in a sensitive state, understandably, and the mere mention of discrimination against their people, by European friends and advisers whose zeal at times outruns their discretion, is enough to make them suspicious. In this instance, their wrath at the Government's line was based on a suspicion that the country members in the Government party had been intriguing successfully against them—a suspicion for which there was no shadow of foundation.

II. WAR POLICY

SO much for the legislative side of the session. But much time was also occupied in discussion of war policy, the Opposition taking the line laid down in General Hertzog's peace motion in January—that South Africa has no concern in the war and that the Government should make peace with Germany immediately. When Germany broke into Holland and Belgium on the night of Thursday, May 9, the House assembled next morning in a spate of excitement. It was thought by many that this outrage against Holland would change Opposition opinion and that Holland's peril would open Opposition eyes to the danger in which South Africa would be as well, if German arms triumphed in Europe. It was known that the Opposition caucus had met early that Friday morning and there were rumours of acute difference of opinion. What the decision of the caucus had been no one knew except those who had been there; but the House and the country were not to be left long in uncertainty about it. As the morning wore on, tension in the House increased. When

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business was resumed after the luncheon interval, General Smuts read the latest official telegrams and appealed for Opposition co-operation in a drastic speeding-up of the remaining work. That afternoon General Hertzog, the official leader of the Opposition, was not in his place. Dr. Malan replied to the Prime Minister in a conciliatory vein, promising co-operation. Some thought that this meant that the Opposition had decided to revise its anti-war attitude in face of the latest German aggressions. It meant nothing of the kind. The next business was the Second Reading of the Defence Special Pensions and Moratorium Bill. As soon as Mr. Hofmeyr, Minister of Finance, had spoken on the second reading motion, Dr. van der Merwe, who was deputy leader of the Opposition when the Nationalists were alone on the Opposition benches, before the September breach between General Smuts and General Hertzog on the war issue, rose to announce that the invasion of Holland made no difference to the Opposition attitude towards the war. "Our attitude towards the Government's war policy", he said, "can in no way be influenced by the most recent happenings overseas." A few moments later, Dr. van der Merwe was followed by Mr. Eric Louw, another Opposition front-bencher. This, he declared, was "not a matter of sympathy. We have the greatest sympathy with Holland and Belgium, but we place the interests of South Africa first. That is our standpoint." If there had been dissensions in the Opposition caucus that morning, there was no sign of them in the House. In the absence of the Opposition leader, two Opposition front-benchers had evidently been commissioned to make the Opposition view quite clear. On the following Monday, the Government proposed and the Opposition agreed to a special vote of £100,000 to Holland and Belgium.

If any doubt remained about the Opposition reaction to the invasion of Holland and Belgium, it was removed before Parliament finished its session on Tuesday, May 14. General Hertzog, who might have been expected, as leader of the Opposition, to announce the Opposition's attitude formally,

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remained silent. But Dr. Malan seized the opportunity offered by the second reading of the Appropriation Bill to endorse completely the pronouncement of Dr. van der Merwe and Mr. Eric Louw. Beginning with some sympathetic references to Holland and Belgium, and especially to the Queen of Holland, and uttering a rather tepid condemnation of aggression, Dr. Malan proceeded to say that "the belligerent countries in Europe have not much to reproach each other with" so far as aggression went. He would not, he said with insufferable condescension, make much point of the British landing in Iceland, though "Iceland was a small independent State which loved her independence and wanted to retain it". In Norway "undoubtedly a breach (of neutrality) was committed on both sides". As for the German invaders of Holland, in modern war "it has become a question of one or the other taking possession of good bases as soon as possible". So, "in judging of all the circumstances, we should not lose our heads entirely and we ought to look all the facts in the face". In any case, he and his party were clear that the invasion of Holland should make no difference to their anti-war policy. In spite of a "noisy, screaming propaganda . . . that owing to what has occurred, to what has happened to Holland, we on this side are wrong and should abandon our policy", he said that "it has nothing to do with it. We may have the greatest sympathy for Holland and we can disapprove of aggression and strongly disapprove of it, but that is not sufficient reason to abandon the example which Holland has set us and that we should now go and mix ourselves up in the wars of Europe."

Scathingly answered by General Smuts, who was specially severe on the suggestion that Germany's need for air bases supplied an excuse for, even if it did not justify, the invasion of Holland, this speech by Dr. Malan on the last day of the session set the note for the Opposition refusal to take the invasion of Holland as any reason at all for supporting South Africa's part in the war on the side of Great Britain. That note has been sounded throughout the country with bitter persistence ever since. When Italy entered the war, General Hertzog took the

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opportunity to address an open letter to General Smuts demanding that the Government should give in and go to ask Germany for peace terms. In this letter, General Hertzog claimed to be the mouth-piece of "the people" and justified demonstrations on behalf of his peace policy—an encouragement to potential disorder which went to the extreme limit of legitimate action by a political leader in a country at war, if it did not pass that limit.

This stubborn Opposition refusal to admit that there is anything in the fate of European neutrals from which South Africans who were for neutrality when war broke out and are now clamouring for a peace overture to Germany might learn a lesson must be exceedingly hard for people who do not live here to understand. Indeed, it is a puzzle even to General Smuts's supporters here. Opposition arguments for anti-war convictions were summed up a few days ago by Dr. Malan, in a speech at the village of Porterville, in his own Cape constituency. They do not make the puzzle any more easily understandable; but they do go as far as it is possible to go to rationalise the attitude of the anti-war people in South Africa. For that reason it may be as well to give more attention to the speech than a strict regard for proportion would allow.

Dr. Malan was a Predikant of the Dutch Reformed Church before he became a politician. His oratorical manner is still strongly reminiscent of the pulpit—almost entirely without gesture, monotonous in tone, harsh in voice. He delivers his speeches with a set, frowning face. Yet he is effective, mostly because of the architectural merit of his orations. They are built up in a reasoned process of logical argument; the working-out is always clear; his premisses once granted, the rest follows in a superficially impressive sequence. The speech at Porterville was very long. The local Nationalist paper printed it verbatim, at an expenditure of five pretty solid columns. The collapse of France was still in the near but as yet murkily ominous future. The foundation of the speech was the familiar assumption of anti-war partisans here—that South Africa was dragged last September into "England's war"—

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a war which was no concern of hers. From that the rest followed with a specious weight of seemingly automatic development. The war—Dr. Malan remarked—had taken a very ominous turn for the Allies. If Britain was defeated, the consequences would be even more grave for South Africa than for Britain herself. No nation of millions of people could be annexed by a conqueror. The power of a Britain defeated would be diminished; but it would be the possessions of Britain which would lose their identity. And our Government, by joining the war on the British side, had given the impression to outsiders, who did not understand our constitutional position, that South Africa was the “will-less” possession of Britain. Therefore the problem for South Africa now was not the war but the peace. To say that South Africa was in danger from Italy was “tomfoolery”. Italy was as far away from us as the United States from Germany. Yet we had attacked her in North Africa, not she us. But, it was being asked, did not the invasion of Holland make all the difference? Here Dr. Malan carried a travesty of events to almost incredible lengths. Neutral after neutral, he sneered, had asked Britain for help. Britain had helped none of them. It was natural that South Africans should feel the deepest sympathy for Holland, but we had harboured no resentment against her when she had remained neutral in the Anglo-Boer war, and Holland would not expect South Africa to do anything else now. Facts must be looked in the face. This immersion in the troubles of Europe, which General Smuts had committed us to when he joined Britain in war with Germany, had been a fatal blow to national unity. There had been attempt after attempt to achieve national unity on the basis of the British connection. All had failed. Such attempts must always fail. The only way to national unity was through a free, independent Republic. And so to the peroration, exultantly applauded by an audience of 3,000, gathered by lorry-loads to come to that small village. The war might be lost by Britain. South Africa might have to choose whether to remain a “whole people” or to be part of a British Empire which had lost the war—that was to say a

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British Empire under Hitler. “The choice then is a Republic or Hitler.”

There should be no risk in assuming that an exposure of Dr. Malan’s fallacies is unnecessary here. They proclaim themselves with almost inconceivable hardihood. But their reception, with eager and wholly uncritical appetite, by so large a crowd is a measure of the ignorance and the ill-will towards Britain among a large part of our people, on which the Opposition parties batten; though the caution is necessary that among the 3,000 at Porterville there was doubtless an appreciable number who were far less in agreement with Dr. Malan than their abstention from dissent suggested. A fair proportion, too, must have felt violent antagonism to the speech, but did not care, in that atmosphere, to say so at some risk to themselves.

III. INTERNAL CONDITIONS

IN the South African political chronicle in the third War Number of THE ROUND TABLE it was said that the signs showed a considerable swing towards General Smuts among the Afrikaans-speaking people in areas where such a movement of opinion had seemed improbable. Porterville is a stronghold of Opposition, especially Nationalist, opinion, and the unanimity of a meeting there in favour of Dr. Malan is no contradiction of that statement, which is as justifiable now as it was then, though the collapse of France has certainly checked the pro-Smuts trend. Much will depend on the result of the European struggle between Germany and single-handed Britain. If Britain holds her own till the winter begins, there will be a great rise in her prestige locally, with a corresponding weakening in that of Hitler. At the moment, the French *débâcle* has overshadowed the German invasion of Holland and Belgium as a factor affecting the Government’s strength in the country districts. Yet, in spite of the Opposition contention that the rape of Holland should not affect South African opinion about the war, Afrikaans-speaking people

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have felt it very deeply. The obvious lesson, too, that neutrality is no protection and that the mercies of Hitler are not tender, has not been lost on large numbers whose political affiliations are Opposition. Afrikaans-speaking people, especially those of the better class, are law-abiding and, after long reflection, are reaching the view that, when the country is at war, support of the Government, though not necessarily political support, is an elementary duty. An example of this is a pronouncement by Senator Alberts, a much respected follower of General Hertzog, who has said that, though his political opinions are unaltered, he recognises his duty to support the Government in war-time. He added that he had not attempted to prevent his son from volunteering for military duty anywhere in Africa. The Hertzog element in the Opposition, through the mouth of one of its most influential members in the Free State, Senator Brebner, has deprecated the holding of political meetings in war-time. But the Nationalist element, under Dr. Malan, has taken the other line. Constant efforts are made to stir up political feeling against the Government. A week or so ago, a procession of women was organised to interview the Prime Minister at Pretoria and to demand that the Government should sue for peace from Germany. General Smuts allowed the procession to come to Government buildings, having warned the organisers that he would be too busy to see them. When it arrived, the leaders were ushered into the presence of Mr. Hofmeyr, who greeted them with his habitual politeness, offered them tea, and ushered them out again. This wise tact and firmness checked at its source a protracted flood of propaganda, confidently calculated by the organisers of the procession. But the Nationalists are persistent. Peace propaganda goes on. Meetings in many parts of the country are being organised. Intemperate language is used at these meetings by prominent Nationalists and pre-prepared resolutions for peace are passed with conventional and regimented unanimity. Proposals and plans for the reception of children evacuated from Britain meet likewise with violent protest: whether as a gesture towards Britain of

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sympathy and practical help or as a dastardly plot by the Government to introduce fresh British blood into the Union, such plans are equally distasteful to those whose motto is "Ourselves Alone".

There has been a not unnatural tendency among pro-Government elements to think that these Nationalist activities should not be allowed. Hot-heads say that the Government should proclaim martial law and that leading Nationalists should no longer have the opportunity of making hardly veiled seditious speeches, but should be clapped into the muzzle of an internment camp. The Government has been deaf to all representations of this kind, believing, it is natural to suppose, that martyrdom is precisely what the Nationalist leaders would enjoy and that martial law had better be kept in reserve in case there is an undeniable need, of which there is no very impressive evidence up to now. It is true that, among some elements of the Afrikaans-speaking people, feeling is bad and that disorder might break out if the Government either lost control through weakness or lent itself to over-severe handling of disaffected persons. Hitherto, both these extremes have been successfully avoided and there is no visible reason why the present, sporadically uneasy, but for the most part satisfactory, state of affairs should not continue indefinitely.

The internment of enemy aliens and of naturalised persons or born South Africans found engaging in intrigues or activities against the State has been proceeding on lines which have given less satisfaction among more responsible people. Fifth-column exploits in Holland and elsewhere have made a deep impression on the public mind. Towards the end of the session the *Cape Times* advocated internment of all Germans. General Smuts announced that the Government would stiffen up its internment policy and this has been done, but there is still an uncomfortable impression in quarters not given to nerves that Germans reasonably suspected of subversive tendencies are still at large.

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IV. WAR EFFORT

CIVILIANS in war-time can do little but help financially. South Africa has not been backward in this form of war effort. Considering that we have but two million white people and that a large proportion of them are hostile to the war, the amount contributed is very large. There are too many funds and this dissipation of contributions tends to obscure the generous reality. The main fund, rather unhappily named the Mayors' Fund when it was started at the beginning of the war, has just been re-named the Governor-General's Fund, and the Government has agreed to share in its main purpose—care for dependants of our fighting men. South Africa, of course, is exceptionally fortunate in its circumstances. The rise in the cost of living has been hardly noticeable, because the Government has wisely controlled prices through boards of knowledgeable civilians. The collapse of France shocked the gold share market and lowered the price of gold shares, but the fall was much less than it might have been, considering that fears about the future of gold naturally accumulated with the Nazis' successes. But a very reassuring statement on the gold position by the Governor of the Reserve Bank—a Hollander by birth and not given to random optimism—steadied opinion and checked the fall.

Little information can be expected in war-time about the progress of recruiting and the extent of volunteering for service anywhere in Africa. The Government promised when the war began not to send troops oversea and it is relying on volunteers for the men that it is sending north to help in the protection of the communities there. In the circumstances already described, there has been some tendency among recruits, mainly in the country areas, to refuse to offer to go north. That was an inevitable effect of Nationalist anti-war propaganda. But the Prime Minister has said that recruiting for the north has satisfied him, and it must be remembered that, with a good deal of political resistance to the Government's war policy existing in the country areas, no Govern-

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ment could risk sending more than a proportion of reliable troops beyond the frontiers of the Union.

Yawning gaps in the defence provision of equipment and armament which General Smuts inherited from Mr. Pirow are being filled up with all possible speed. The Government has very wisely enlisted the help of expert civilians in these supply matters, with satisfactory results in most directions. It would have been still wiser if it had done the same in order to hurry up the process of attesting volunteers, in which there have been very protracted delays, mostly in Capetown, exasperating to individual recruits and spreading doubts about the competence of the Defence authorities. Similar muddles about the definition of "key men" in industry and commerce, payments to dependants of men in the forces and so on, have intensified these doubts. But any machine on a small scale, such as our Defence organisation was, is likely, when suddenly called upon to expand largely and quickly, to undergo strains which are too much for it, and the reluctance of the military mind to condescend to accept civilian help in such circumstances is not limited to South Africa. Still, a little more imagination from the Government in the way of anticipating these red-tape failures by insisting on military acceptance of civilian assistance, which was eagerly offered and available in great abundance, would have made a very excellent impression on a public mind perhaps too sensitive to military lapses. Defence Liaison Committees, manned by civilians, are now being appointed to straighten tangles out—a welcome sign of Government grace.

As soon as Italy entered the war, South African air-planes moved north and took the offensive. Repeated bombing raids have been made on objectives in Italian East Africa and on the Abyssinian frontier, with all the effect of a surprise attack and at a minimum cost in casualties. South African troops have also moved north to Kenya. This was officially announced by the Government within a few days of Italy's entry into the war.

South Africa,
July 1940.

NEW ZEALAND

I. CABINET RECONSTRUCTION

THE death on March 27 of the Rt. Hon. Michael Joseph Savage, M.P., the first Labour Prime Minister of New Zealand, raised new political problems. In the normal course of events the Hon. Peter Fraser, as Deputy Prime Minister, would have become Prime Minister, and would have reconstructed his Cabinet according to his own ideas, after consideration of the views of his more prominent colleagues. In his case, however, the normal course of events could not be followed. Mr. Fraser immediately took charge of the affairs of the country, but his appointment was temporary, pending the decision of the members of the Parliamentary Labour party. Under the Labour system Caucus has the deciding vote in the selection of the head of the Government and, theoretically at least, in the choice of Ministers.

On April 1 Mr. Fraser received a commission from the Governor-General to form a new Government. This was in accordance with precedent. As senior Minister and as the man who had deputed for Mr. Savage during his long illness he had an unquestionable claim to receive His Excellency's summons. His claim, similarly, to be given the confidence of the Labour party by its confirmation of his leadership in Parliament was generally considered to be beyond challenge. But some speculation was caused by the common knowledge that there were elements within the Caucus of the party which might seek to dispute Mr. Fraser's leadership on the ground that the pace of progress toward the fulfilment of socialist policy in New Zealand could be increased if the Cabinet were radically reconstructed. It has long been known that such a reconstruction was desired, particularly by certain more radical members of the parliamentary group. The debate at the annual

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Easter Conference of the Labour party, at which a good deal of linen was laundered and which had its sequel in the expulsion of Mr. Lee, had already indicated that Mr. Savage himself had suffered from dissension within the organisation under his control. It was plain that there had been argument in the past among Labour politicians as to the methods adopted in the selection of the first Labour Administration. Members of that Cabinet were originally chosen by the Prime Minister himself. This was in keeping with well-established political precedent, but there had been subsequent complaint, openly voiced, that the practice then followed was at variance with the "democratic principles of the party". A group within the party has for some time been actively insisting that the task of selecting Ministers is not one for the Prime Minister and leader of the party, but for the party Caucus as a whole. This view has been put forward so strongly that it has led to a considerable measure of dissension within the party.

Labour at the eve of the 1935 election was represented in Parliament by 24 members. After the election its numerical strength had increased to 55. When it took over the government of the country, the party in the House of Representatives consisted of a considerable proportion of younger men with little or no previous parliamentary experience. It was doubtless this fact, together with the fact that Mr. Savage had with him many of his old and tried colleagues who had had long parliamentary experience in opposition, that made him feel that he would be ill-advised to follow the usual Labour procedure in the selection of a Cabinet. Mr. Savage had insisted on naming his own Cabinet. But while this concession was allowed on this occasion, it was clearly not understood by parliamentary members that it created a precedent, or that it should be made again either to Mr. Savage or to any successor; for the constitution of the Labour party specifically provides that Cabinet members shall be selected by a majority vote.

When Labour was returned for a second time at the general election of 1938, the circumstances prevailing immediately after the general election of 1935 no longer held. The great

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majority of members had by then had at least one term of parliamentary experience. This apparently was the view taken by at least a section of the parliamentary group, for immediately after the 1938 election Mr. Savage was handed a letter, signed by thirteen members of Parliament, demanding that the Cabinet be elected by a vote of Caucus. At the first Caucus called after the election (as stated by the *Standard*) Mr. Lee moved a resolution that the Cabinet be elected by the members of the Parliamentary Labour party. The method he proposed was that every member of the Parliamentary party should be automatically nominated and that there should then be an exhaustive ballot under the preferential voting system to determine who should be in the Cabinet. Mr. Savage refused to accept that method. The recalcitrants were not satisfied, however, and a motion proposed by them was carried. Mr. Savage refused to accept the motion and declared that, as far as he was concerned, he had finished with the matter until he placed it before the annual Easter Conference, as Conference was the governing authority in the party. The national executive of the party was, however, disturbed at the state of affairs within the parliamentary group and prevailed upon Mr. Savage to call Caucus together in February 1939. This meeting of Caucus was also attended by members of the national executive of the Labour party organisation. It was eventually agreed that a special committee should be set up to consider the whole question of Cabinet selection. The committee finally recommended that the leader of the party in Parliament should be selected on a vote of a majority of the members of the Parliamentary Labour party at a meeting to be called in the year of the general election prior to the opening of the last session of Parliament. As to the constitution of his Ministry, the leader of the party was to nominate all members whom he desired to have in it. These nominations were then to be submitted to the approval of the party assembled in Caucus. If all the names were not accepted by the party members in Caucus, then each member was to be invited to recommend other members for the leader's consideration. From among these recom-

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mendations the leader was to nominate those whom he desired to complete the full Cabinet. These nominations were likewise to be submitted to the Caucus for approval, and this procedure was to continue until the general opinion of the Caucus had been ascertained and met. A similar procedure of nomination and approval was to be followed to decide who should fill an extraordinary vacancy in the Cabinet. These recommendations were adopted unanimously by the national executive and by the members of the Parliamentary party Caucus, and were confirmed at the 1939 Easter Conference. They clearly represented a compromise between the principle of majority rule in Caucus and the course adopted by Mr. Savage in a certain set of circumstances. Here the matter was allowed to rest.

Important, however, as was the problem of Cabinet selection, it was not the principal cause of dissension. It was the façade behind which lay an even graver problem, that of the pace of progress toward complete socialisation in New Zealand. In a party predominantly youthful and accounting for two-thirds of the total number of seats in the House of Representatives this was a problem that was almost bound to arise. It was kept in check during Labour's first term because the party was largely occupied in working out a social security scheme, in formulating regulations governing the hours and wages of industry, in creating a guaranteed price scheme for dairy products, in planning educational improvements, and in bringing down other measures of a more or less social nature. While the party was occupied with such measures there was less inclination to consider one of the major planks in the Labour electoral programme, monetary reform.

The Labour party was swept back to office in 1938 on the tide of Social Security. While the 1935 Labour election programme included vaguely the gradual control of credit and currency, and this was in part implemented by the purchase of the private share capital in the Reserve Bank in 1936, that plank was not officially included in the 1938 election programme save in the general objective of the "continuation of

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the Government's progressive legislation and administration", nor was it stressed in the election campaign by members of the Cabinet. But private members voiced some demand for taking over the banks and this demand grew stronger when Labour's second term of office began. It became evident that there were growing within the party two distinct financial policies, one orthodox and front-bench, and the other unorthodox and back-bench. Back-bench pressure became insistent. The Left Wing, led by Mr. Lee, clamoured for the State ownership of the Bank of New Zealand and for New Zealand currency and credit to be divorced from sterling and export prices and to be based instead upon New Zealand production. These recalcitrants urged in Caucus the necessity for State ownership of the Bank of New Zealand as the second step toward the fulfilment of the party's electoral pledge of monetary reform.* Coupled with this demand was Mr. Lee's advocacy of a "debt-free credit system". The disaffection of the radical element was becoming a serious matter for party unity.

The fact that Caucus on April 4 promptly elected Mr. Fraser to leadership of the party by a decisive majority over a Left Wing challenge, and, more surprisingly, that it continued his colleagues in office, conveys the impression that it realised the overriding importance of maintaining stability, continuity and unity in the Labour party's administration. Doubtless, the tradition of party loyalty, reinforced by party discipline, helped also to smooth the way for the new leader and his Ministry. But, however that may have been, there was no doubt that the general opinion of the community was that the obvious and sound course for Caucus to take was to confirm Mr. Fraser in office. That it did so caused general satisfaction. Mr. Fraser is known and respected as a conscientious administrator and as a representative of more moderate Labour. It seems certain, however, that Mr. Fraser made at least some effort to conciliate the more radical element, since he undertook to present to Caucus in due course a report on possible additions to the Cabinet and, at the same time, stated that the

* See Pamphlet *I Fight for New Zealand*, Lee, pp. 14-16.

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whole question of Cabinet selection would be reviewed by Caucus at the end of the year.

The next step was for Mr. Fraser to submit to the Governor-General the resignation of himself and the other members of the provisional Government, and to lay before him proposals for a new Ministry. These have been accepted by His Excellency. The second Labour Ministry consists of the following Ministers:

- Hon. P. Fraser: Prime Minister, Minister in Charge of Broadcasting.
- Hon. W. Nash: Minister of Finance, Minister of Customs, Minister of Marketing, Minister in Charge of Land and Income Tax.
- Hon. D. G. Sullivan: Minister of Industries and Commerce, Minister of Supply, Minister of Railways.
- Hon. H. G. R. Mason: Minister of Education, Attorney-General, Minister of Justice.
- Hon. H. T. Armstrong: Minister of Health, Minister in Charge of Housing and State Advances.
- Hon. R. Semple: Minister of Public Works, Minister of Transport, Minister of National Service, Minister of Repatriation.
- Hon. W. E. Parry: Minister of Internal Affairs, Minister of Social Security.
- Hon. P. C. Webb: Minister of Labour, Minister of Mines, Postmaster General and Minister of Telegraphs.
- Hon. F. Jones: Minister of Defence and Minister in Charge of War Pensions.
- Hon. W. Lee Martin: Minister of Agriculture.
- Hon. F. Langstone: Minister of Lands, Minister of External Affairs, Native Minister, Minister for Cook Islands.
- Hon. D. Wilson:* Associate Minister of National Service and Repatriation.
- Hon. D. G. McMillan: Minister of Marine.

The main difference between this and the previous Ministry† lies in a number of changes that have been made in the allocation of portfolios and departments in such a way as to relieve

* The Hon. Mark Fagan, who had become Speaker in the Legislative Council, had already been replaced by the Hon. D. Wilson, who had taken Mr. Fagan's place as Leader of the Legislative Council.

† THE ROUND TABLE, No. 102, March 1936, p. 433.

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the three members of the Cabinet, the Prime Minister, the Minister of Defence and the Minister of Finance, upon whom in time of war the heaviest burden must fall. The addition of Mr. D. G. McMillan to fill the vacancy caused by the death of Mr. Savage was a later appointment. Mr. Fraser announced that at a Caucus on May 24 Dr. D. G. McMillan, member for Dunedin West, had been recommended to him for Cabinet rank. There were several nominations and the choice was made by vote. His appointment as Minister of Marine dates from June 12. At the same time as he announced that Dr. McMillan had been recommended for his consideration, Mr. Fraser announced that Mr. Nash, Minister of Finance, had been unanimously elected Deputy Leader of the Labour party. The chief interest in Dr. McMillan's election to Cabinet rank lies in the fact that he is a well-known supporter of the Left Wing element in the parliamentary group and spoke against the expulsion of Mr. Lee at the Labour party's Easter Conference. That he has been accepted by Mr. Fraser would seem to indicate a desire on the part of the new leader to placate the recalcitrant element and close the ranks of the party.

Apart from other considerations, there seems little doubt that the reshuffling of portfolios has revealed a weakness in the Government. In a party which contains a considerable proportion of younger men it might have been thought that the opportunity would have been taken to reinvigorate the Ministry by including three or four younger members. As it is, less capable Ministers now hold portfolios that may well overtax their administrative ability, while the more capable Ministers are still overburdened and will doubtless have to come to the aid of the weaker members of the Cabinet. The whole Ministry also tends to suffer in its authority and influence in war-time from its lack of a single member who has seen service in war. There are, however, indications that the present Cabinet should be regarded rather as provisional than as permanent. Probably Mr. Fraser intends to leave the door open for further change after he has had an opportunity to test his popularity and the strength of his own support

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within the Parliamentary party. While it is perhaps regrettable that Mr. Fraser has not been able to reach stability at once, particularly as the explanation of his inability to do so must lie to some extent in the internal condition of the party, it is only to be expected that he should move with some caution at this time. He is a noted tactician and will doubtless use every endeavour to reunite the party.

II. THE CASE OF MR. LEE

THE drastic step of Mr. Lee's expulsion was the climax of a series of events beginning with the notorious "Lee Letter"* and ending with the article "Psycho-Pathology in Politics" published in the December 6 issue of *Tomorrow*.† An official summary of the debate at the Easter Conference shows that the point at issue was Mr. Lee's attitude towards Caucus rule and to the national executive and the late leader. There is a complete absence of any comment upon his policies. As indicative of the general feeling of the Conference towards the Lee policies, some significance must be given to the fact that it later elected to the high office of Vice-President of the party Dr. McMillan, who is known to have been closely associated with Mr. Lee.

Mr. Lee in the wilderness has laid the foundations of a new political organisation, the Democratic Labour party. Accusing the official Labour party of abandoning the policies upon which it was twice returned to power, he has stated the programme of his own organisation to be for the present "the programme the Labour party was elected on at the last general election and is not putting into operation".‡ It is too early to comment on the probable development of Mr. Lee's party or to venture an opinion as to the effect it will have upon the future of the "official" Labour party.

* THE ROUND TABLE, No. 116, September 1939, pp. 873-6.

† THE ROUND TABLE, No. 118, March 1940, pp. 467-8.

‡ *The Dominion*, Wellington, May 2, 1940.

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III. AN OUTSPOKEN SPEAKER

FROM the point of view of party solidarity perhaps of more significance than the expulsion of Mr. Lee was the resignation from the party of the Hon. W. E. Barnard, Speaker in the House of Representatives and Member for Napier, until now known to the public mainly through his interest in the problems of New Zealand's population and his advocacy before the advent of war of an acceleration of the Dominion's defence programme. A man of more sober and balanced judgment than Mr. Lee, Mr. Barnard's resignation came as something of a surprise to the community. The extent of his Left Wing leanings was not generally realised until he himself made it clear in his letter to the Prime Minister written a few days after the Caucus of April 4. The three main reasons expressed in it for leaving the party are that under the leadership of Mr. Fraser the Parliamentary party will not be able to exercise its democratic rights, the growing political domination of a small clique of trade union leaders not in themselves representative of the rank and file of the workers is slowly destroying the soul of the Labour movement, and the confirmation in office of the present Cabinet until the end of the year means that the financial policy of the party as declared in 1935 and reaffirmed in 1938 will not be fulfilled.

Mr. Barnard has resigned "for the present", thus indicating that his quarrel is not with the Labour party as such but with its present leaders, and "for the present" he has joined forces with Mr. Lee and his Democratic Labour party. He has refused to resign either his seat as member for Napier or the Speakership of the House of Representatives. He claims that as regards the first he was elected on the Labour programme, and, since he stands for its fulfilment, the situation has not changed so far as he personally is concerned. He was elected to the Speakership by the vote of the House of Representatives for the life of Parliament and is therefore entitled to retain that appointment as long as he enjoys the confidence of the Chamber.

PARTY VERSUS NATION

IV. PARTY VERSUS NATION

THE growing feeling in the community that New Zealand's war effort is inadequate has evoked a widespread expression of opinion in favour of an all-party government. There is little doubt that the critical turn of events in Europe has stirred the people of the Dominion to a more realistic conception of the gravity of the situation. Though nowhere admitted, it can hardly be denied that the expression of public concern has had a good effect. On May 24 the Leader of the Opposition, the Hon. Adam Hamilton, accompanied by the Rt. Hon. J. G. Coates, waited on the Prime Minister and represented to him that in the present emergency it was urgently necessary that New Zealand should have an all-party government. Since Mr. Fraser himself had applauded the British action in forming a government on a purely national basis, it was not unreasonable to suppose that New Zealand would follow suit. It came as a disappointment to a large section of the community, therefore, when Mr. Fraser later announced, after consultation with this party, that he was unable to accept Mr. Hamilton's suggestion but proposed instead the formation of a War Council of fifteen, consisting of the Ministers directly concerned with the conduct of the war, representatives of the Opposition and of employers, trade unions, and farmers. At the same time, Mr. Fraser announced that Parliament would reassemble a fortnight earlier than was originally intended and would be asked to extend the powers already taken under the Emergency Regulations Act. On May 30 Parliament reassembled after a recess of nearly eight months during which time a number of important commitments and decisions had been made. After the Speech from the Throne had been delivered the Emergency Regulations Amendment Bill was introduced in the House of Representatives. It is, in effect, a one-clause measure giving the Government power to take any steps it considers necessary without further reference to Parliament other than tabling in the House of Representatives regulations made under it. Its scope was revealed when

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the Minister of Finance said of it that "all the forces, physical and material, in this country that can be used for the prosecution of the war effort come completely and entirely under the control of the Government. There is no limitation to it." In the words of the Prime Minister, "both personal and property rights and liberties will eventually be subordinated to the common interest".

Although the Opposition rejected Mr. Fraser's proposals for a War Council on the ground that "nothing short of a supreme authority absolutely unifying the country, invested with absolute powers capable of inspiring confidence, and giving the necessary authority for immediate action, would be considered", it showed its complete appreciation of the gravity of the position in allowing the Bill to pass through the House of Representatives without a division.

The Opposition view is that legislation as drastic as the Emergency Regulations Amendment Act should be "agreed" legislation and should not be imposed by a parliamentary majority on a minority, nor should it be administered solely by the representatives of a majority which was the result of a peace-time party programme. In the circumstances that have produced the necessity for such legislation an exclusively party government is a disturbing anomaly, since it leaves large political minorities without either representation or safeguards for their rights. On June 13 Mr. Fraser, in a letter to the Leader of the Opposition, advanced on his previous position by inviting Mr. Hamilton to nominate two members of his party to act in a War Cabinet with three members representing the Government. But Mr. Fraser's second offer, like his first, was clearly an attempt to reconcile the demand for a genuinely national administration with the reluctance of the Labour party to share political authority, on the ground that "the Government, having been elected by a large majority of the people, was competent to carry on the war effort without taking into the Cabinet any members of the Opposition". The weakness of the War Council was that, although it gave representation to those sections of the community without

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confidence in Labour, it was without ultimate authority. The same weakness is apparent in the proposal for a War Cabinet, for "the responsibility of the War Cabinet will be to consider and determine all matters relating to the Second New Zealand Expeditionary Force, His Majesty's naval and air forces, and home defence. The remaining duties and functions of government will be carried out by the present Cabinet in the usual way". If such a War Cabinet is formed, the War Council is to be relegated to the status of a purely consultative and advisory committee. Partisan distrust is still in painful evidence. The two Opposition appointments to the War Cabinet would be members of the Executive Council without portfolio and without the right to attend Cabinet meetings. But the essential weakness lies in the fact that, apart from the strictly military aspects of New Zealand's war effort, the Opposition, representing, as it does, a large minority in the community, would be completely barred from participating in administration. Mr. Hamilton, while restating the Opposition's full determination to stand four square behind New Zealand's war effort, rejected the Prime Minister's second overture, and there the matter rests. The point of view has been expressed that the Opposition should have closed with the Government's offer in the belief that the arrangement would either have developed into the genuine article or else have clearly demonstrated its own futility.

In the meantime, the Government has gone ahead with the formation of a War Council. The invitation to the Opposition to nominate three members to act on this Council remains open. Government has gone as far as the party will allow. The Opposition remains firm for "all-in" government or nothing. But negotiations are still proceeding.*

Whatever influence the division of opinion in the Labour

* It was announced on July 16 that a War Cabinet had been formed consisting of Mr. Fraser, Mr. Nash, Mr. Jones and Mr. Coates. According to the Prime Minister's statement, this Cabinet will exercise a conclusive control over New Zealand's war effort. The general Cabinet will continue to control all other matters and the Ministers will retain their present portfolios. [Ed.]

NEW ZEALAND

party may have on the future development in the internal politics of New Zealand, or whether an "all-in" government is eventually formed or not, there is no doubt that all parties are desirous that New Zealand should make its maximum war effort. If there is any complaint in this direction, it is that those who are not of military age or fitness find no provision made for utilising their services on the Home Front.

V. WAR EMERGENCY REGULATIONS

IN preparation for an accelerated and intensified war effort new and important portfolios have been created and allotted to the Hon. R. Semple, who becomes Minister for National Service and for Repatriation, with the assistance of the Hon. D. Wilson in both departments. Mr. Semple will now direct over a large field the powers to acquire and organise services under the Emergency Regulations Act. It is sufficient to say that no other Minister is so well fitted in resolution, decision and driving energy for this task.

A number of regulations have now been gazetted. In framing these the Government has made the widest possible use of the extraordinary powers which Parliament conferred on it. Provision is made for covering every phase of national life, and every section of the community may be brought under the control of the Government, whose powers, subject to a right of appeal in certain instances, are absolute. The regulations providing for compulsory national service cover all persons over the age of 16 years, who are to form a general reserve. Reservists may be required to join the armed forces for duty overseas or for home service, or they may be called upon to undertake any other kind of national service within the Dominion which is essential and which they are capable of performing.

The voluntary system, except for men wishing to join the Royal New Zealand Air Force, is to cease on July 22. Although the regulations provide for compulsory national service

THE BUDGET

on the part of all persons resident in the Dominion over 16 years of age, the reference to the age of 16 is to facilitate the compilation of the general reserve and does not contemplate the inclusion of youths of that age in the military service section. Provision is also made for the names of reservists, as they are wanted, to be drawn by ballot. Only single men will be called up to begin with and these will be within the prescribed age limits of 21-41 for overseas service and 19-45 for home service. Those called up for service overseas are, according to present indications, to be sufficient to keep our overseas division up to full strength.

In the regulations covering industries, goods, and properties the widest possible powers of control are conferred upon the Minister of Supply. Under the Finance Regulations the most notable provisions are that the Reserve Bank is given the right to acquire all foreign currencies and securities, the Government taking over the securities at the market price and giving stock in exchange, thus exchanging one investment for another; new capital issue is brought under control, the Minister of Finance may direct the use of capital for production under state guarantee, and he is empowered to enforce subscriptions to the War Purposes Loan, subject to the right of appeal. With the publication of the regulations, Government announced the personnel of the War Council. It comprises 14 members, but does not yet include representatives of the Opposition. Its powers are solely those of supervising and directing the war effort, but do not include control of finance or civil policy, which the Opposition believes is essential if war policy is to work closely with civil policy.

VI. THE BUDGET

ON June 27, the Minister of Finance introduced the 1940 budget, based on a "pay-as-you-go" policy. In his Consolidated Fund Account he budgeted for a surplus of £46,000.

NEW ZEALAND

The main features of the Expenditure are:

	£
Ordinary Budget (non-war)	36,784,000
Public Works (apart from revenue)	15,083,000
Social Security (apart from Budget), say	9,250,000
War Expenses	37,500,000
Total	98,617,000

Of this, £60,000,000 is to be found from revenue, mainly taxation, and almost £19,000,000 from borrowing, with £19,750,000 received as a loan from the British Government to cover overseas war expenditure. Of the total £61,000,000 is for ordinary civil purposes, being £46,000,000 from revenue and £15,000,000 from loans for Public Works. The ordinary budget expenditure, estimated at £36,784,000, is a little higher than last year's expenditure which, with the Defence items deducted, was £36,628,000. The Public Works provision is £20,589,000, against £23,917,000 estimated last year. The expenditure on Social Security is to be £2,200,000 more than in 1939. The total expenditure in *New Zealand* for war purposes is estimated at £17,500,000.

Special taxation provisions which are expected to yield the bulk of this amount are as follows. An increase of the Sales Tax from 5 to 10 per cent. In addition to the 1s. in the pound Social Security Charge, wages and salaries are to be subjected to a further "National Security" Charge of 1s. in the pound. There is to be an upward revision of income tax, with a basic rate of 2s. 6d. in the pound as compared with the previous basic rate of 2s. (There were increases of 20 per cent. and 15 per cent. last year.) The graduation is to be stiffened to a maximum of 12s. in the pound in the case of individuals, and 8s. 9d. in the pound in the case of companies. In addition, the 15 per cent. increase imposed on income tax last year for war purposes continues. Excess profits are to be absorbed by taxation on a basis yet to be disclosed. Debenture interest is to be taxed and state trading activities are to be assessed for income tax. Death duties are to be substantially increased. All these

THE BUDGET

sources are expected to yield £14,120,000, leaving £3,630,000 to be provided to meet the expenditure in New Zealand.

Provision is to be made for compulsory loans, which it has been suggested may be free of interest for 3 years or until 12 months after the end of the war, and thereafter bearing interest for 10 years at a rate not exceeding 2½ per cent. Interest-free loans already subscribed will offset liability in this direction.

New Zealand,
July 1940.

APPENDIX

LIST OF WAR-GIFTS FROM THE COLONIAL EMPIRE*

ADEN

	£	s.	d.
His Highness the Sultan of Mukalla to His Majesty's Government for the prosecution of the war.	Rs. 20,000		
His Highness the Sultan of Lahej to His Majesty's Government for the prosecution of the war.	(£1,500)		
Privately subscribed to the British Red Cross and St. John Fund.	Rs. 13,500		
	(£1,012 10s.)		
	254	15	0
To King George's Fund for Sailors.	100	0	0
G. M. Muhammadally & Co. towards cost of war.	75	1	6

BAHAMAS

The Government of Bahamas to His Majesty's Government for the prosecution of the war.	22,000	0	0
Voted by Legislature (Loan to H.M.G. free of interest for duration of war).	250,000	0	0
Sir Harry and Lady Oakes of Nassau, to His Majesty's Government for the purchase of a fighter aircraft.	5,000	0	0
Privately subscribed to the British Red Cross and St. John Fund.	14,510	0	0
To King George's Fund for Sailors.	1,444	0	0
For purchase of aircraft.	15,000	0	0
A local Citizens' Committee (to His Majesty's Government as a contribution to supplies in the United Kingdom).	600 gallons of preserves and 750 gallons of lime-juice.		
The Bahamas Red Cross Society to the Central Hospital Supply Service and His Majesty's Forces.	146 consignments of hospital supplies and knitted comforts.		

BAHRAIN

From the Sheikh to H.M.G.	30,000	0	0
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* Up to August 20.

LIST OF WAR-GIFTS

BARBADOS

A fund called "Win the War" has been opened and voluntary subscriptions exceed	20,000	0	0
Privately subscribed to the British Red Cross and St. John Fund.	915	6	8
To King George's Fund for Sailors.	300	0	0
Barbados Voluntary War Workers to the Central Hospital Supply Service and His Majesty's Forces.	9 cases of hospital supplies and knitted comforts.		
The Barbados Produce Exporters Association to His Majesty's Canadian Forces.	100 barrels of molasses.		
The Government of Barbados to His Majesty's Government for the prosecution of the war.	125,000	0	0
To H.M.G. for war purposes by Policy holders of Barbados Mutual Life Ass. Soc.	5,000	0	0

BASUTOLAND

To H.M.G.	16,500	0	0
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BECHUANALAND PROTECTORATE

To H.M.G.	5,515	0	0
To British Red Cross and St. John's	1,428	3	11

BERMUDA

An Englishman settled in Bermuda, to the local Government for the prosecution of the war.	10,000	0	0
The Government of Bermuda to His Majesty's Government for the prosecution of the war.	40,000	0	0
For local defence purposes.	20,000	0	0
The Corporation of the City of Hamilton to H.M.G. for the prosecution of the war.	1,000	0	0
Privately subscribed to the Bermuda War Fund.	17,000	0	0
Privately subscribed at an Empire Fete in April 1940.	3,396	7	11
Privately subscribed to St. Dunstan's.	100	0	0
To the British Red Cross Society by Mr. and Mrs. Gibbons and members of Gibbons Company of Bermuda for the purchase of 5 military ambulances.	2,750	0	0
To the British Red Cross and St. John Fund.	4,177	0	0
1,500 tons of scrap metal shipped to U.K.			

BRITISH GUIANA

Mr. Boodhoo, an East Indian rice grower at Demerara, to His Majesty's Forces.	5,000 lb. of rice.		
Mr. R. G. Humphrey:			
A collection of old gold coins and a gold snuff box to the British Red Cross and St. John Fund.			
Privately subscribed to the British Red Cross and St. John Fund.	6,013	0	0

951

APPENDIX

Privately subscribed through a local committee to raise funds for the purchase of military aircraft. 42,500 0 0

BRITISH HONDURAS

Privately subscribed to the British Red Cross and St. John Fund. 2,000 0 0
Local organisations to the Central Hospital Supply Service and His Majesty's Forces. 2 cases of hospital supplies and knitted comforts.

CEYLON

The Government of Ceylon to His Majesty's Government for the purchase of aircraft. Rs. 5,000,000
(£375,000)
The *Uva Club* and *New Zealander* through the *Times of Ceylon* to His Majesty's Government for the prosecution of the war. 107 13 6
Mr. and Mrs. L. W. F. de Saram to His Majesty's Government for the purchase of aircraft. 10,000 0 0
Privately subscribed through the *Times of Ceylon* for the purchase of fighter aircraft. 30,000 0 0
From the Colombo Municipal Council to His Majesty's Government for prosecution of war. 15,000 0 0
Privately subscribed to H.M.G. for war purposes. 18,750 0 0
To the British Red Cross and St. John Fund. 20,021 0 0
To King George's Fund for Sailors. 1,739 0 0
To the Shipwrecked Fishermen and Mariners' Royal Benevolent Society:
Through the Nuwara Eliya Golf Club. 60 0 0
Through the Irish Association of Ceylon. 38 8 5
The Hospital Supply Association, Ceylon, to the Central Hospital Supply Service, London:
Garments, &c. (1,376).
Bandages and surgeons' masks, &c. (836).
Swabs (1,167).

CYPRUS

Privately subscribed to His Majesty's Government through the "Cyprus Fighter Plane Fund". 2,500 0 0
To the British Red Cross and St. John Fund. 3,500 0 0
Mr. N. Phylactou to a charity connected with the Royal Air Force. 2 0 0
Mr. C. Haggipavlou, O.B.E., Mayor of Limassol, to family of first British soldier killed in France. 10 0 0

FALKLAND ISLANDS

The Government of the Falkland Islands to His Majesty's Government for the purchase of aircraft. 50,000 0 0

LIST OF WAR-GIFTS

Privately subscribed to the British Red Cross and St. John Fund. 2,625 0 0
Falkland Islands Co. to H.M.G. (Loan free of interest till 3 months after end of war). 20,000 0 0

FIJI

The Colonial Sugar Refining Company to the Government of Fiji for the prosecution of the war. 2,500 0 0
The Colonial Sugar Refining Company have leased to the Crown for 99 years freehold land, for use as an aircraft landing ground, at a peppercorn rental. 40,540 10 9
Privately subscribed through local fund for the purchase of military aircraft.
To the British Red Cross and St. John Fund. 5,643 7 2
Returned to New Zealand for the Red Cross appeal by 600 lepers at Makogia, Fiji (half the amount collected in the Dominion for the lepers). 100 0 0
Suya Bowling Club to H.M.G. (Loan free of interest till one year after peace treaty). 225 4 6

GAMBIA

Privately subscribed to:
British Red Cross and St. John Fund. 330 0 0
King George's Fund for Sailors. 150 0 0
H.M.G. by Syrian and Lebanese community towards cost of aircraft. 525 0 0

GIBRALTAR

Privately subscribed through a committee of local citizens to His Majesty's Government for the prosecution of the war. 30,007 0 8
To the British Red Cross and St. John Fund. 1,547 18 3

GOLD COAST

The Government of the Gold Coast to the "Gold Coast Fund for War Charities". 4,000 0 0
To His Majesty's Government for the purchase of bomber and fighter aircraft. Gift. 100,000 0 0
Loan for the duration of the war, free of interest. 500,000 0 0
The "Gold Coast Fund for War Charities" to:
British Red Cross and St. John Fund. 6,000 0 0
Other charities (details not available). 1,133 9 6
The "Gold Coast Spitfire Fund" to His Majesty's Government for the purchase of aircraft. 30,000 0 0
Three West Indian residents in the Gold Coast (Mr. G. A. Busby of Suhum, Dr. R. A. Hoyte of

APPENDIX

Nsawam, and Mr. G. Francois of Tafo—£100 each) to His Majesty's Government for the prosecution of the war.
Privately subscribed to the British Red Cross and St. John Fund.
From Kumasi Public Health Board to H.M.G. (Loan free of interest for duration of war).

HONG KONG

The Government of Hong Kong to His Majesty's Government for the provision of 4 minesweeping vessels which are being built in Hong Kong.
For the prosecution of the war.
Privately subscribed to His Majesty's Government through the *South China Morning Post* and the *Hong Kong Telegraph* for the purchase of aircraft.
To the British Red Cross and St. John Fund.
From Robert Ho Tung to His Majesty's Government. (Loan for 2 years free of interest.)

JAMAICA

Privately subscribed to:
The British Red Cross and St. John Fund.
Y.M.C.A. War Service Fund.
King George's Fund for Sailors.
The Jamaica Central War Assistance Committee to the Central Hospital Supply Service and His Majesty's Forces: 31 cases of hospital supplies.
2 cases of hospital supplies and knitted comforts.
5 cases of knitted comforts. 6,000 cases of citrus: 3,154 cases to the B.E.F.; 1,639 cases to the Royal Navy; 1,207 cases to the R.A.F.
8 cases of preserves to the B.E.F. 3 cases of confectionery. 202 barrels of coffee to B.E.F., Royal Navy and R.A.F.. 1,680 cases of rum to His Majesty's Forces.
Collected by the children of Jamaica on the anniversary of the birthday of Princess Elizabeth as a donation to a war charity in which she is interested.
Privately subscribed to the British Red Cross and St. John Fund.
Through *The Gleaner* for bombing planes.
Dr. Sinclair to His Majesty's Forces.
Messrs. H. O. Merren and Company of Georgetown, Grand Cayman, to the Royal Navy.

190 15 0

5,000 0 0

\$475,000

100,000 0 0

86,912 10 0

20,234 12 10

10,000 0 0

31,005 16 3

500 0 0

5,100 0 0

100 0 0

169 7 8

30,000 0 0

228 packets of Kentucky Tobacco.

50 live Turtles.

LIST OF WAR-GIFTS

KENYA

Sheikh Sir Ali bin Salim, K.B.E., C.M.G., for Christmas presents for children of naval personnel who had lost their lives in the present war. 200 0 0
Privately subscribed to the British Red Cross and St. John Fund. 4,360 7 3
Through the Kenya War Welfare Fund to:
Purchase 3 ambulances by residents of Nawasha district. 1,252 0 0
King George's Fund for Sailors. 1,000 0 0
Royal Naval Benevolent Fund. 250 0 0
Royal Air Force Benevolent Fund. 300 0 0
Royal National Lifeboat Institution. 350 0 0
St. Dunstan's. 400 0 0
Church Army. 125 0 0
Salvation Army. 125 0 0
Young Men's Christian Association. 125 0 0
Missions to Seamen. 50 0 0
Through the Kenya Central War Fund to further the successful prosecution of the war. 20,000 0 0
Sub-Assistant Surgeon Gur Bux Singh, to the Royal Naval Benevolent Trust for the relief of families of those lost in British submarines. 5 0 0
The Swahili Community at Eldama Ravine, to H.M.G. for the prosecution of the war. 1 12 0
The Kenya-Uganda Railway and Harbour Administration to His Majesty's Government. (Loan for the duration of the war, free of interest.) 100,000 0 0

LEEWARD ISLANDS

Antigua

Privately subscribed to the British Red Cross and St. John Fund. 52 0 0
Local organisations to the Central Hospital Supply Service. 7 consignments of hospital supplies.

Montserrat

The Hon. H. A. Howes to the Central Hospital Supply Service. 480 lb. of cotton for Red Cross pillows.

St. Kitts

Voted by Executive Council to H.M.G. as a contribution to the war. 5,000 0 0
Privately subscribed to:
The British Red Cross and St. John Fund. 1,428 12 8
The Red Cross Ambulance Fund. 1,200 0 0

955

APPENDIX

Local organisations to the Central Hospital Supply Service. 2 cases of hospital supplies.

Virgin Islands

Privately subscribed to the British Red Cross and St. John Fund. 25 0 0

MALAYA

Privately subscribed through the Malaya Patriotic Fund to:

1. British Red Cross and St. John Fund.	95,500	0	0
2. French Red Cross.	5,000	0	0
3. Y.M.C.A. for the provision of vans and huts.	5,000	0	0
4. Y.M.C.A.	10,000	0	0
5. Shipwrecked Mariners' Society.	12,500	0	0
6. Shipwrecked Mariners' Society, for the benefit of members of the Mercantile Marine who have suffered loss or injury by torpedo, gun-fire, mine or aerial attack.	5,000	0	0
7. Admiralty, for the benefit of members of the Royal Navy who have suffered similarly.	5,000	0	0
8. Soldiers', Sailors' and Airmen's Families Association.	15,000	0	0
9. Incorporated Soldiers', Sailors' Help Society.	10,000	0	0
10. St. Dunstan's.	10,000	0	0
11. The Salvation Army.	15,000	0	0
12. Navy League Comforts Supply.	5,000	0	0
13. Comforts for Officers and Men of the Royal Navy, including Drifters, Minesweepers, Trawlers and other small vessels.	4,000	0	0
14. Overseas League Tobacco Fund.	3,500	0	0
Privately subscribed to the British Red Cross and St. John Fund.	461	6	9

STRAITS SETTLEMENTS

The Government of the Straits Settlements to H.M.G. towards the cost of Imperial Defence.	1,000,000	0	0
For the prosecution of the war.	1,000,000	0	0
Captain H. J. Abbey, Singapore, to H.M.G. (Loan for the duration of the war, free of interest.)	5,000	0	0
Messrs. N. Reuben & Co., Singapore, to His Majesty's Government for the prosecution of the war.	1,000	0	0
Mr. Yeap Chor Ee, a resident in Penang, to H.M.G. for the prosecution of the war.	1,500	0	0
A resident in Singapore, who desires to remain anonymous, to H.M.G. for the prosecution of the war.	87	3	0

LIST OF WAR-GIFTS

Mr. T. M. Winsley, a resident in Singapore, to H.M.G. for the prosecution of the war.	50	0	0
Mr. Khoo Sian Ewe, a resident in Penang, to H.M.G. for the prosecution of the war.	1,000	0	0
Privately subscribed through the "Straits Settlements War Fund", by the <i>Straits Times</i> and the <i>Straits Echo</i> , for the purchase of aircraft.	250,000	0	0
To the British Red Cross and St. John's.	1,010	16	11
The Singapore Harbour Board are constructing two patrol vessels to be presented as free gifts to the Royal Navy.			
The Penang (George Town) Municipal Commissioners to H.M.G. for the prosecution of the war.	35,000	0	0
The Singapore Chamber of Commerce to H.M.G. for the prosecution of the war.	11,731	15	5
From Mr. and Mrs. R. A. Page, Singapore. (Loan free of interest for prosecution of war.)	2,000	0	0

FEDERATED MALAY STATES

Their Highnesses the Rulers of the Federated Malay States to H.M.G. towards cost of Imperial Defence.	\$4,000,000		
For the prosecution of the war.	(£466,666 13s. 4d.)		
Mr. P. P'chient, a Chinese resident in the State of Negri Sembilan to His Majesty's Government. (Loan for duration of war, free of interest.)	\$100,000		
His Highness the Sultan of Perak to H.M.G. (Loan for duration of war, free of interest.)	(£5,833 6s. 8d.)		
His Highness the Sultan of Selangor on the anniversary of his birthday as a personal war contribution to His Majesty's Government.	£1,000	0	0
An Asiatic resident in Kuala Lumpur, who wishes to remain anonymous, to His Majesty's Government for the prosecution of the war, and as a token of appreciation of the Premier's leadership.	\$10,000		
Mrs. Loke Yew (£2,000) and her son Mr. Loke Wan Tho (£10,000), Chinese residents in Kuala Lumpur, to His Majesty's Government for the prosecution of the war.	(£1,166 13s. 4d.)		
A British resident in the Federated Malay States who wishes to remain anonymous, to His Majesty's Government. (Loan free of interest until one year after the cessation of hostilities with Germany.)	2,000	0	0
Mr. M. C. Hay, a resident in the Federated Malay States to H.M.G. for the prosecution of the war.	10,000	0	0
Privately subscribed to His Majesty's Government through the Federated Malay States War Fund for the purchase of aircraft.	55,000	0	0

APPENDIX

Harban Singh, F.M.S., to H.M.G. (Loan for the duration of the war, free of interest.) \$2,000
(£233 6s. 8d.)

UNFEDERATED MALAY STATES

Brunei

His Highness the Sultan of Brunei to His Majesty's Government towards the cost of Imperial Defence. \$100,000
(£11,666 13s. 4d.)
For the prosecution of the war. \$100,000

Johore

His Highness the Sultan of Johore as a contribution by the State of Johore to His Majesty's Government for the prosecution of the war. 250,000 0 0
Dr. Crawford, Muar, Johore, to His Majesty's Government for the prosecution of the war. 1,000 0 0

Kedah

His Highness the Regent on behalf of the Government of Kedah to His Majesty's Government for the prosecution of the war. \$1,000,000
(£116,666 13s. 4d.)

Kelantan

His Highness the Sultan of Kelantan on behalf of the Government of Kelantan to His Majesty's Government towards cost of Imperial Defence. \$100,000
(£11,666 13s. 4d.)
For the prosecution of the war. \$100,000

Perlis

His Highness the Raja of Perlis on behalf of the Government of Perlis to His Majesty's Government towards the cost of Imperial Defence. \$25,000
(£2,916 13s. 4d.)
A contribution from his State for the prosecution of the war. \$150,000
(£17,500 0s. 0d.)

Trengganu

His Highness the Sultan of Trengganu to H.M.G. towards cost of Imperial Defence. \$50,000
(£5,833 6s. 8d.)
For the prosecution of the war. \$50,000

MALTA

Privately subscribed to the British Red Cross and St. John Fund. 74 6 3

MAURITIUS

The Government of Mauritius to His Majesty's Government. The cost of an aircraft.

LIST OF WAR-GIFTS

To the British Red Cross and St. John Fund. 2,000 0 0
On the celebration of Empire Day, to His Majesty's Government for the prosecution of the war. Rs.180,000
(£13,000)
The Government of Mauritius to His Majesty's Government for the prosecution of the war. Rs.2,000,000
(£150,000)
Privately subscribed to H.M.G. through a fund inaugurated by the Mauritius Press Association to further the successful prosecution of the war. Rs.382,296
(£28,672 4s.)
To the British Red Cross and St. John Fund. 1,000 0 0
"In aid of the British Forces." 136 17 6

NIGERIA

From the Government of Nigeria to His Majesty's Government for the prosecution of the war. 100,000 0 0
Privately subscribed to H.M.G. through the Nigeria "Win the War Fund", for military aircraft. 10,000 0 0
Through the Nigerian War Relief Fund to:
The British Red Cross and St. John Fund 15,027 13 11
The Polish Relief Fund. 4,500 0 0
King George's Fund for Sailors. 5,500 0 0
St. Dunstan's. 2,000 0 0
Finnish Relief Fund. 2,000 0 0
Shipwrecked Fishermen and Mariners' Royal Benevolent Society. 2,000 0 0
For Colonial Air Force. 5,000 0 0
The Chiefs of the Northern Province are to make voluntary monthly contributions of 5 per cent. of their salaries to the Government to help meet war expenditure.
An offer by the Oron Native Administration in Calabar Province to contribute £200 towards the cost of the war was declined in view of the local financial situation.

NORTH BORNEO

The North Borneo War Relief Fund to war charities in England. 1,000 0 0
Privately subscribed to the British Red Cross and St. John Fund. 1,805 0 0

NORTHERN RHODESIA

The Government of Northern Rhodesia to H.M.G. for the prosecution of the war. 200,000 0 0
Privately subscribed to the British Red Cross and St. John Fund. 3,129 5 9

APPENDIX

By the native employees of the Globe and Phoenix Gold Mining Company in Northern Rhodesia.	65	0	0
To King George's Fund for Sailors.	660	0	0
For purchase of aircraft.	20,000	0	0
By Ndola Municipal Council "Win the War" Fund.	1,000	0	0

NYASALAND

The Government of Nyasaland to His Majesty's Government for the prosecution of the war.	20,000	0	0
For the purchase of military aircraft.	32,850	0	0
Privately subscribed to:			
The British Red Cross and St. John Fund.	2,400	0	0
King George's Fund for Sailors.	400	0	0
For purchase of aircraft.	7,000	0	0

PALESTINE

Privately subscribed to the British Red Cross and St. John Fund.	101	7	4
To St. Dunstan's Hospital.	250	0	0
Mr. M. Neviasski to His Majesty's Government towards cost of British Forces in Palestine.	9	0	0

ST. HELENA

Balance of gift made to St. Helena by the British Red Cross in 1920 has been returned to the society.	139	10	0
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Ascension Island

Privately subscribed to the British Red Cross and St. John Fund.	9	0	0
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SARAWAK

His Highness the Rajah of Sarawak to His Majesty's Government for the prosecution of the war—Securities to the par value of \$1,000,000.	116,666	0	0
His Highness the Rajah of Sarawak to His Majesty's Government for the prosecution of the war.	\$500,000		
Privately subscribed to H.M.G. through a local fund to further the prosecution of the war.	(£58,333 6s. 8d.)		
To the British Red Cross and St. John Fund.	\$40,000		
The Sarawak Rubber Industry to His Majesty's Government for the prosecution of the war.	(£4,666 13s. 4d.)		
	1,000	0	0
	11,718	15	0

LIST OF WAR-GIFTS

SEYCHELLES

Privately subscribed to the British Red Cross and St. John Fund.	723	0	0
To H.M.G. for one ambulance, balance for general war purposes.	2,000	0	0

SIERRA LEONE

The Government of Sierra Leone to His Majesty's Government as a contribution towards the cost of the war in grateful recognition of the great benefits which Sierra Leone has received during the last 153 years under the British flag.	100,000	0	0
Privately subscribed to the British Red Cross and St. John Fund.	4,405	5	0
Mr. H. N. Thompson to His Majesty's Government. (Loan for the duration of the war, free of interest.)	500	0	0
Privately subscribed to the British Red Cross and St. John Fund by 126 persons representing the small Lebano-Syrian Community.	1,758	11	0

SWAZILAND

War Fund	2,535	0	0
Red Cross Fund.	115	0	0

TANGANYIKA TERRITORY

The Chief and people of the Machame and Kibongoto Chiefdom of the Chagga Tribe, Moshi District, a proportion of each person's 1939 harvest of coffee, maize or eleusine. Foodstuffs to be used by the King's African Rifles at Moshi; coffee to be sold and proceeds credited to Tanganyika Red Cross Fund.			
The members of the Kilimanjaro native Co-operative Union who are of the Chagga Tribe—20,000 shillings for purposes connected with the war.			
The Chief and people of the Uru Chiefdom of the Chagga Tribe—73 bags of maize and 7 bags of beans for the use of the King's African Rifles.			
A Meru tribesman of the Arusha District—50 lb. of tobacco for the use of the troops at Arusha.			
Mrs. D. Williams Lushoto, Tanganyika Territory, to the Army Comforts Committee.	32	0	0
The Bena Tribe of the Ulanga District—100 bags (about 10 tons) of rice for the use of the King's African Rifles.			

APPENDIX

The 14 Chiefs of the Dodoma Native Council— 94 head of cattle for the use of His Majesty's Forces.			
The Government of Tanganyika Territory to H.M.G. for the prosecution of the war.	100,000	0	0
Privately subscribed to the British Red Cross and St. John Fund.	3,085	2	4
To a local fund to be handed unconditionally to H.M.G. for war purposes.	12,500	0	0
Through the Tanganyika Welfare Fund to:			
King George's Fund for Sailors.	1,083	0	0
The Soldiers', Sailors' and Airmen's Families Association.	1,000	0	0
St. Dunstan's.	1,000	0	0
For amenities for African troops.	750	0	0
For Indian troops in the Middle East.	250	0	0
Dar es Salaam Chamber of Commerce. (Loan free of interest to H.M.G. for duration of war.)	600	0	0
From Tanganyika Gineries Ass. (Loan free of interest to H.M.G. for duration of war.)	200	0	0

TRINIDAD

The Government of Trinidad to His Majesty's Government for the prosecution of the war.	\$2,500,000 (£520,500)		
Loan for the duration of the war, free of interest	\$2,500,000 (£520,833 6s. 8d.)		
"A Trinidadian" to H.M.G. £10,000 worth of 3½ per cent. War Loan for the purchase of aircraft.	10,000	0	0
Collected by the Chinese Section of the local Red Cross Society for the purchase of 2 ambulances.	\$5,000 (£1,042)		
Privately subscribed to the British Red Cross and St. John Fund.	29,266	17	6
Fund for officers and men of the Royal Navy who took part in rescue of survivors of the <i>Simon Bolivar</i> .	268	10	0
Through a fund inaugurated by the <i>Trinidad Guardian</i> for the purchase of aircraft for the defence of England.	52,000	0	0
Sir George Huggins to His Majesty's Forces.	213 cases of citrus.		
Trinidad Red Cross Society to the Central Hospital Supply Service, His Majesty's Forces and Refugee Organisations: 10 cases of hospital supplies and knitted comforts. 8 cases of refugee clothes.			

TRISTAN DA CUNHA

A large parcel of woollen comforts made by 25 inhabitants of the Island has been sent to the Army Comforts Depot.

LIST OF WAR-GIFTS

UGANDA

The Government of Uganda to His Majesty's Government for the prosecution of the war.	100,000	0	0
The Kabaka of Buganda on behalf of the Govern- ment and people of Buganda to His Majesty's Government for the prosecution of the war.	10,000	0	0
The Omugabe, Chiefs and people of Ankole towards the purchase of military aircraft.	1,000	0	0
The Native Government of Buganda and the Native Administrations of the Eastern and Western Pro- vinces have promised to give £5,000, £7,000 and £5,000, respectively, each year during which the war lasts and for one year after it ends towards the expenditure of the Protectorate.			
Seven motor lorries and one saloon car have been presented to the Uganda Government by Mr. K. H. Kamani, Mbale, Uganda.			
A Central War Charities Committee has been set up to deal with contributions to British Red Cross and St. John War Organisation, &c., and the making of comforts for troops.			
Privately subscribed to:			
The British Red Cross and St. John Fund.	1,177	4	6
King George's Fund for Sailors.	575	0	0
Uganda War Fund to H.M.G. for purchase of aircraft.	30,000	0	0

WESTERN PACIFIC

Gilbert and Ellice Islands

The Banabans, a native community on Ocean Island to His Majesty's Government for the prosecution of the war.	12,500	0	0
Privately subscribed to the British Red Cross and St. John Fund.	120	6	0

New Hebrides

New Hebrides Central Committee for Aid to Soldiers formed to assist dependents of soldiers mobilised from the New Hebrides, and to collect funds for the Red Cross Society, &c.			
Privately subscribed to the British Red Cross and St. John Fund.	20	11	2

British Solomon Islands Protectorate

Privately subscribed to the British Red Cross and St. John Fund.	£A.534 (£425)		
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APPENDIX

Tonga

An aerodrome site of 546 acres on "Royal" land has been leased to His Majesty's Government at a rental of 15. per annum by the Queen and Premier of Tonga.

Privately subscribed to the British Red Cross and St. John Fund.

366 17 8

WINDWARD ISLANDS

Grenada

The inhabitants of Grenada—104 bags (about 10 tons) of raw cocoa for the use of His Majesty's Forces.

Privately subscribed through the Grenada War Purposes Committee:

To the British Red Cross and St. John Fund.
To the Governor of Trinidad Fund for West Indian Seamen.

To King George's Fund for Sailors.

To H.M.G. for fighter plane.

To Lord Baldwin's Fund for R.N. and R.N.R.

To St. Dunstan's Hospital.

Local organisations to the Central Hospital Supply Service and His Majesty's Forces. 1 case of hospital supplies and knitted goods.

1,011 0 0
40 0 0

Dominica

The Lebanese Syrians of Dominica towards the cost of a bombing plane or the purchase of bombs.

Privately subscribed to:

British Red Cross and St. John Fund.

St. Dunstan's.

King George's Fund for Sailors.

To H.M.G. for war purposes.

360 0 0

218 0 0
16 0 0
20 0 0
500 0 0

St. Lucia

Privately subscribed to H.M.G. through a local fund for the purchase of military aircraft:

To British Red Cross and St. John Fund.

To King George's Fund for Sailors.

From local organisations to the Central Hospital Supply Service and His Majesty's Forces. 1 case of hospital supplies and knitted comforts.

2,100 0 0

250 0 0
20 0 0

St. Vincent

The St. Vincent Arrowroot Association to His Majesty's Government for the purchase of aircraft.

5,000 0 0

964

5

LIST OF WAR-GIFTS

Privately subscribed to the British Red Cross and St. John Fund. 200 0 0

From local organisations to the Central Hospital Supply Service and His Majesty's Forces. 1 case of hospital supplies and knitted comforts.

BRITISH WEST INDIAN SUBJECTS IN BRAZIL

Privately subscribed by 39 British West Indian subjects at Porto Velho, Brazil, to the Tobacco Fund for British Fighting Forces. Rs.472 (£6 4s. 2d.)

ZANZIBAR

Privately subscribed to:

The British Red Cross and St. John Fund.

King George's Fund for Sailors.

His Highness the Sultan of Zanzibar on behalf of the Government of Zanzibar to His Majesty's Government for the purchase of fighter aircraft.

1,000 0 0
303 0 0
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