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“In regard to textile control, Sir, you find in every district, lower division or upper division, clerks raised to posts of district textile officers with power to administer not only the production of handloom cloth but also the distribution of mill yarn and mill cloth. Sir, these clerks have been fitted up for these posts for reasons which are not imaginable by any public man or educated man. At the time I pointed out both by means of press statements and also by means of memorandum submitted to Government, that it was a dangerous thing for the Government to put in charge of these lowpaid clerks—suddenly lifted into high posts—the administration of the most lucrative business of the type of textile control. Sir, the two great lucrative professions in India are the law and the textile control.”

* SRI K. VARADACHARI:—“ Mr. Speaker, I come from a district which has large numbers of the weaver community. These weavers have become lakhs and millions during the period in which textile control has been in force in this Province. I wish to refer at the outset to the slackness or the weakness of the administrative arrangements started by the Provincial Government at a time when section 93 was in operation in this Province. Of course the Province which was not accustomed to either food control or textile control at any time in our history has done very well in organizing work for the preservation of food and cloth. But the arrangements were conceived in a very wrong way and many of the ill-effects that we are now suffering from in this business have been illustrated and graphically described by my hon. friend Mr. Nambiyar. These are due to a root cause which I shall presently point out. “ In regard to textile control Sir, you are a member of the Government.

“Ahmedabad. If representatives of the merchants of such clothes as will find a ready sale in this Province. Now most of the mill cloth sent here is not at all liked by the people.”

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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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COMMON COUNSEL

THE early months of the war were notable for the publication of numerous books and pamphlets discussing the structure of the post-war world, and especially the consequences for the British Commonwealth of the functions it might have to undertake in maintaining a world system aimed at perpetual peace. After the fall of France, when the mere survival of the free nations was brought into question, this speculative debate died down; but now that the prospect of victory, with its vast attendant responsibilities, has begun to open up before us, the discussion has been resumed.

In the new phase of practical urgency, however, it is now led, not by the theorists and men of letters, but by the responsible statesmen of the Commonwealth. At the end of November General Smuts, addressing the Empire Parliamentary Association in London, developed some ideas, which he himself described as "explosive", about the entry of the United Kingdom into Europe as leader of a closer union of the western democracies, and the association of the Dominions with the regional control of the Colonial Empire. In January Mr. Curtin, who had previously put forward proposals for the greater centralization of imperial policy, met Mr. Fraser in conference at Canberra and reached an agreement on a joint foreign and defence policy for the two Pacific Dominions, to include a movement for common action with both Great Britain and the other colonial Powers holding the island belt to the north. The implications of the Canberra Conference for imperial unity were expounded by Mr. Bruce at Guildhall. Lord Halifax, speaking in Toronto, expressed the view that the British peoples cannot discharge their peace-preserving duties in a world dominated by such vast concentrations of power as exist to-day, unless they find means to act during peace in as close concert as they do in war. He has been answered by Mr. Mackenzie King, who holds that the supreme aim is less the organic unity of the Commonwealth than the concert of the world, developing out of the United Nations, and who fears that by drawing closer among themselves the British nations would be drawing apart from their associates and ultimately creating new rivalries in the arena of power politics, leading towards war. The House of Lords has held an important debate, the main upshot of which was to show how extensive is the equipment for consultation at the highest levels which the Commonwealth already possesses.

The task of reconciling these various views of the imperial future is perhaps the most momentous of all those which await the Prime Ministers of the Empire, whose meeting, after many disappointments, is expected to be held in London before long. It is clear that the differences of opinion with which they will be confronted go deep, although there is some ground for believing that the disagreement would be less pronounced if the experience of the Commonwealth in war had been more uniform. At any

rate those members whose own territory has been in imminent danger of invasion—that is, Great Britain, Australia and New Zealand—have been most aware of the defects of a system in which there is no joint preparation for war, and have been most receptive of ideas of imperial reconstruction that would bring defence, and consequently foreign policy, which is inseparable from it, into common counsel. The two Dominions whose fighting has been done furthest from their own borders are the least ready to contemplate any tightening of the imperial bond; and the Canadian Government seems to be almost committed against it.

Certain limits, fortunately, can be set to the range of the controversy. Except in Eire there is no dissent anywhere from the tradition that the quarrels of one member of the Commonwealth are the quarrels of all; and it may be taken as certain that, in any future that can be foreseen, should one partner be compelled to fight for the defence of its soil or its principles, the others, though free to choose their course, will in fact choose to stand by its side. The outbreak of war will always, as hitherto, close the imperial ranks. In time of peace, on the other hand, it is equally common ground that the members of the Commonwealth, each and all, desire to become participants with other nations in any system of international order that holds promise of preventing the recurrence of war. If there is any conflict between these two principles, as Mr. Mackenzie King would seem to suggest, then it must by some means be resolved; for both are cardinal.

The Prime Ministers' Conference is therefore bound to consider how to preserve in undiminished effectiveness the established practice of imperial solidarity in case of war, by means that will not tend to isolate the Empire from its friends, whether in war or in peace. The virtues and defects of the system as it exists at present can be succinctly defined by two references to the immediate past. In 1940 the cohesion of the Commonwealth undoubtedly meant the difference between victory and defeat. In 1939, however, it did not mean the difference between peace and war.

If in the future the Commonwealth is to be effective as an organization, not merely for ensuring its members' survival in case of war, but for preventing the calamity of war itself; if it is to perform, alone or in concert with other Powers, the part once played by the British Navy in preserving the peace of the world, then there can be no dissent from Lord Halifax's argument that "we should try to fortify our partnership". It may be fortified either by greater internal unity or by closer external friendships, or by both. But if the war has shown, as General Smuts declares, that "we cannot get away from the problem of power"; if therefore the fighting potential of the whole Empire must for a long time to come be the basis of its influence in the world, then it follows that the unity of warlike action which has never yet failed ought to be reinforced by a unity of preparation against war which did not exist in 1939, and the lack of which clearly lay behind such disasters as the fall of Singapore. This would entail a concerted system for the organization of defence in which the self-governing Dominions would share with the mother country the financial and other burdens and would claim a corresponding proportion of responsibility for the common

foreign policy without which common defence has no meaning. That the Pacific Dominions at least would be ready to bear their share of the burden and of the responsibility was the theme of Mr. Bruce's speech; nor, it would seem, would Canada dissent from the view that joint preparation is a necessary corollary of joint action. But account has to be taken of the powerful body of opinion which now holds, not indeed that combined action by the Commonwealth in time of peace is not a highly desirable ideal in itself, but that it ought to be realized through the unity of the wider society of nations with which all the sovereign members are now so intricately linked.

The answer to the advocates of this doctrine is that there are certain aspects of policy which are inseparably linked with defence, and that in these is the natural domain of imperial collaboration within the wider unity. The history of the League of Nations has shown that preparation for war is the department of policy in which a wide society of independent States is least likely to be efficient. If the nations of the British Commonwealth, with their specially intimate ties, cannot achieve within the ranks of the United Nations an effective organization for defence among themselves, then they would be rash to rely for their safety upon the effectiveness of such an organization in the more heterogeneous body.

Any steps towards a closer integration of imperial policy which the Prime Ministers' Conference may propose are bound to be cautious. Anything in the nature of a permanent imperial executive is manifestly far out of reach. It could not exist without an imperial legislature to control it—that is, without the essential apparatus of federalism. The federal solution of the problem has been before the Empire for a generation, has been ably argued, and has been canvassed afresh during the war. The fact has to be faced that it has gained no adherents among the representative leaders of the Commonwealth. In years to come a generation may arise who are so far removed from the memory of dependent status that they can contemplate the subordination of the parts of the Empire to the whole without any suspicion that it may carry with it the subordination of the junior partners to the senior. Until then it has to be recognized that the concept of national sovereignty is fundamental to the thought of all Dominion leaders (it was, for instance, as prominent in Mr. Bruce's speech as in Mr. Mackenzie King's), and that no political machinery that transgresses it has a chance of acceptance. In particular, the Commonwealth cannot be drawn together by bonds that require the relaxation of the peculiar ties that all its members have contracted with their neighbours, such as those between Canada and the United States.

Yet the integration of the Commonwealth may be connected less with the relaxation of old bonds than with the contracting of new. General Smuts drew a picture of the new world order as dominated by Colossi of power, of which the chief will be the United States and the Soviet Union. Three great Powers of Europe will have perished, and the lesser States will be derelict among the ruins. In these circumstances the small democracies of Europe will be under an overmastering impulse to turn for leadership to the one remaining free nation in their vicinity. The prestige of

Great Britain as the only nation on the Allied side that saw the struggle through from start to finish, as the invincible island that stood alone and survived, and as the impregnable sanctuary of liberal ideas, will be higher than ever before. Under British leadership Europe might attain a unity that would rank it with the great power-concentrations of the post-war world. But at the same time Great Britain, having thrown all she possessed into the conflict, will emerge poor in substance. She cannot on the basis of her own resources attempt to lead a continent. She can only do so in peace, as she fought the war, in close association with the Commonwealth; in truth, it is mainly as the bridge to the partly developed lands across the oceans, the key to the world economy of the future, that she has the greatest appeal to the European mind.

A western Europe newly co-ordinated under the leadership of Great Britain, sustained by the support of the Commonwealth, would be a concentration of power capable of living on equal terms with such giants as the United States and the Soviet Union and of sharing with them the supervision of international destinies. Isolated from Europe, and unsustained by a concerted imperial policy, Great Britain is bound to find herself over-matched by her post-war responsibilities. It is to the advantage of the Dominions that Great Britain should step into Europe and assume its leadership; for in Europe originate most of the dissensions by which, as experience shows, their own peace is threatened, and the economic fortunes of all of them become constantly more closely linked to European markets. They have to appreciate, however, that without their steady collaboration this pacific British leadership of the Continent is out of reach.

Such collaboration cannot, as has been said, in the present state of sentiment throughout the Empire transgress the limits of sovereignty as defined by the Statute of Westminster. All that can be attempted at the present phase is to develop the habit and improve the machinery of consultation between the Governments of the Commonwealth. Much may come about indirectly through the processes of functional co-operation, of which an example involving an outside Power exists in the Anglo-American Caribbean Commission, and in which an important experiment has been projected by the Canberra Conference. This regional system of joint action, for social policy and defence, with other Powers in the administration of colonies, a British Dominion taking the lead, has also been proposed by General Smuts for Africa, and may be the means of developing inter-imperial organs of consultation, though not of government, on a large scale.

Beyond regional co-operation, however, which is always likely to be limited in function as well as in geographical scope, lies the question of a consultative body for the whole Commonwealth and Empire. The proposals originally made under this head by Mr. Curtin tended to crystallize, in the House of Lords debate, into a project for extending the sphere of the Imperial Conference, both by holding regular sessions, perhaps in rotation among the Commonwealth capitals, and by endowing it with a permanent secretariat to maintain contacts between the sessions. Lord Cranborne, however, made it clear that there exists, in the present organization of

imperial affairs, no lack of channels into which the currents of common action can easily flow, if once they are stimulated by public opinion. What is deficient at present is the will to use the means to collaboration that are ready in the High Commissioners' offices and elsewhere. There is some reason to think, for instance, that the Dominion representatives to the War Cabinet have yet to be drawn into that full participation in all its activities which rightly belongs to their authority. The process of consultation is not begun at a sufficiently early stage.

The immediate need seems to be to establish such completeness of intercourse at the civil service level of policy between the United Kingdom departments and those of the Dominion representatives that the staff of the latter are aware of all that is passing, and can themselves advise their chief—who, of course, would never be refused any Cabinet document if he knew of its existence—of what is or is not deserving of his personal attention. If this principle is extended, it may afford the key to synthesis of the two main schools of Commonwealth thought. The aim should be to ensure that the whole body of material on which policy is formed is common to the whole Empire. This might require such close contacts between the civil services, possibly such periodic interchanges of members, that in effect a kind of imperial general staff would grow up at the formative level of policy. If that were achieved, and the edifice crowned by some organ of consultation between the Governments, we should have the closest integration that can be attained without interference with sovereign authority. The subject-matter on which decisions were taken would be made identical throughout the Empire; and the best chance would have been procured that five sovereign bodies, translating that subject-matter into policy, would achieve harmony among themselves.

At bottom the question is one of priority in consultation. All agree that the United Nations should follow a common policy in world affairs; all agree that the members of the British Commonwealth should participate in that policy, and therefore should be at unity among themselves. The question at issue is whether the concert of the British nations is to be attempted before or after entering into council with their associates. If the lines of development just suggested be adopted, the partners in the Commonwealth will appear at the board of the United Nations still speaking with five voices, but having ascertained beforehand how near they can come to speaking in unison. In so far as they can establish a habit of co-operation on these lines they will command the authority of a world Power comparable to the U.S.A. and the U.S.S.R. If their voices are found habitually to contradict one another, each of them, including the United Kingdom, must be content to sink to the level of the second- or third-rank Powers. In that case they may drift into the position of satellites to different more powerful neighbours and the distinctive British contribution to the civilization of the world may be dissipated and eventually lost.

COALITION

HOW LONG WILL IT SURVIVE?

COALITION government in British history has usually derived from one of two sources—either from a deliberate suspension of party in the face of a national crisis, or as part of an evolutionary process during which no satisfactory government can be framed out of one party alone. It may form an epoch to itself, or merely a bridge from one phase of party to another, while its origins depend on a hundred contingencies. And the same with its meaning. It may represent something like dictatorship, yet it can mean that leadership is so weak that government must be put into commission. In any case neither its history nor its potentiality can be thought irrelevant to the present hour.

I. COALITIONS OF THE PAST

WE cannot, for good reason, ignore those coalition governments which have sprung from domestic policies alone; for, to be exact, nearly every government is a coalition of some sort, if not between men of opposed parties, at least between elements in one party of widely differing roots. So Joseph Chamberlain served both Salisbury, who had served Derby, who had served both Grey and Peel, and Gladstone, who had served Palmerston, who had served Liverpool, who had served Pitt, who had served Shelburne, who had served both Bute and Chatham. Any one such political genealogy will show that clear-cut lines have been much the exception in our party history. The frontier, then, between what is a coalition, and what is not, is to some extent a matter of definition or of taste, but if somewhere it must be drawn, the coalitions which were not based upon great wars might be reduced to four.

There was first *the* Coalition between Fox and North. Its life was short, only a bare nine months of 1783, its performance hectic, its birth unnatural. Mutual hatred (of Shelburne or of the King) and mutual cynicism (as to reform) were its bonds, uniting men whose past was so antipathetic to one another that they could find union only in the huge insignificance of the third Duke of Portland. The great excluded, the King and William Pitt and the people, joined forces to break this ruining hypocritical alliance.

Then there was the Ministry of 1806-7, so oddly styled, of *All the Talents*. This too lived only a little while, liked it not, and died—at the King's hand. Grenville was its leader, he with the oblong head, and its talents were in part composed of those whom Pitt had wished to include in his last government, Grenvilles and Fox Whigs, and in part of Addingtonians, whose incompetence Grenville and Fox had thrown out of office in 1804, and Pitt in 1805. Its life was spent in illusion and insincerity. For Fox found himself forced to carry on the foreign policy which for twenty years he had reprobated, while the Catholic Emancipation to which he and Grenville were

pledged must silently be put to sleep, if they were to keep Addington. So in friction and some squalor, helped by a tardy dose from "the Doctor", this Ministry expired, and so heavy is the price paid by national governments for carrying nonentities who claim to represent a third party.

LORD ABERDEEN AND THE CRIMEA

WE come next to the government of Lord Aberdeen, 1852-5, which waged in the Crimea what is often, though it would seem without convincing ground, called a coalition war. Its descent was honourable and its abilities conspicuous, including in Lansdowne a survivor of the Talents of 1806 and three Prime Ministers, other than its chief, in Russell, Palmerston and Gladstone. But it was the child of extreme old age out of a youthful party, and this crabbed age and youth led an in-and-out, cup and ball, ding-dong life together. The Peelites had no numbers, yet all or more than half the talents, and much more than their share of the Cabinet; their Whig colleagues had a party, but one stricken by years and ill-knit. For if John Russell had a hereditary claim to demand parliamentary reform on any and every occasion, and while their Radical wing asked even more, wherever the white hat of "Pam" shone over the tournament, Reform would bite the dust. The single shock needed to drive them apart was found in war, for which Palmerston, who had served both parties faithfully in turn, was the only possible leader. Yet as an aftermath of that war this coalition, though ever undermining and disliking one another, was restored, until on Palmerston's grave Gladstone planted the tree of Liberalism.

Twenty years then passed of intense party strife under Gladstone and Disraeli, each leading a party new-forged by himself. But the life of party is but a span long, lasting only until some new cause arises which it mishandles or which it cannot face, and as it happened the Liberal leader had the more Conservative outlook. In part over Ireland, but in part also over social reform and imperial policy, both the Chamberlain school of Radicals and the Hartington shoal of Whigs broke away from him, but it took ten years before they were both merged under the catholic Conservative standard of Salisbury. If this began as coalition, it ended in fusion, thus passing out of our survey. Once at least, when both Gladstonian Liberalism and the Conservatism indoctrinated by Chamberlain found themselves in the presence of a third party, representing much which they had too long ignored, as well as face to face with heavy national danger, once, in 1910, men from either side reached hands across the gulf to make another national party. But vested and entrenched interests broke off their grasp, not to be attempted again until another sort of coalition had so far wrecked Liberalism that it must ask to be absorbed.

THE NATIONAL GOVERNMENT OF 1931

OUR fourth instance of this type was the National Government of 1931-5 in which, beginning as deliberate but reluctant coalition, and ending in inevitable and comparatively harmonious fusion, suggested more than one moral in the anatomy of this subject. The immediate reason for its formation,

the decline and imminent peril of the national finances, was weighty, and the patriotic sacrifices made were real and measurable. And it made a part of a development which would in all probability have gradually come about on other issues, that is, a branching of part of Labour to the right, and of many Conservatives to the left. Yet the effects of such sudden or abnormal unions, made from the top downwards, can be unwholesome. Our electoral system is such that a genuine third party, which may stand for something genuine in the national mind, finds it difficult at such a time to win adequate expression, while the mere fact of such a coalescence much embitters the party outpaced by its leaders. Of a third effect there was, in this particular case, no doubt. Coalitions enhance the ills to which all things human, Cabinets included, are subject; they are apt to mean that office cannot be distributed according to fitness, that legislation settles down on the common mean, that policy is dilatory and compromised.

LEADERSHIP AND THE PARTY SYSTEM

FOR all that, the British party system, which is true to the difficulties of freely held opinion and freely lived lives, has for that very reason a power within it to reflect national unities. In five great wars of the past two centuries and a half, which this country has waged either for its present existence or for its future, coalition governments directed policy and sacrifice at their height. Each has been associated with a great man: John Churchill, the two Pitts, Lloyd George and Winston Churchill. History must add that in each of the first four examples coalition perished well before its leader. To blame Harley for the fall of Marlborough, George III for that of both the Pitts, or the Conservative party for that of Lloyd George, would be easy but unsatisfying. War governments necessarily take on something of the nature of dictatorship which, and not coalition, is what "England does not love". The offence may take any form in different ages, may be a Sarah Jennings, or language not heard west of Constantinople, or an undue loyalty to friends, or a garden suburb, but it comes back to the same in the end, an insulation from the political heart of Britain. And then an instrument of destiny, an Abigail Masham or a Bute or a Loughborough, will be found ready waiting, though without real causes they would have little power indeed.

RISKS OF WAR-TIME COALITIONS

IN war offences must needs come, even offences of which the coalition or its leader may in fact be guiltless. Marlborough went down because his name was used to defend indefensible conditions of peace and unsuccessful war in Spain; Chatham not only because his structure was built in war, which became unliked, but because his conception of the proper peace was abhorrent to a much wider circle than George III's. Or again, out of the strains of war, there springs some new issue intrinsically separate, but long brewing and at length given its chance, as Ireland destroyed Chatham's son. Or, finally, when war itself is over, the coalition

leaders may seem to be prolonging its atmosphere, or exploiting its aftermath, or ruling through men of action who do not chime with a nation at peace.

From this summary rehearsal of coalitions in the past it would seem that each must be judged upon its merits. If there is any common moral it appears merely to be this, that the dangers to which they are exposed multiply in more than geometrical proportion. For they are, in their very essence, the product of power, passion, sacrifice and exhaustion, all of which must test and wear, without ceasing, human character and judgment. Two hundred and fifty years ago the senior surviving symbol of the Cavaliers, the second son of the great Clarendon, in publishing his father's "History" prefaced it with an appeal that Whig and Tory should cleave together in defending the true interest of the kingdom, "the plainest thing in the world, it is what everybody in England finds and feels and knows to be right, and they are not long a-finding it neither". It is of that testing margin of judgment, and not fundamentally through the occasions, faction or personalities by which fate deals the blow, that coalitions have made their heavy miscalculation and gone down.

II. THE PRESENT SITUATION

MR. CHURCHILL's government will be four years old in May. It is based on a House of Commons originally elected in 1935, containing now some 360 Conservatives, 165 Labour members, 45 Liberals and 40 others, including Independents. Posts in the Ministry are not proportionately distributed. Their allocation is more even. Indeed the present War Cabinet consists of three Conservatives (Mr. Churchill, Mr. Eden and Mr. Lyttelton), three Labour representatives (Mr. Attlee, Mr. Bevin and Mr. Morrison), and two non-party men (Sir John Anderson and Lord Woolton).

Personal disagreements there may be on this or that, but there is no reason whatever to expect destructive schisms among those eight. This coalition is not likely to split spontaneously from internal stresses at the top. Ever since May 1940, through bad times and good, the War Cabinet has remained a sufficiently coherent and united body. Changes in its individual composition have resulted from the simple course of events, but never from personal or political quarrels. Its members have ever been united to win the war, and united in looking up to Mr. Churchill as the nation's leader. It is no secret, either, that a good deal of personal respect crossing party boundaries has grown up between them.

A BID FOR POST-WAR UNITY

IN a Sunday evening broadcast a year ago the Prime Minister appealed for a continuance of all-party co-operation into the first years of peace. With reasonable give-and-take, he suggested, everyone could find a sufficient basis for agreement on a Four-Year-Plan of social reconstruction. It was a bid for domestic unity, such as might enable Britain to throw her weight and influence solid and undivided into the councils of the world outside.

So far, as a bid, it has failed—yet not for want of evidence that broad

fields of agreement about ultimate purposes exist. An inconsistency was latent in that Sunday broadcast, which quickly came to light but has not so quickly been resolved. The Prime Minister postulated a general election, soon after hostilities against Germany were ended, and the south-east coast was no longer a front-line area, and polling could take place without risk of bombs interfering between the opening of the poll and the counting of the votes. Everybody is at one about the case for dissolving the 1935 Parliament and giving the electors a new and free opportunity to declare their choice at the earliest moment that circumstances will permit. But how can their choice be truly free, if the candidate of the party previously holding the seat receives a letter of commendation from Mr. Churchill, who in public estimation towers over every other political figure in the country? The experience of the 1918 election, which was held within a month of the armistice and sent to Westminster a Parliament quite unworthy of its mountainous responsibilities, proves the dangers and guarantees the unpopularity of that so-called solution.

WHAT SORT OF COALITION?

YET what other course would offer any hope of preserving or re-creating coalition? Can it be seriously maintained that Mr. Churchill and Mr. Attlee—the Prime Minister and Deputy Prime Minister—could sit together in the War Cabinet up to polling day, conducting the remainder of the war, and in all their work behind closed doors on reconstruction plans, assuming the continuance of coalition, while simultaneously leading their party forces in the election battle of paper and words? At the least it would be an odd and precarious sort of coalition which survived, with the acute national danger of 1940 no longer present, and every existing tension heightened by the sharp feelings which an election stimulates and leaves behind. In politics nothing is impossible, but slender are the chances of Britain getting a strong government that way.

In any case the decision is likely to be forced; the leaders, who might manage to work out some compromise plan if left to themselves, will hardly be granted the power of determining. At a party conference in 1940 the Labour party agreed to enter a coalition government to win the war, and a pledge has been given that when the war with Germany is ended another party conference will be called to decide whether the party truce at elections shall be ended also. Unless an amazing change takes place before then in the attitude of the Labour rank-and-file, the vote seems likely to go heavily in favour of ending it, whatever advice Mr. Attlee and the other leaders may offer. The party feels that for years it has been artificially under-represented in Parliament, thanks to the truce. What more natural than a popular resolve to end it at all costs?

SHORTCOMINGS IN PRACTICE

It is not as if the coalition system of government ever evoked natural enthusiasm anywhere, except among people whose excellent intentions are matched by a lack of historical or political experience. Iron national unity

was needed in 1940, and without an all-party government it would have been unprocurable. But no one who has watched the House of Commons at work these last four years could cry up the system as an unqualified success. Over a period of two centuries this country has grown accustomed to operate successfully a lively form of parliamentary democracy, with a government which should govern manfully yet watchfully, and an opposition taking, as its unceasing duty, vigilance, tempered by awareness that it will probably have to assume the responsibility of office if it throws the government out.

For four years there has been practically no professional vigilance at Westminster, and certainly no alternative government. Watchfulness accordingly ceased to be a universal characteristic of Ministers. As a result, the general public has acquired a not ill-founded feeling that "bureaucracy" has extended its influence over daily life and affairs more widely than the hard facts of conducting a war necessitate; and bureaucracy is foremost among the dragons which every Englishman looks to his member of Parliament to slay and keep on slaying. The effects of a lower level of efficiency in the Chamber, at question-time and in the cut-and-thrust of debate, thus seep downwards to aggravate a sense of unsettlement, which must be reckoned in the balance against the opposite sense of satisfaction that party fights are stilled. Within Parliament, meanwhile, the absence of a proper and official Opposition party tends to bestow undue prominence and publicity on individual members, in all parties, whose desire to criticize outruns their loyalty to their leaders and brings them constantly, oftentimes waspishly, to their feet.

SOME UNHAPPY CONSEQUENCES

IN contrast with that type, some of the best and soundest men in all parties, below Ministerial level, may be granted less than their fair chance in the parliamentary arena. Under normal conditions of party government the Cabinet brings its Bills and proposals down to the House, and there on the floor comes the clash, with principles stated and attacked and defended from either side, and a thousand opportunities for the back-bencher with integrity as well as ability to make his mark. He and his like may be the salt of the Parliament, and from among them the future leaders of the country are likely to emerge.

But under an all-party government, nearly everything which reaches the House of Commons is a compromise already. The battle of party principles has had to be fought out in the Cabinet room, with all too great a danger of its ending in deadlock and inaction, with the Prime Minister too busy on its other and more immediately urgent or interesting matters to give his whole strength to insisting on a genuine decision. At best, if party attitudes are in any way involved, an emasculated policy is likely to reach the Commons. The best kind of loyalty then makes the best of the back-benchers doubt whether they ought to risk shattering the unity of the government in wartime, by giving unrestrained utterance to their personal views and forcing the House to a division if necessary.

We have recently been seeing two of the least happy consequences of coalition. With the public clamouring for a clear lead on many reconstruction issues, government decisions have been held up far too long, and manifestly through the difficulty of obtaining agreement at Cabinet level. The policies announced by a party government might have been more controversial, but in the normal course they would have been promulgated quicker, and cynical doubts whether it was really intended to do anything at all would have had a shorter start.

Secondly—and perhaps in the long run this is the more damaging evil—the present government shares the almost unavoidable characteristic of coalitions, in that it is elderly. Whenever two or three parties come together, room has to be found in the Ministry for the senior men from each. By so much are there fewer opportunities to try out the younger men who have never held office. Promotion is half-blocked, and the training and testing of those who may be leaders ten years hence is slowed down. In the easiest of times this would be a loss. Just now, when the country is unanimous that the problems of peace will demand minds fresh and vigorous, it is a calamity.

THE DETERMINING FACTOR

THE degree of success which Mr. Churchill's government can attain in producing, during 1944 and despite all difficulties, statements of reconstruction policy such as will satisfy the public demand for a real programme, will largely determine how long coalition can last. Winning the war will not, by itself, suffice to convince the electorate that the same coalition ought to be trusted with the peace. A series of first-rate White Papers on post-war social issues might lead the man in the street to decide that any party which broke up the coalition would lose his vote. But in default of that the omens for its prolonged survival are inauspicious; and if that means that the next Parliament will revert to working on clear-cut party lines, it need not be cause for regret unmitigated.

Lord Woolton as Minister of Reconstruction has been but three months in office, and it is still too early to gauge the impact of his personality and powers upon the situation. In the meantime no one in Britain need work himself into a frenzy of apprehension over the political future. As a nation we often discover a way rather well through puzzling mists like these. He would be more usefully occupied, as a citizen, in finding out what candidates are likely to come forward in his constituency at the next general election and, if he is not satisfied with their quality, in making sure that better ones are sought. For no government can redeem a bad Parliament, but the power of a good Parliament to make a good government is almost unlimited.

GERMANY FROM WITHIN

WILL THERE BE A CRACK?

WILL there be a crack in Germany? As the European war moves to its climax the question is certain to be asked more and more. The answer is not easy. All that it is safe to assume is that whatever change may occur inside Germany will be the direct outcome of military developments. At a certain stage of the war a combination of the High Command and the big industrialists may organize a *coup* for the forcible elimination of Hitler and his immediate collaborators. That was already being quietly and seriously talked about in the later months of 1943, if some Swedish observers in touch with German tendencies are to be believed. A mass movement of desperation against the régime is also conceivable if, for example, bombing ever reaches the point of human unbearableness. It is important to distinguish between such a movement which springs from individual sorrow, and a popular uprising which is concerned about the better ordering of German life within the European family of nations. There is, it has to be recognized, no present evidence whatever of a new dynamic in Germany. The taunt that the only people in Europe to be cowed by the Gestapo is the German may be cynical, but it is not without truth.

When the National Socialists say that a repetition of the November of 1918 is out of the question this time, the claim is not to be dismissed as a mere boast. There is a vast and vital difference between this war and the last, and to ignore it is to foster illusions. Whatever may have been the case earlier, the war has now reached a point when we can dispense with illusions. Under the Hohenzollerns in the Four Years' War the German people enjoyed what, in comparison with the servitude of the Hitler system, was freedom of opinion. Certainly the Social Democrats, with their millions of members, their highly accomplished press, their virile trade unions, and their magnificent co-operative movement, were mostly supporters of the Kaiser's war; but criticism and agitation were never effectually stifled. The Independent Socialists grew in power, the Communists carried on their propaganda, the Liberals and the Centre declined to keep silence on crucial occasions, and there were strikes in the war industries. From the first days of his campaign Hitler based his case on the argument of the "stab in the back"—that Germany did not lose the war but was let down by the home front. It is a fraudulent argument, exposed by no one more thoroughly than by Ludendorff, who was Hitler's partner in the melodramatic Munich *Putsch*. Germany was—as Ludendorff avowed—decisively defeated in the field before the home front caved in and gave in. What, however, is equally certain is that the men at the front reacted, not immediately but gradually, to the mood of their kith and kin at home. Hitler and his National Socialists have seen to it that there shall not be a repetition in this war. This is at the bottom of their boast that whatever happens to Germany to-day she will not be stabbed in the back.

NATIONAL SOCIALIST RULE

THERE is no occasion to go over the story of the subjugation of Germany to National Socialist rule. Everyone is familiar, or ought to be, with it—the regimenting and dragooning, the elimination of all opposition, and the destruction of independence of judgment. *Gleichschaltung* has become a word of monstrous meaning, and it was as saddening as it was significant to note how few Germans made any real resistance to the process in the early years of Hitler's reign. Why, with some heroic exceptions, the whole democratic and liberal movement in Germany tamely succumbed to the process is one of the major mysteries—and calamities—of the twentieth century. Succumb it did. The means employed were formidable enough. The new leaders of Germany did what the Weimar republicans never attempted and probably never wished; they made a complete purge of all Government offices and all agencies of the State. They saw to it that every centre of influence, from the Ministry in the Wilhelmstrasse to the village school, was brought under direct National Socialist authority. Nothing escaped them. The rubber-stamp Reichstag was only one of the more blatant examples. The elimination of every oppositional cell—to use the contemporary word—was decreed and enforced. It would be both foolish and dangerous to underrate the success of the National Socialists in immobilizing any and every source of resistance. For all practical purposes the success was decisive. Much of it has been due to the work of Himmler, undoubtedly one of the most sinister men called to safeguard the régime. That he has always chosen to keep himself out of the public notice is typical of his technique. He prefers to exercise power rather than to parade it.

Himmler is, after Hitler, perhaps the most powerful man in Germany to-day. In the S.S., the Gestapo, and many other acknowledged and unacknowledged organizations he has complete control of mass opinion and of individuals. He has the most detailed dossier of all Germans in any kind of official position, not excluding their sex life and financial standing. He receives, and has tabulated, the reports of the wardens whose duty it is to supervise blocks of flats and to learn what the tenants are feeling and saying. It is not too much to say that no item of German life escapes his scrutiny. Nowhere and never has so wide a system of spying been elaborated. With the more open manifestations of Himmler's power, such as the beheadings and the imprisonings, the outside world is fairly familiar; but the watch he maintains on private lives is less well known. There have been sporadic acts of sabotage, and there have been so-called subversive activities—such as those which were brought to light in Munich last year, when certain university students and at least one professor were brought to trial and sentenced to death. Such incidents, however, serve merely to show up the completeness of the stranglehold on the convictions and the actions of the mass of the nation. The disappearance of the *Frankfurter Zeitung*, which contrived to maintain a sense of responsibility, left no doubt about the closeness of the watch. German refugees in Great Britain and the United States are inclined to emphasize the strength of the underground movement inside

the Reich, and it is true enough that such a movement exists and is sustained by much sacrificial effort; but, on the disclosed facts, it would be wrong to suppose that the movement constitutes an organized opposition capable of threatening the stability of the régime. When, therefore, Hitler claims that there is no comparison between 1918 and 1944 he is, for once at least, speaking the truth.

THE WAR AND THE PEOPLE

It is probably true to say that on the whole the German people did not enter the war with any deep enthusiasm. There were, for example, none of the unbridled demonstrations of national feeling which took place in 1914 and which so impressed some susceptible neutrals. The members of the National Socialist party, with its many ramifications, and of the *Wehrmacht*, obsessed with ideas of *revanche*, were an obvious exception. They unfeignedly welcomed the war. It gave them at once the chance to affirm their faith in the *Führer* and to show their contempt for the decadent democracies. They were mainly of the new or Hitler generation. More elderly Germans, who were remembered only too well the disillusionments of the last war and were affrighted by the social chaos and inevitable inflation of a lost war, were more restrained. They had few cheers for the men setting off for the front in 1939. It was the existence of this older generation which encouraged and seemed to justify the theory, widely held in Great Britain and France for a time, that a distinction must be drawn between the National Socialists and the nation, and that sooner or later a split between the two which would overthrow the war-makers would show itself. The theory was particularly favoured in the "phoney" phase of the war—the so-called *drôle de guerre*. It fitted in neatly with the defensive strategy deliberately adopted by the allied command, and with the idea that the inexorable pressure of the blockade would help powerfully to make Germany see reason. It may even have derived in part from Hitler's own technique of gaining victories through bloodless war—only he made certain that he had the resources ready to fight mercilessly when to fighting it came.

In the event most Germans, whether of the party or not, acclaimed the conquest of Poland, as they later did the invasion of Denmark and Norway and the military overthrow of the Low Countries and France. By the midsummer of 1940 the war was genuinely popular: the downfall of the British Isles was confidently and jubilantly awaited. The bombing of London and other towns was admired without any mental reservations. Was not Europe at Germany's feet—and was not Germany at Britain's throat? The *Führer* had triumphed, and his standing in the Fatherland was at its peak. That sufficed. This was the German, as it was the National Socialist, apogee. The British beat the bomber, as much by guts as by guns, and the shock to the average German of the failure to subjugate Great Britain might have been indeed serious if it had not been for the spectacular course of the Russian campaign in its opening stage. The recovery of morale was destined to be only temporary; for the war began to develop along lines which

neither the German Command nor the German people had really contemplated.

CAN WAR BE WON BY BOMBING?

A REVOLUTIONARY factor has to be noted here, and that is the bomber aircraft. It is unnecessary to enter into the controversy whether an overwhelming air force can or cannot so demoralize a nation as to enforce capitulation. That theory remains to be proved. What is relevant is the effect of bombing on a people as inclined to the glorification of war as the German. First let it be noted, without any delving into the higher strategy of the Allied Command, that a certain number of people in Great Britain—including, it can be acknowledged, some who are sincere and not without influence—have expressed physical pain and a sort of spiritual nausea when they have read the accounts of Bomber Command's "saturation" raids on German towns. They are fundamental patriots, and their point of view has to be respected because it springs from the deepest emotion. Many thousands of German civilians—men, women and children—have already been killed, and thousands more will be killed before the *Wehrmacht* recognizes its own helplessness by asking for an armistice. The prospect is not pleasant. Does not, however, such revulsion in fact betray a wholly false humanitarianism?

What is the crucial fact of all modern German wars? Is it not the overriding determination to ensure that the Fatherland should not be the scene of the fighting? All German strategy has been based on the offensive, which, stripped of every euphemism, means no more than carrying the war, with all its horrors and havoc, into the enemy's homeland. It is, in short, the apotheosis of the gangster's principle of getting his own shot in first. The wars of 1866 (against Austria), of 1870 (against France), of 1914 (against the Triple Entente), and of 1939 (against Poland and, eventually, against Europe) exemplify the principle. When Göring, Commander-in-Chief of the *Luftwaffe*, assured the German people that not a single enemy bomb would fall on Germany, he was expressing not merely a boast but an article of German faith. It is worth while to recall the shock, and even panic, which Germany experienced when in the early days of the war of 1914-18 Russian forces adventurously thrust into East Prussia. The taste of invasion they gave the German people was neither long nor severe, but it was enough. There were hurried conferences at the Kaiser's Great Headquarters; old Hindenburg was brought out of his retirement; much needed divisions were diverted from the Western front; and when Hindenburg, with the counsel and leadership of Ludendorff and Hoffmann, freed the Fatherland from fear by the victory of Tannenberg the popular gratitude and acclaim were overwhelming. To-day Bomber Command and the American Air Force have between them brought to the German people the fullest realization of what invasion involves. The significance of Goebbels's admission late in 1943, "Germany is learning what war means", cannot be overrated. His own intention was clearly to steel the people at home to greater endurance by reminding them that what they were suffering by bombing was after all only the regular and accepted experience of the men at the front.

The theory that the German war can be won by bombing is weightily challenged: what is not open to dispute is the profound effect which bombing has had on the German mind—on the so-called *Stimmung*. That conclusion does not rest on the carefully checked official reports from Allied sources alone. It is based rather on information from inside Germany itself. That which Poles, Norwegians, Dutch, Belgians, French, British, Yugoslavs, Greeks and Russians have borne has now stricken the German people. War has ceased to be *fröhlich*: it has become a vast horror. Asseverations that Berlin or Brunswick, Hamburg or Leipzig, Cologne or Essen, can "take it" are, up to a point, true enough, but certainly irrelevant. The essential—and, for the German leaders both of the party and of the armed forces, frightening—fact is rather that they are having to "take it". That is a new experience. Bombing, then, is doing more than lay waste the centres of German war industry: it is at the same time destroying the German obsession that the highest earthly glory was to be won only in battle beyond the frontiers. This it is which endows the horrible with hope.

STABILITY OF THE HOME FRONT

THE success of the National Socialists in maintaining the stability of the German home front through more than four years of war is not open to doubt, whatever may be said about the means adopted to attain the end. The working-class population has gone on producing the increasing volume of weapons which Hitler has demanded. Speer, whom he put in charge of armaments production, is an energetic and imaginative man, and labour unrest has, so far as can be learned, never yet hampered his plans. If there has been serious sabotage, the world has not heard of it. What interruption of war production has occurred has been due to the Anglo-American air offensive, reinforced by the more slowly working blockade. The discipline of German labour is the more noteworthy if it is recalled that when Hitler assumed power eleven years ago there were up to 12,000,000 professing Social Democrats and Communists. It would be too much to suppose that all have become loyal supporters of the régime, but it would also be wrong to suppose that the dissident minority is strong enough to oppose any outward resistance to Hitler. It is more reasonable to expect that the first signs of trouble will appear in the ranks of the 12,000,000 foreigners inside the Reich made up of prisoners of war and labour conscripts from all the enslaved countries. German commentators have estimated that one worker in every four is a foreigner, and there have been misgivings lest in bringing in so large a force of foreign labour the Trojan Horse itself has been admitted. Ley, the Leader of the Labour Front, Göring, Goebbels and others have been at pains to assure Germans that these foreigners do not constitute a potential Fifth Column. Göring indeed has spoken of them as "guest" workers. Sauckel, who is in charge of man-power inside and outside Germany and has become known as the slave-driver of Europe, has on the other hand issued a warning that the "dirty work" of industry must be done not by Germans but by these conscripts; and the most rigorous measures have been taken to prevent any mixing between them and the native popula-

tion. The presence of so large a foreign element, known to be hostile to Germany, is a definite source of weakness which may be expected to have the most serious consequences as the Allied military pressure grows. Germany in fact has built up her labour strength but has to that extent undermined her national structure.

The agricultural population has proved if anything a more stable factor than the German industrial population. For one thing—and it is important—it has not been exposed to the rigours of bombing. For another, it has done fairly well out of the war. Nor has *Blut und Boden* been without its appeal. A revolt of the peasants is not in sight. The Church, both Protestant and Catholic, has more than once raised its voice fearlessly in defence of the rights of religion and denunciation of Hitler's racial doctrines, and doubtless it will do so again when occasion offers; but the Church has not yet carried its resentment to the point of condemning the régime for its succession of aggressive wars. Less than ever is heard of the "German Christians", with their tribal heresies; and with the decline in their military fortunes the leaders of National Socialist Germany have shown a significant respect for orthodox religion. What remains? The middle-class is in no mood or condition to start a counter-revolution. Too many of its members are entangled as officials of either the State or the party machine, and in any case the middle class has already shown such a lack of fibre that it would be folly to look to it for an heroic gesture at this juncture.

A GENERATION DEBASED

MOREOVER experience of Italy since the formal overthrow of Fascism has taught us how utterly demoralized and debauched the intellectual and spiritual life of a people may become under dictatorial government. The régime in Italy was mild compared with what it has been and still is in Germany. Not merely has a whole generation been dragooned: it has been debased. This fact—in many ways a terrifying fact—is not always sufficiently weighed by students of Germany. It was suggested at the outset of this article that the overthrow of Hitler's system might come from a combination of the High Command and the big industrialists. Already there are indications that the direction of the military side of the war has passed under the control of the professional soldier and out of the hands of the party leader. From the German point of view that may be a good thing: victory and survival are more than a matter of "intuitions". From the point of view of the United Nations, however, it can mean only one thing. Whatever changes are brought about in Germany in the coming months will be the result of their own military action. The crack will come from without, not from within.

WAR CRIMES

MORAL, POLITICAL, AND LEGAL PROBLEMS

FEW questions are more difficult than those concerned with the punishment of war criminals because, although there is general agreement that such punishment should be meted out at the conclusion of the war, there is no agreement on the practical steps that will have to be taken to put this decision into effect. Thus there are differences of opinion concerning the persons to be punished, the law to be applied in the various cases and the tribunals which are to try the prisoners. This lack of unanimity is not surprising because the problem, while at first sight a simple one, involves complicated and difficult questions of morality, politics and law. Although the legal aspect is the one which has been most emphasized, this is only because it is the most obvious and concrete one, but, in fact, it is the other two which are less easily soluble. The law is a machine by which particular ends can be achieved, and if the ends themselves are not clear and certain then the law cannot function successfully. This is especially true in the case of war crimes because when we deal with them we are concerned both with administering the law as it is at present, and with laying the foundations of a new and better international society. It is this attempted reconciliation between the present and the future which makes the solution so complex, especially from the moral standpoint. As this is the most important one, although it is the one which seems to have been discussed least, it is convenient to treat it first. No attempt will be made to answer all the various questions raised here, it being the chief purpose of this article to state the problems which will have to be considered before a final solution can be reached.

I. THE MORAL PROBLEM

THE first moral problem concerns the moral guilt of those who are responsible for the various wars such as the German attack on Poland, and the Japanese on the American fleet at Pearl Harbour. At first sight the answer seems to be so obvious as hardly to require formulation, but on further consideration it is not quite so clear. In the Middle Ages, under the influence of the Catholic Church, an attempt was made to differentiate between just and unjust wars, but this distinction, which it was impossible to draw in practice, became of less and less importance until in the nineteenth century it finally disappeared from the pages of books on international law. The doctrine of neutrality is in truth nothing more than a tacit recognition that there is no way of determining whether one State has committed a wrong in attacking another provided a minimum of hardship is caused to third parties. An attempt to change this view was made by the creation of the League of Nations, but the rules of the League were only binding on its own members, and even then to an uncertain degree. For one thing, if aggressive war was

pharisaical hypocrisy if they, by insisting too strongly on strict legal rules in these cases, do anything to hinder the punishment of the wrongdoers.

This list of the various moral problems which are connected with the question of war crimes is not a complete one, but it gives some of the major issues which will have to be faced. It will not be easy to find the answer to some of them.

II. POLITICAL PROBLEMS

By political problems is meant those questions of policy which fall within the sphere of statesmen rather than within that of moralists or lawyers. These political problems are no less difficult than the moral ones, but fortunately they are less numerous. The first can be stated briefly: How can the war criminals be punished without running the risk of turning them into martyrs? It may be said that if the evidence is sufficiently clear and convincing then no question of martyrdom can arise, but where political passions are concerned then no evidence, however convincing, will be found sufficient. In the history of the world there have been many trials of a political nature, but it is difficult to remember a single one which has persuaded the supporters of the prisoner that he was guilty. For that matter, many of these trials have had the opposite effect, for they have given the condemned prisoner an opportunity of making a speech from the dock which has been remembered long after the rest of the trial has been forgotten. The trial of Robert Emmet is a striking illustration of this. It is the drama of the trial which tends to inflame passions rather than to allay them. This does not mean, of course, that such trials should never be held, for in many instances it is necessary to vindicate the law, even at the risk of making the prisoner a hero to his own people. But it does mean that we must recognize that there is a conflict of advantages and disadvantages involved in them, and that these must be weighed carefully in each instance. There is a danger in either too many or too few trials.

The second political problem can be stated thus: Is the primary purpose of these trials to prove to the people of the prisoner's country that he was guilty of the crime charged against him, or is it to prove to the people of the victims' country that the crimes committed against them have been fairly and adequately punished? The methods we shall choose in prosecuting those accused of these crimes will depend in large part on which purpose we consider the dominant one, for if we accept the first then the emphasis will be placed on an impartial neutral court, while if we accept the second we shall favour the more efficient method of the domestic tribunal as exemplified by the Kharkov trials. It was on this point that Lord Cecil and Lord Vansittart differed in their recent letters to *The Times*, for the former wanted the trials to be held in Germany so as to show the Germans how fairly they were being conducted, while the latter urged that they should be held in the liberated countries so that the victims should realize that the wrongdoers were being adequately punished. Here again there is a conflict of interests which will require careful consideration.

These political and moral problems are the primary ones which must be

solved before the lawyers are called on to devise the proper legal machinery; this can be done with comparatively little difficulty when the answers to the former are known. It is because we are not really certain what we want to do that the legal problems arising from the prosecution of war crimes seem to be so difficult and complicated.

III. THE LEGAL PROBLEMS

In 1919 Clemenceau in his speech of acceptance of the Presidency of the Peace Conference said:

"The first question is as follows: 'the responsibility of the authors of the war.' The second is: 'penalties for crimes committed during the war.'"

These are two distinct questions which ought to be considered separately; but unfortunately they have been confused in the public mind, with the result that the punishment of true war crimes has been hindered.

The difficulty from the legal standpoint of trying those who are the authors of the war is that it is doubtful whether they can be charged with any determinate crime. No such crime is recognized by any system of state law, and, as has been said above, it is doubtful whether to declare a war, however unprovoked such a step may be, is a crime in international law. Moreover, since international law at present is only concerned with the States as the subjects of its rules, it is difficult to see how an individual can be held to have committed a crime at international law. This problem was not solved in 1919, when the Peace Conference decided on the trial of William II, because its language was studiously non-committal. Article 227 of the Versailles Treaty provides that:

"The Allied and Associated Powers publicly arraign William II of Hohenzollern, formerly German Emperor, for a supreme offence against international morality and the sanctity of treaties."

But "international morality" is not "international law". Later, in their note to Holland, the Allied Powers emphasized "the special character of their demands, which contemplate, not a juridical accusation, but an act of high international policy". It is clear therefore that the ex-Emperor was not charged with having committed a specific crime either under international law or under state law. A similar difficulty would arise if such men as von Ribbentrop or Goebbels or Hitler himself, whose case is considered later, were to be tried to-day. What determinate crime have they committed? The same question will arise in the case of the Gestapo because being a member of that body is not a crime *per se* either in international or in state law. It would be difficult, if not impossible, to frame a legal charge against them.

PROCEDURE IN NAPOLEON'S CASE

Does it follow from this that these men must escape unpunished? The answer is that, although the ordinary process of a legal trial is not appropriate

in their cases, they can be punished by a political Act of State. It was this procedure which was adopted in the case of Napoleon, for he was dealt with by direct State action. The Prince Regent told him in a letter that this action was necessary in order not to give him "any further opportunity of disturbing the peace of Europe". There is no reason why those men who have proved themselves to be a menace to the peace and civilization of the world should not be permanently or temporarily removed, but this does not mean that the misleading form of a judicial trial should be adopted to disguise what is rightly an act of high policy.

The second category referred to by Clemenceau was "crimes committed during the war". These are crimes in the true sense because they are acts done in violation of specific legal provisions, and are capable of trial by existing courts. It is necessary, however, to distinguish here between international law and the national laws of the various States. Without going into detail it may be said that the Geneva Conventions of 1864, 1906 and 1929, the Hague Conventions of 1899 and 1907, and the International Convention relative to the Treatment of Prisoners of War in 1929 established definite rules concerning the conduct of war which imposed restrictions on the combatant forces. Thus the killing of civilians or of prisoners is forbidden, the use of forced labour is severely restricted and pillage is declared to be unlawful. International law therefore forbids these acts, but there are two difficulties to be faced if a prosecution under international law were to be brought. The first is, as has been said above, that international law is concerned only with States and not with individual persons, so that a prosecution of an individual before an international court would constitute a radical departure from established practice. The second is that there is no existing machinery for such trials. On this point Viscount Sankey, Lord Chancellor, said in the leading case of *Re Piracy Jure Gentium* (1934), A.C. 586, 589:

"With regard to crimes as defined by international law, that law has no means of trying or punishing them. The recognition of them as constituting crimes, and the trial and punishment of the criminals, are left to the municipal law of each country."

If war crimes are to be tried by international courts it is necessary to recognize that both the substantive and procedural law which will be applied at such trials will have to be *ex post facto* in character. Whether this constitutes a serious objection to such trials is a difficult question. Most legal systems may be exceptions to this rule if this is demanded by justice. This is particularly true in the case of war crimes because these are so contrary to all principles of decency and humanity that no general doctrine should stand in the way of adequate punishment. The crimes committed in this war have been so exceptional in character that it may require exceptional steps to deal with them.

There is, however, a second legal process applicable to these war crimes which is not subject to the criticism of being *ex post facto*—namely trial in

the courts of those States where the crimes have been committed. On this point Professor J. W. Garner said*:

"The killing by a soldier of a person belonging to the enemy's forces or the taking of private property in occupied territory are lawful acts of war only when they are done in the manner and subject to the conditions prescribed by international law, otherwise they are murder or theft as the case may be and their authors are liable to punishment as criminals. . . . Practically all the authorities are agreed that soldiers belonging to the enemy army may be tried by the courts of the opposing belligerent for crimes committed in violation of the laws of war in the latter's territory against the persons or property of nationals of the injured belligerent if they fall into his hands."

In a letter to *The Times* (December 28, 1943), Lord Atkin cast some doubt on this statement of the law by saying that "invading armies come not under the law of the invaded country, but against it. They owe it no allegiance and they receive no corresponding protection . . .", but this view seems to be contrary to the doctrine accepted at the Moscow Conference and since put into practice at the Kharkov trials. Nor does it seem logically tenable, for, as Professor Garner has said, "under the modern conception of occupation there is no extinction of sovereignty but only its temporary displacement". There are not many decided cases on this point, but at the end of the last war the French courts unanimously held that they had jurisdiction in all cases where German soldiers had committed crimes during the occupation of Northern France.

HOLLAND AND THE KAISER

Two important consequences follow from the view that war crimes are nothing more than ordinary crimes committed during war. The first is that the country in which such a crime has been committed will be entitled to ask for the extradition of any person *prima facie* guilty of having committed it if he has fled to a neutral country. It is particularly important in this connection to note that Holland, in refusing to surrender William II, stated that it could not "recognize an international duty to associate itself with this act of high international policy of the Powers", and that it had always regarded itself as "a refuge for the vanquished in international conflicts". It did not say that it was a refuge for criminals who, by violating the laws of war, had committed murder. The second important consequence of this doctrine is that acts of pillage must be regarded as ordinary robbery and theft, with the result that the property stolen can be followed into the hands of third parties. The United Nations have already issued a general warning that they will not recognize the validity of such transfers.

From the practical standpoint, also, there is much to be said for the trial of these cases by the national courts. As a general rule in ordinary state law a prisoner is tried at the place where the crime has been committed because the witnesses are probably there, and also because it is important that the

* *International Law and the World War*, vol. ii, pp. 472-7.

persons living in the locality should realize that justice has been done. To depart from this principle in the case of war crimes is to suggest that the various allied countries may be incapable of conducting trials fairly.

It has been said, however, that it will be necessary to establish international courts in three special instances. The first is where the crime has been committed in Germany against the national of another country. The answer to this is that the laws of most continental countries provide that their courts have jurisdiction to try certain crimes, such as murder, committed against their nationals abroad. Although English law contains no such provision, it is by no means clear that such crimes would not be covered by the jurisdiction of an English court-martial; but, in any case, it is probable that the law will be amended on this point.* The second instance is said to arise where one person has committed crimes in a number of different countries with the result that he is claimed by all of them. The answer to this is that the principle applicable to extradition proceedings should apply here. It is no novel situation in ordinary criminal law to find that the same prisoner is claimed by a number of different States, and that it is necessary to determine to which claim priority shall be given. The third instance is concerned with wrongs committed in Germany against German nationals, such as the German Jews, the members of the Communist party and some Roman Catholics. Here undoubtedly it will be necessary to create some new tribunal to try these cases, but what its constitution should be or what law it can administer is uncertain. It will certainly not be international law, for these crimes have been committed against German nationals themselves and not against foreign nationals. In this instance it may be necessary to recognize that these are crimes against human nature rather than against any established body of law, and that therefore they must be dealt with in accordance with natural justice.

THE CASE OF HITLER

ALTHOUGH it is unlikely that this problem will ever arise, it is interesting to consider what would be Hitler's legal position if he were to remain alive at the end of the war. Has he committed any crimes, and can he be tried for them? On the question of crimes it will be possible to charge him with murder, for he has given specific orders that a large number of civilians should be killed. There seem to be unlimited other crimes, including the transportation of Polish women to Germany, which can be traced direct to him. On the question of jurisdiction the point will arise whether as an ex-sovereign he can claim immunity in the courts of all countries on the ground that it is a rule of international law that a chief of State can never be held legally responsible. This was the view of the two American members of the legal commission of the 1919 Peace Conference; but it is now generally accepted that their conclusion was based on an incorrect interpretation of the rule. The immunity, in so far as it exists, is founded on considerations of international comity and public policy, and cannot be used to protect a

* See Lord Maugham's letter to *The Times*, December 24, 1943.

deposed chief of State. Even in national law a chief of State, such as the President of the United States, is not immune from legal process after he has been removed from office.

CONCLUSION

ALTHOUGH the prosecution of war criminals involves a consideration of the various problems discussed above, this does not mean that they are insoluble or that they should in any way prevent the proper and efficient administration of justice. There is no reason why these criminals should not be punished, and it is the moral duty of the United Nations to see that this is done.

FORTY YEARS ON

THE RHODES SCHOLARS IN RETROSPECT

IT is a difficult task to estimate the results of the Rhodes Scholarships after forty years of experience and to calculate how far they have justified the intentions and hopes of the founder. The influence of the Scholarships may be exerted in many different ways, and there can be no invariable touchstone of achievement and failure. One cannot hope to give more than a general impression of the careers and activities of Rhodes Scholars in different walks of life, and even then all conclusions must be regarded as approximate only.

ACADEMIC RECORD AT OXFORD

BEFORE considering this more important question it may be well to glance at the record of the Rhodes Scholars at Oxford itself. In judging their academic performance it is difficult to find a standard of comparison with other members of the University. A Rhodes Scholar presents no exact analogy to the English College Scholar or Exhibitioner, but some rough comparisons may be drawn between three groups of undergraduates: Rhodes Scholars, College Scholars and Exhibitioners, and ordinary undergraduate Commoners. In such a comparison it is assumed that Third Classes represent the rank and file of academic calibre, while First Classes represent men of outstanding ability, and First and Second Classes taken together represent men of more than average ability. On this basis the statistical comparison is as follows: 16.5 per cent of Rhodes Scholars have obtained First Classes in the Final Honour Schools, as against 27.9 per cent of College Scholars and Exhibitioners and 5.7 per cent of Commoners. If the First and Second Classes are bracketed together, 69.5 per cent of Rhodes Scholars have been ranked in these classes as against 76.4 per cent of College Scholars and Exhibitioners and 41.9 per cent of Commoners.

It must be repeated, however, that these figures are incomplete and, indeed, misleading unless the qualification is added that a large number of Rhodes Scholars read for research degrees, for which no Classes are awarded at Oxford. The figures also leave out of account the Classes for the Bachelor of Civil Law, a degree which a great many Rhodes Scholars have taken.

Among individual constituencies, and in respect of First Classes only, the best performance is that of New Zealand with 33.3 per cent (81.8 per cent of Firsts and Seconds together). Australia comes next with 32.1 per cent of First Classes (85 per cent Firsts and Seconds). The percentage of First Classes for the United States is 15.8 per cent (63.9 per cent Firsts and Seconds). This figure approximates to that of most British constituencies, and, if it seems unfavourable by comparison with the most academically successful Dominions, it must be remembered that the Oxford style of examination is more familiar to students from some of the Dominions than to most American students, and also that in recent years an increasing

number of American Rhodes Scholars have taken research degrees, often of conspicuous merit. The general academic record is not unimpressive when it is remembered that in most Final Honour Schools the proportion of First Classes does not go higher than 10 per cent of candidates, and in some cases is as low as 6 per cent.

ATHLETIC DISTINCTIONS

THE athletic contribution of Rhodes Scholars to Oxford sport has been considerable, but has often been greatly exaggerated. In early days there was a certain tendency to over-emphasize this qualification. For many years past, however, an effort has been made to put it in its right proportion, and indeed there is one school of thought which holds that at present too little importance is attached to it by Selection Committees.

Up to 1940, 521 Blues and Half Blues had been awarded to Rhodes Scholars, but these do not represent anything like 521 individual performers, since a certain number of Rhodes Scholars have won double and even triple Blues. Besides, the number is somewhat distorted by the fact that all American and Canadian Rhodes Scholars are at a disadvantage in those English sports of which they have had little or no previous experience. Cricket is unknown to them, and a first-rate American footballer may not be able to adapt himself to Rugby football, while the American style of rowing is quite different from the English. The number of Half Blues is therefore artificially swelled by certain games which are better known in North America than in England, and particularly by lacrosse. Up to 1937 the full Blues were distributed as follows: 71 in athletic sports, 46 in Rugby football, 11 in cricket and 5 in rowing. It will be seen, therefore, that only a comparatively small proportion of Rhodes Scholars are "athletes" in the popular sense; on the other hand, the great majority of them play some sort of game for their college, even though they may not achieve distinction. Few of them are what Rhodes described as "mere bookworms". The three most versatile athletes among Rhodes Scholars have all been South Africans. R. O. Lagden (South Africa and Oriel, 1908) won Blues in Rugby football, cricket, racquets and hockey, besides being a Rugby football international. He was killed in the last war, and in this war the Scholarships have lost another great all-rounder in H. D. Freakes (Natal and Magdalen, 1936). Another South African name equally famous on the Rugby and cricket fields and in the boxing ring is that of H. G. Owen Smith (Diocesan College, Rondebosch and Magdalen, 1930) now serving as a medical officer in the Middle East. Perhaps even better known is the name of J. E. Lovelock (New Zealand and Exeter, 1931), now a Major in the R.A.M.C., holder of the world record for the mile. No mention is made of those, considerable in number, who have captained various Oxford teams and won international caps.

An important aspect of the Rhodes Scholarships is the part which the Scholars play in the innumerable undergraduate activities of Oxford. When the writer was an undergraduate it was regarded as somewhat startling, not to say revolutionary, when a Rhodes Scholar was elected President of the

two Honorary Fellows of their Colleges, Dr. Frank Aydelotte and Marius Barbeau (Quebec and Oriel, 1907).

In school education 14 Rhodes Scholars are headmasters of schools of different sizes. It is interesting to find that in Australia Rhodes Scholars preside over five of the principal public schools.

THE LAW AND THE SCIENCES

THE next largest group, between 400 and 450, is in the law, and here again there is a striking record of professional success. There are 19 Judges, 20 King's Counsel, one Magistrate, one Provincial Attorney General, one Provincial Solicitor General, one Master in Equity, and one recently appointed, at the very early age of 38, Assistant Attorney General for the United States. While these lines were in the press, it was announced that Sir Edmund Herring, to whom reference is made later, had been appointed Chief Justice of Victoria. There are many lawyers in the United States who stand high in their profession, but, by comparison with British Rhodes Scholars, it is difficult to define their status (since the same insignia of rank and distinction are not awarded in the United States as in British territories) except by saying that 94 out of 185 are members of large firms of acknowledged reputation.

It will be seen that education and law have claimed more than half of the Rhodes Scholars, but they are to be found in every walk of life. There are well over 150 in medicine, either teaching or practising. It is a happy coincidence that the two most eminent brain surgeons in England and Canada—Professor H. W. B. Cairns and Dr. Wilder Penfield (New Jersey and Merton, 1914), Director of the Rockefeller Institute for Neurological Research, Montreal—are both Rhodes Scholars. In South Africa Dr. E. H. Cluver (Stellenbosch and Hertford, 1914) is Health Officer for the Union of South Africa and is at present, for war purposes, Director of Pathological Services. There are many others who stand high, in all parts of the world, either as practitioners or as medical researchers, or in some cases as both.

In the field of science, other than the purely academic, the most eminent name is that of Dr. E. P. Hubble (Illinois and Queen's, 1910) of the Mount Wilson Observatory, California, one of the most distinguished astronomers in the English-speaking world. In Australia Sir David Rivett (Victoria and Lincoln, 1907) is Director of the Commonwealth Council of Scientific and Industrial Research, and is engaged on war work of the highest importance. He and three other Rhodes Scholars are Fellows of the Royal Society—Dr. Penfield, Professor Florey and Professor J. C. Eccles (Victoria and Magdalen, 1925).

BUSINESS AND BANKING

THERE is a fairly large group of Rhodes Scholars in business and banking. In one respect the example of Rhodes has not been followed, for the scholarships cannot yet boast a millionaire! Not a few Rhodes Scholars, however, hold very responsible positions in industry, such as the General Manager in Africa of the British South Africa Company, Colonel T. E.

Robins (Pennsylvania and Christ Church, 1904); the Managing Director of the National Trust Company of Canada, J. M. Macdonnell (Ontario and Balliol, 1905), for many years General Secretary of the Rhodes Scholarships in Canada; and the President of the Chesapeake and Ohio Railway, C. E. Newton (Massachusetts and Brasenose, 1920), who is at present also Director of Mine Operations for the Federal Government of the United States. Whitney H. Shepardson (New York and Balliol, 1910), besides being Vice-President of the International Railways of Central America, is a well-known writer on international affairs.

Although the number in the Church is comparatively small, it has produced one Canadian Archbishop, L. R. Sherman (New Brunswick and Christ Church, 1909), an American Bishop, Beverley D. Tucker (Virginia and Christ Church, 1905), and the present Dean of Christ Church, Oxford, to whom reference has already been made—the Very Reverend John Lowe, the first Rhodes Scholar to be elected Head of an Oxford House. He was appointed at the early age of 42. In the United States, Rhodes Scholars preside over theological seminaries of national reputation, and a number—among whom may be mentioned the late Theodore C. Hume (U.S.A.-at-Large and New College, 1926)—hold important pastorates in different denominations.

WRITINGS OF RHODES SCHOLARS

THE writings of Rhodes Scholars, especially on learned and technical subjects, are as the sands of the sea. It would be impossible to give even an approximate estimate of the number and quality of all their publications, including volumes and papers contributed to periodicals. A bibliography, compiled in 1932, of the writings of American Rhodes Scholars alone ran to 453 volumes. Of popular writers the best known are perhaps Elmer Davis (Indiana and Queen's, 1910), now Director of the Office of War Information, and Christopher Morley (Maryland and New College, 1910), one of three Rhodes Scholar brothers, the others being Felix Morley (Maryland and New College, 1917), President of Haverford College, and Frank Morley (Maryland and New College, 1919), a well-known publisher for some years in London and now in New York. Perhaps the most widely known book ever published by a Rhodes Scholar is *Union Now*, by Clarence K. Streit (Montana and University, 1918), while the volume entitled *You Can't do Business with Hitler*, by D. P. Miller (Colorado and Lincoln, 1916), had a remarkable vogue in the United States. Of the Rhodes Scholars who have gone into journalism, there are several in America who have wide influence and reputation as columnists and political commentators, such as R. P. Brandt (Missouri and Lincoln, 1918) of the *St. Louis Post Dispatch*, E. K. Lindley (Idaho and Pembroke, 1920) of the *Washington Post*, and E. D. Canham (Maine and Oriel, 1926) of the *Christian Science Monitor*. A comparatively recent Rhodes Scholar, Geoffrey Cox (New Zealand and Oriel, 1932), has been an indefatigable and widely known commentator on practically all the European wars of the past decade, and is now on the staff of

the New Zealand Embassy at Washington. Several of the older American Rhodes Scholars have made reputations as poets, and there are at least three of younger generations whose verse has attracted attention and has raised high expectations; but it is too early to form any final judgment of their quality. At the present time five voices of Rhodes Scholars are constantly heard by millions "on the air"—those of Elmer Davis, E. K. Lindley, Howard K. Smith (Louisiana and Merton, 1937), author of *Last Train from Berlin*, Charles Collingwood (Maryland and New College, 1939) and Farnsworth Fowle (Vermont and Exeter, 1937), Columbia broadcaster from the Italian front. At least one Rhodes Scholar can claim a best seller on a very large scale, having been chiefly responsible for the composition of *Front Line*.

The activities and interests of Rhodes Scholars outside the ordinary professions are so miscellaneous that it is difficult to select names, but no account would be complete without reference to such men as Marius Barbeau, who has made a unique place for himself as an authority on French-Canadian Folk Lore, and the late F. E. Williams (South Australia and Balliol, 1919), the leading ethnologist of New Guinea, who has unhappily been lost in that country during the present war in an aeroplane accident. There are others in positions of responsibility which do not fall into ordinary categories, such as the Secretary of the Guggenheim Foundation, H. A. Moe (U.S.A.-at-Large and Brasenose, 1919), the former Director of the Canadian Broadcasting Company, W. E. Gladstone Murray (Quebec and New College, 1913), and the Secretary to the Delegates of the Clarendon Press, Oxford, K. Sisam (New Zealand and Merton, 1910), who is also, with one other Rhodes Scholar, Professor H. J. Rose (Quebec and Balliol, 1904), Professor of Greek in the University of St. Andrews, a Fellow of the British Academy.

"PERFORMANCE OF PUBLIC DUTIES"

DELIBERATELY left to the last is the record of Rhodes Scholars in what Rhodes called "the performance of public duties". What did he mean by that far-reaching expression? The Trustees have always considered that he did not refer solely to politics in the ordinary acceptance, but rather to that sense of responsibility and public spirit which alone can make a man a valuable member of his particular community, and which may be evinced in many different ways and degrees. It is obviously fallacious to judge a man's contribution to public life by mere titles and distinctions. However, for what such honours may be worth, six British Rhodes Scholars have been knighted for public services—a gratifying proportion among the number, certainly not more than about 400, who would be eligible for this honour. One is Governor of Northern Rhodesia, Sir John Waddington (Bermuda and Merton, 1909), another is Chief Forestry Commissioner in England, Sir Roy Lister Robinson (South Australia and Magdalen, 1905), a former Triple Blue, a third is Inspector General of Forests in India, Sir Herbert Howard (Rhodesia and Exeter, 1908). A substantial number of Rhodes Scholars have entered the Colonial Service, and some are now in the highest positions, while others bid fair to attain them in time. In the Civil Services

at least two Senior Rhodes Scholars in the United States have long held positions of great responsibility—C. D. Mahaffie (Oklahoma and St. John's, 1905) as a member of the Interstate Commerce Commission, and Stanley K. Hornbeck (Colorado and Christ Church, 1904) as Chief of the Far Eastern Division of the Department of State. With the growth of the administration in Washington during the present war the demand for the service of Rhodes Scholars of all generations has been a signal testimony to their reputation. It is impossible to give a constant number, since the personnel frequently changes, but at the moment of writing there are 136 employed either in Washington or in administrative services abroad, while another 15 are engaged actively on post-war problems, and 55 in government employments not specifically ranked as war service. In the diplomatic service of the Dominions are Leif Egeland (Natal and Trinity, 1924), South African Minister to Sweden, and, at Washington, Geoffrey Cox (New Zealand) and A. S. Watt (New South Wales and Oriel, 1921), First Secretary of the Australian Legation. The peace-time Civil Services, though usually considered to be not so highly developed in the United States and the Dominions as in this country, have attracted over 100 Rhodes Scholars, and at the present time a group of them is helping substantially to strengthen the Canadian Civil Service, especially the Department of External Affairs. Eleven Rhodes Scholars are at present members, in different capacities, of the Dominion war administration. The most important positions are held by N. A. Robertson (British Columbia and Balliol, 1923), Under-Secretary of State for External Affairs and a member of the Cabinet War Committee; A. D. P. Heeney (Manitoba and St. John's, 1923), Secretary to the Prime Minister and Clerk to the Privy Council; Lt.-Col. H. A. Dyde, M.C. and Bar (Alberta and University, 1917), Secretary of the Defence Council; H. R. L. Henry (Manitoba and Queen's, 1908), Secretary to the Prime Minister; while H. Borden, K.C. (Nova Scotia and Exeter, 1924), was until recently Co-ordinator of Controls and Chairman of the Wartime Industries Control Board.

POLITICIANS

WHETHER or not Rhodes desired or expected political careers for any large number of his foster-sons, politics has always been a difficult avenue for Rhodes Scholars, few of whom have had, on the one hand, the material independence to neglect their means of livelihood, or, on the other hand, the desire to "live on the game". The political record, however, is by no means negligible. J. H. Hofmeyr (South African College School and Balliol, 1910), one of the most brilliant of Rhodes Scholars, is Minister of Education and one of the most brilliant of Rhodes Scholars, is Minister of Education and Finance in South Africa and Deputy Prime Minister in the present Government. Mention has been made of the late Norman Rogers; J. T. Thorson, K.C. (Manitoba and New College, 1910), now a Judge of the Exchequer and Court, was until recently Minister of National War Services in Canada, and Mr. Justice R. C. Tredgold, C.M.G. (Rhodesia and Hertford, 1919), was, until appointed to the Bench, Minister of Defence in Southern Rhodesia, having succeeded another Rhodes Scholar, Mr. Justice V. A. Lewis (South

African College School and New College, 1906), in the Rhodesian Cabinet. J. B. McNair, K.C. (New Brunswick and University, 1911), is Premier of New Brunswick; T. A. Campbell, K.C. (Prince Edward Island and Corpus Christi, 1919), is Premier of Prince Edward Island; and H. A. Winter, K.C. (Newfoundland and University, 1907), having been a member of the Legislative Assembly and Speaker, and later a member of the Newfoundland Cabinet, is now a member of the Commission of Government. There are some 10 members of State Legislatures in the United States and the Dominions. In America, after a long dearth of Federal politicians, there are now, all at once, three members of Congress; one of them, J. W. Fulbright (Arkansas and Pembroke, 1925), formerly President of the University of Arkansas, though only recently elected to Congress, has already come into great prominence by his "Fulbright Formula" for a post-war international policy of the United States. The other members of Congress are C. R. Clason (Maine and Christ Church, 1914) and R. Hale (Maine and Trinity, 1910). The Rhodes Trustees will not be satisfied until a Rhodes Scholar is President of the United States!

It is too early to speak of the contribution of Rhodes Scholars to the present war both in the field and in the auxiliary services. It is extremely difficult to maintain accurate records, but at present 561 are known to be in the armed forces, 311 from the Dominions and 250 from the United States; while 223 are employed in a great variety of administrative posts. The highest command in the field was, until his appointment to the Bench, held by Lieut.-General Sir Edmund Herring (Victoria and New College, 1912), K.B.E., K.C., D.S.O., M.C., E.D., Greek M.C., American D.S.C., who has been in command of the Australian forces in New Guinea. In the Royal Air Force the rank of Acting Air Vice-Marshal is held by J. R. Cassidy, C.B.E. (Queensland and Exeter, 1913). Brigadier Sherwood Lett, D.S.O. (British Columbia and Trinity, 1917), is Deputy Chief of the General Staff, National Defence Headquarters, Ottawa, and the rank of Brigadier is also held by T. F. Waddington (Bermuda and Exeter, 1908) in the British Forces and by H. V. D. Laing (Nova Scotia and University, 1921) in the Canadian Army Overseas. Already 17 Rhodes Scholars have been killed or lost or have died on active service, and 16 are prisoners of war. Twenty-seven decorations have been won up to the present time.

THE "GREAT IDEA" IN OPERATION

SUCH are a few impressions, necessarily brief and inadequate, of the results of the Rhodes Scholarships in forty years, when about a thousand Rhodes Scholars have reached the stage of showing what they are making of their lives. What would the founder have thought of his "great idea" in its operation? It has developed in ways which he could not have foreseen, but he surely would not have been disappointed in it. It is true that a large number of Rhodes Scholars, perhaps the majority, have not become persons of definite eminence; but how could it be otherwise? No system of selection which human ingenuity could devise could ever pick out from a

large number of young students a body of infallible "winners", for the excellent reason that men of true light and leading will always be in a minority in the world. The selection of a Rhodes Scholar, based largely on promise, is always something of a speculation. The Trustees encourage the selectors not to shrink from experiments when they seem appropriate, and they warn their representatives against attempting to find the ready-made "ideal Rhodes Scholar". They desire among their scholars uniformity neither of type nor of opinion. Every shade of belief and outlook which one expects to find in young men is represented among Rhodes Scholars, and no attempt is ever made to impose the slightest censorship of opinion, political or other. The whole object is to let the man of possibilities develop on his own lines under influences which Rhodes believed would help him to realize himself. This is true even in respect of the founder's professed objects of strengthening the solidarity of the Empire and the bonds between the English-speaking nations. There have been nationalists and separatists and isolationists and even Anglophobes among Rhodes Scholars. Yet it is not to be doubted that their collective influence in the main has been in the directions which Rhodes desired, or that as a group, made up of many different types, they count for something in the English-speaking world, and are likely to do so increasingly in the next chapter of history, when the concert of Anglo-Saxon policy must be the mainstay of peace and progress for all civilization. Only a very hasty and superficial critic, ill-acquainted with the facts, would concur in Mrs. Sarah Gertrude Millin's judgment that the Rhodes Scholarships have produced only a breed of "decent fellows". Nobody who has travelled in the United States—to take only one country—could fail to realize the shallowness of that verdict. Rhodes set a term of a thousand years to his "great idea". He had faith, and his faith is being justified of works—but that is a process which is seldom fulfilled by instantaneous miracles.

STRATEGY OF THE WAR. XVIII

PROSPECTS FOR 1944

WILL 1944 be an *annus mirabilis*? It will certainly—sooner or later, and probably rather later than sooner—be the year of the “grand assault” when the uninterrupted offensive of the Russians will be complemented by Anglo-American blows at many other points of the European perimeter. That was settled at the Teheran Conference, where for the first time the strategy of the United Nations was co-ordinated to the apparent satisfaction of them all. But whether this concentric assault will succeed quickly enough to finish off the German war this year is more doubtful. The fact that the commanders of the Anglo-American invasion forces were not appointed until December should be sufficient warning that the final phase of the war may not be started so soon as too many headlines in the press suggest.

Let us consider for a moment the strategic considerations governing invasion plans, in the light of the incomparably better atmosphere created at Teheran. It has already been argued in this review that, other things being equal, it would be better for an invasion to be a final, overwhelming blow rather than a process of inching forward against a retreating but unbroken enemy. It is essential, if possible, to prevent the Germans devastating Europe, as they could and would do during a slow retreat. Two circumstances alone would require the launching of an invasion before it was fully prepared. The first would be if the Russian armies were in any serious predicament. That now seems impossible. The second would be if the preparations of the Germans to defend became faster and more formidable than the preparations of the Anglo-Americans to attack. On this point the German bluster about the strength of the Atlantic wall may be largely discounted. Materially speaking the coastal defences are probably already as strong as they can ever be made. The Germans do not reckon that they will be impregnable. They rely for the defeat of invasion upon a strong and highly mobile reserve to throw back into the sea any invaders who succeed in effecting a landing. The tactics are the same as those which were employed and very nearly succeeded at Salerno, but much more completely planned and manned. The Germans also rely upon being able seriously to harass the invasion forces before they land. That is why they are deliberately conserving their air force on all fronts, and it may also be at the back of their vague and menacing talk of “secret weapons”—rocket guns, pilotless planes and so on. It would be much too bold to assert that they have no reserve defences of these kinds up their sleeve, but on balance it does not seem likely that anything dictates a premature invasion designed to destroy any relatively faster growth in the German defences.

INVASION NO PICNIC

THERE is indisputable evidence that an invasion, however fully prepared, will be no picnic. The last instalment of this review pointed out the instantaneous and successful German reaction to operations in the Aegean which were conceived on the picnic principle. The extremely slow progress of the Allies in Italy is another instance of the difficulty of keeping even a well-mounted invasion going against a stiff defence in hilly country and atrocious weather; and the campaign in Italy has been a small-scale affair compared with what may be expected elsewhere. It is quite unlikely that facile talk about the German Army “cracking” will prove to be well founded. Why should they crack? They are still well fed, well equipped and thoroughly infected with Nazi theories; and they have nothing whatever to hope for from surrender. There is just a chance of a voluntary German evacuation of occupied territories in order to economize on strength, but this also is most improbable. Lastly, there is a theory that the Germans may actually invite occupation by the Anglo-Americans in order to save themselves from prior conquest by the Russians. This seems the flimsiest of all foundations on which to build the hope that invasion will be easy.

The German defence in the west will therefore be stubborn; but it cannot succeed if the invasion is properly planned and mounted. The past three months have seen a quick decline in the German military strength, not so much absolutely as relatively to the Allied strength, and against a concentric offensive it can hold somewhere but not everywhere. The Germans are neither so strong nor so mobile as they pretend to be, and their strategy is now based on a retreat slow enough and costly enough to the Allies to induce the latter to make some peace short of unconditional surrender.

ALLIES' BOMBING STRATEGY

THIS decline in relative strength is due to two main causes—enormous losses in Russia and enormous damage to war industries inflicted by the Allied bombing offensive. The relative contribution of the two cannot be assessed until after the war, because aerial photographs cannot tell the whole story; but then it will probably be found that the contribution of bombing is quite great enough to justify ranking it with the contribution of the Russian offensives. There have been no generically new developments in bombing strategy, but it has been much heavier and it has produced new results. For example, in the six weeks beginning on November 18, 14,000 tons of bombs were dropped on Berlin alone during the R.A.F. night raids; and on January 11 over 700 heavy American bombers attacked aircraft factories in central Germany by day. The ratio of casualties to numbers of aircraft engaged has actually declined by night. By day it has sometimes been light, sometimes heavy. For example, in the big attack on January 11, the loss among the heavy bombers was about 8 per cent, which would be too high an average and is in fact higher than the average. But there is neither a case nor a cause for confining the offensive to the hours of darkness. Two new

tactical developments promise to preserve that continuity of bombing, which is a strategic necessity. The first is the increasing use of long-range fighters to cover the day bombers. The second is the successful technique of precision bombing through cloud. A more remote future promises yet another guarantee of successful bombing, namely the jet-propelled fighter with a speed and range far beyond anything so far in operational service.

Moreover air casualties cannot be fairly assessed without reference to the results achieved and the defences encountered. Taking again the example of January 11, a loss of 59 heavy bombers means a loss of, say, 800 men at the outside. Against this must be set enemy losses of over 150 fighters, without counting ground casualties, and of three vital aircraft factories. Of course air crews are picked men, and the loss of any man, picked or not picked, is not to be lightly dismissed. But compared with the losses incurred for much lesser objectives in other wars and in other ways, the cost is extremely light. It is also surprisingly light in view of the enemy's defences. The bomber offensive has forced him to concentrate upon fighter production. That in itself preserves Allied peoples and armies from enemy bombing on any large scale. It means that he disposes of great forces of fighters for defence both by day and by night. He shows every sign of wishing to conserve these forces for the moment of invasion—he sends up practically nothing to protect targets in occupied territory and not even very much over satellite territory (with the exception of the vital Ploesti oilfields). But he fills the sky with machines when Germany is attacked, turns night into day with flares, and attacks Allied bombers both by day and by night all the way from the coast to the target and back. It seems pretty clear from the small results of all this effort, that defence is the wrong end of the strategic stick in air warfare and that Lord Baldwin was not far wrong when he said in the now dim past "the bomber will always get through".

Casualties and the bombing of production centres have also greatly limited the increase in his fighter strength. It will not be enough to cover Germany, let alone vital targets outside Germany, when the bombing offensive develops further, as it will do in two ways. At the New Year the Russian lines were 400 miles nearer England than they were last spring, and first-rate airfields in Italy had been repaired and developed. This opens up the possibility of a bombing shuttle service from England to Russia and England to Italy and back again. Alternatively or simultaneously the Italian airfields expose south Germany, Austria and the Balkans at reasonably short range to heavy bombers based on Italy. Heavy raids on objectives in these countries were increasingly frequent throughout the turn of the year, to the notable dismay of the Bulgarians and the joy of the Yugoslav patriots.

EVENTS IN ITALY

THE development of air-pressure from the south and south-east is indeed evidence that the securing of suitable airfields was the primary purpose of the invasion of Italy. But there are other reasons why the land advance there has been so slow. If the writer may be forgiven a personal reminiscence, he knows from the experience of several years exactly what an Italian winter in

the Apennines can be like; and has always doubted the story that Hannibal's troops were enervated by the warmth of wintering in Capua. If it is true, the climate must have changed. On the other hand he finds it very easy to believe that the rain and mud are quite as bad as at Passchendaele. Apart from the climate, the possible routes of advance are strictly limited. From the line across Italy from the mouth of the Garigliano to Ortona, there are three ways of reaching Rome. The first is by the Via Appia across the coastal plain. This has been flooded by the Germans, who have undone Mussolini's work as well as Mussolini. The second is up the Sacco valley through Cassino and Frosinone. Believe it or not, this is the only practicable winter way. For the third and last is up the east coast to Pescara and then south-west across the Apennines by passes blocked with snow or, if clear, too easily defensible. In these conditions, there are only two chances of something better than "inching forward". One is when the Fifth Army breaks through to Cassino and reaches the easier country beyond. The other would be a new sea-borne landing. This latter means of making a real bound forward was chosen by General Alexander on January 22, when a flanking force was sent by sea to make a surprise landing at beaches near the little port of Nettuno 30 miles south of Rome. The operation was a complete surprise, and the landing practically unopposed, but it failed to achieve its strategic object of cutting the German communications and compelling a retirement from the Garigliano-Rapido front. The landing forces refrained from attempting any swift and deep penetration inland, and by the time they had built up sufficient strength for a formal assault, the enemy had collected enough troops from north and south to repel them without substantially weakening his hold on the main front further south. The public, which has little idea how ferocious and bloody this Italian fighting has been, have been disproportionately disappointed. They draw irrelevant contrasts with the course of the campaign in Russia and form irrelevant views about the prospects of a second front.

Far too much attention is paid in this country to events in Italy. When Italy is only one of several land fronts, it will be easier to realize that the Italian campaign is, strategically speaking, a side-show. This verdict tastes slightly of sour grapes, because it may originally have been intended and was expected to be something more; but for some months there has been every symptom that a side-show it is—quite useful in battering 12 picked German divisions and containing in northern Italy perhaps as many more, quite essential for the possession of strategic airfields, but not the main blow. So far it has not even been made the anteroom for a serious Allied attack across the Adriatic, where the Yugoslav patriots are conducting another fascinating side-show, and absorbing perhaps another 10 German divisions. Again it happens that the writer has traversed this country from end to end on foot, and can therefore assert with confidence that the Germans will never suppress the patriots. Nor will the patriots drive out the Germans unless and until their campaign becomes part of a fully equipped Allied offensive, on the model of that by which Wellington, with the help of Spanish guerrillas, drove the French out of Spain. It is no part of a strategic

review to analyse the deplorable antagonism between the forces of Marshal Tito and General Mihailovitch, who are adding a civil to a national war. The fact remains that, in spite of this distraction, Marshal Tito is giving the Germans great trouble and is receiving as much as possible of Allied air support and supplies. Yugoslavia, like Spain from 1808 onwards, is a running sore upon the enemy's body.

THE RUSSIAN OFFENSIVE

It is now time to turn to the second and the deeper of the two deep wounds inflicted on his military strength. Two and a half years ago Hitler proclaimed that the Russian armies had ceased to exist as a coherent and controlled military force. During the past nine months these armies have driven his armies back for an average of about 400 miles on a 1,000-mile front, and have recovered all but a fraction of Russian territory as it existed before September 1939. The features of this sustained offensive have been precisely that coherence which Hitler claimed to have destroyed, the masses of highly trained men and modern material produced and maintained, in spite of the huge losses of 1941-42 and the complete wrecking of always imperfect communications by the retreating Germans. Looking back in retrospect over the course of the Eastern campaigns (which were expected by all without first-hand knowledge of Russia to end in a swift and complete German victory), the most astonishing of many astonishing things is not the valour of the Russian armies but their technical skill, not improvisation with inadequate or obsolete resources but the pondered use of abundant and first-class material. Perhaps a third miracle may be added, namely, the completely false estimate of Russian strength and resources made by the German High Command, in spite of the fact that between the two wars many German soldiers studied and trained in Russia. *Quem Deus vult perdere, dementat prius.*

To pass to the principles of Russian strategy, the chief has been the "staggered offensive". This means the launching in succession of really heavy blows at widely separated but closely correlated points. This strategy involves very great confidence in the troops, because it means that they are not substantially reinforced to meet the inevitable and sometimes very heavy German counter-attacks, but have to hold on while other blows are being prepared. For example, a big offensive west of Kiev in November pushed out a big bulge to Zhitomir and Korosten. It was violently counter-attacked for a whole month, and sometimes looked like being driven in. But the defending infantry does not appear to have been seriously reinforced except by mobile artillery and mine-laying engineers. The bulk of the Russian reserves were quietly collected, and when the counter-attack was spent launched three new separate offensives, one far to the north towards Vitebsk, one in extension of the northern side of the bulge along the south flank of the Pripiet marshes, and one from the south side of the bulge across the neck of the Dnieper bend.

The Russian strategy of "staggered offensives" has been greatly helped by the foolish obstinacy with which the Germans have held on to enormous

and worthless salients. This tenacity is in flagrant contradiction of the enemy's professed strategy of controlled retreat and economy of men. It is so idiotic in the military sense that rumour attributes it to Hitler's own intuition over-riding the common sense of the German General Staff; and certainly wherever a German formation is over-run it is found to have received a personal order from Hitler to hold on to the last. When tactics conflict with strategy, the result is usually expensive. Hanging on to salients has kept military observers on tenterhooks ever since Stalingrad, waiting and watching for more Stalingrads. Until the first week in February they were disappointed. The Germans generally managed to pull out their main forces just in time to prevent encirclement of anything but small bodies, though not to prevent heavy casualties—for example, at the fall of Kirovograd in mid-January they lost eight divisions. Moreover, hanging on outside Leningrad too long also cost them heavily, and the retreat, when it came, had to be a rush right back to the Estonian frontier with the loss of all heavy siege artillery. Nevertheless major disaster was avoided until the first week in February. Then the Russians by a converging attack cut off the tip of the Cherkassy salient on the middle Dnieper with ten divisions left behind in it; and the Germans, who had exhausted themselves in vain counter-attacks earlier, were unable to launch a relief offensive in sufficient strength to break the ring. A few days later another converging attack on the south flank of the Dnieper bend cut off five more divisions east of Nikopol. These were real disasters for the Germans. That at Cherkassy was incurred for no purpose whatever. The salient was quite useless for any purpose except an offensive which the Germans were clearly neither designing nor able to launch. The Nikopol disaster may have been due to the need for hanging on as long as possible to the manganese deposits of which the town is the centre. Probably these deposits are essential for the German steel industry to produce enough to make good losses in material. But the enemy could not have hoped to hold this salient indefinitely and there is no excuse for throwing away five divisions with it.

The incapacity of the enemy to stage any effective come-back at any part of this vast front is perhaps the best comment upon the incredulity with which Russian claims used to be received. The enemy's impotence is due to shortage of men and material; and this can only mean that the Russian claims have consistently been accurate. If so, the German casualties on all fronts are already about 2½ times the total for the war of 1914-18. Embarrassment on the battle-fronts would have shown itself long ago but for the fact that the Germans have made far greater use of foreign labour on the home front and thus released more Germans for the Army. Nevertheless losses on this scale mean that total defeat can at best only be delayed. The spate of gloomy warnings poured out on the German people by Goebbels are in fact far too optimistic. More than retreat, large but orderly, is in prospect. The whole strategy of defence, which was substituted for the *Blitzkrieg* at the end of 1942, is collapsing; and it must be repeated that the enemy can hold against the "grand assault" somewhere but not everywhere.

With the political repercussions of these Russian offensives this review

cannot concern itself. There are, however, some more distant military repercussions which must be mentioned. In the first place such alarm and death-bed repentance have been aroused in the satellite countries of Hungary, Rumania and Bulgaria that they have become a definite military liability for Germany. This change has been helped by the heavy Allied bombing of Sofia, which will undoubtedly be followed by the bombing of Rumanian and Hungarian targets. In the second place the Russian advance in the centre will certainly be helped by active Polish co-operation now that the Russian armies have reached pre-war Polish territory and are approaching indisputably Polish territory. Lastly the advance has induced the Germans to indulge in such barbarities during their retreat that they can hope for no respite whatever from the Russian armies, nor for any result whatever from any attempts to use the diplomatic arm to avert or mitigate the consequences of military defeat.

THE WAR IN THE FAR EAST

So much for the German war. Progress in the Japanese war has been less sensational, but most promising, and a very definite strategy is evolving for the Allied counter-offensive which began a year ago with the American landing on Guadalcanal and the Australian victories in Papua. It will be recalled that when the Japanese flood reached high tide, three objectives, all luscious, appeared open to the Japanese High Command. These were the invasion of India, the liquidation of China and the invasion of Australia. The choice actually made is not yet very clear; but it seems likely that Australia was in fact selected. The great Japanese naval forces at one time in the Bay of Bengal seem to have been switched to the Pacific and joined to a large force of troop transports. This expedition was so thoroughly broken up in the Battle of the Coral Sea that the projected landings at Port Moresby and/or in Queensland failed to materialize; and the Battle of Midway rubbed in the conclusion that Allied sea and air power had become too strong to mount a further offensive at the end of a 3,000-mile supply line. The Japanese were definitely thrown upon the defensive in the Pacific. They have conducted it with a stubborn tenacity witnessed by the fact that in all the fighting up to the end of 1943 the Americans took only 377 prisoners. This is no measure of the enemy's total losses. About 16,000 dead were counted in the Australian reconquest of Papua alone, the Americans counted 2,400 dead in the first three weeks after their landing at Cape Gloucester, and the dead in the Battle of Midway are estimated at 20,000. Nor has a tenacious defence prevented the loss of considerable territory. After clearing Papua, with the help of an American division transported from Australia wholly by air, the Australians have advanced into New Guinea. They have taken the two important bases of Lae and Salamaua, have cleared the Huon peninsula, and are pushing up the coast to join strong American forces landed at Saidor. The main American forces, after their exploits in the Solomons, have landed in New Britain, with the ultimate purpose of ejecting the Japanese from their big, much-pounded base at Rabaul. The American seizure of Cape Gloucester secures

both sides of the straits between New Guinea and New Britain. In the first week of February further large American forces assaulted the Marshall Islands, which the Japanese have been fortifying for 10 years. The Americans were after more than the sentimental satisfaction of capturing Japanese territory. They have secured a most threatening position on the flank of the whole of the enemy's Pacific communications. The significant feature of this operation is that the Japanese Navy did not attempt any major interference but confessed frankly that American air power was too strong to risk ships without air cover. This is absolutely convincing evidence that the Battle of Midway played havoc with their carriers, and there has been nothing more encouraging since the war began. Allied air superiority seems continuous and universal. It is not to be expected that the Japanese will go back as fast as they advanced. Anything better than negligible forces would have made their advance then as slow as ours is now. But the initiative has changed hands completely. If the Japanese did choose Australia as their next major objective, they chose wrong.

Meanwhile sporadic operations in China have not materially changed the situation there. It really seems as though the size of the country prevents the Japanese from concentrating any overwhelming forces at any point. One of the blackest of many black features in the autumn of 1942 was the possibility that China would be knocked out; and the need for raising the siege was the only strong strategic argument against the decision to finish off the German war first. The danger becomes less with every German defeat and every Japanese recoil elsewhere.

A Japanese recoil from Burma would naturally be the most reassuring. Except for a very great increase in Allied air activity, fruitful local operations by American-trained Chinese troops, and the recapture of Maungdaw early in January, there have been no outward signs of an offensive by the South East Asia Command. The reconquest of Burma is probably the biggest tactical problem presented in any theatre of war, and its solution will take time to mature. Any really large-scale offensive in these regions is not to be expected soon.

To return to the question with which this article started, namely, will 1944 be an *annus mirabilis*, the chances are that—in the West—it will. The past four years have shown that if peace-time policy is such as to make it certain that, in the event of war, we have no tenable bridgehead in Europe, then extraordinary exertions will be required to create one. Those exertions have been forthcoming, and, thanks to the entry of Russia and the United States into the war, they seem likely to mature after only four years.

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WAR, POLITICS AND ECONOMICS

THE situation on the American home front, with all its deficiencies, is strong and sound as the hour of decision approaches in Europe. We have strikes—but only a microscopic relative total of man-hours of production have been lost by them. We have political arguments—but our leadership on world affairs is able and vigorous. We have soft spots in the popular morale, such as grumbling at rationing and cheating over gasoline—but not the slightest hint of drawing back from any degree of sacrifice in the task that lies ahead.

We, who live with, and report for, the press the many turns and twists of American political and economic life, are always inclined to see the trees instead of the forest. Is it not enough to say that, despite warnings of potentially large American casualties when the invasion comes, the people have not wavered at all, but have rallied unswervingly around our military leadership and their decisions? Is it not enough to recall that, despite certain difficulties, our war production has far exceeded in nearly all lines every mark that was set for it in advance? And do not our forces, from Generals and Admirals down to private soldiers and seamen, give adequate accounts of themselves when their hour of action comes?

RELATIONS WITH RUSSIA

BUT, if our Allies can count without reservation on the American people to-day, what of the future? First, as stated above, there is no trace of wavering or weariness to be seen. There is no discernible movement for a separate peace or an early peace or any kind of peace except that based on unconditional surrender, as set forth by our leaders. Criticism of our Allies, which at times has seemed a potential danger, has been lessening. Particularly is this true of our relations with Russia, and it applies surprisingly to political as well as to military affairs. Admiration for the feats at arms of the Soviet Union is to be expected. Less certain was the attitude of Americans toward Russia's territorial claims. One would have said that the large numbers of Poles, Lithuanians, Estonians, Latvians and Finns in the United States would have produced great group hostility to Russia's plans for frontier revision. But, although the last chapter has not been reached, American press and public opinion so far has been notably tolerant and sympathetic toward the Russian claims.

It was expected that many influences here, particularly those connected with the Roman Catholic Church with its interest in Poland, would have raised a considerable propaganda outcry as the Russian armies penetrated into old Polish territory. These same influences have long been vigorously anti-Communist, and some of them—like the "Christian Front" group—were pro-Nazi, but their comments on the Polish situation have been very

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restrained. While another song will doubtless be sung if and as a post-war opportunity comes to revise this boundary situation, the degree of restraint which prevails to-day is an unexpected relief. Vast changes, indeed, have come over our relations with the Soviet Union, and we are following the same course as public opinion in Britain, though with a time-lag. The views about Russia now expressed by our most responsible—and occasionally conservative—public men would have been considered dangerously pro-Bolshevik two or three years ago. Thus it is that the basis for post-war confidence and co-operation is being laid. There is nothing but praise, in responsible American circles, for the results of Secretary Hull's trip to Moscow or President Roosevelt's journey to Teheran. Our lend-lease shipments to Russia are a tangible proof of American policy, since they totalled \$3,550 million from March 1941 to October 1943, 25.6 per cent of our total lend-lease exports. American admiration for Russian deeds and this concrete support of the Russian arms should go far to soften the natural suspicion with which Moscow has often regarded the United States. A steady groundwork of good-will is being created, Americans hope, which should pay dividends after the fighting is over. The signs are set, therefore, for improved American-Russian relations right along.

ANGLO-AMERICAN CONTACTS

WHAT of prospective relations with Britain? There the situation is not easy to describe confidently. The deep admiration and respect which Americans felt for Britain's achievements in the darker days of the war is still a fact. Presumably a great many service men in Britain are reflecting a real liking and understanding for their hosts there, and will return better Anglo-Americans. Yet there remains a great deal of work to be done by thoughtful Americans and British before it can be said that our post-war relations are on the right track. The story of Britain's commitments and operations everywhere in the war at present, when it is frankly forecast that a larger proportion of American than British troops will be involved in the Channel operation, has not been explained to the public. There is danger that many Americans will fail to understand this proportion. Two acute points of Anglo-American contact, undoubtedly, will be in the world air and sea lanes. There may well also be rivalry commercially in South America and the Far East. The basic accusation made when most Americans start talking critically about Britain is that British policy is calculatingly self-centred, with a long eye to the future and a willingness to sacrifice Allied interests for advantage. India and the dependent parts of the British Empire are the most notable propaganda targets here. When Hong Kong and Singapore once more enter the discussion, they will certainly cause difficulty unless Britain's contribution to the war against Japan has been great enough to persuade Americans that she has won back her place in the Orient. Our tolerance toward Russia's territorial position could be repeated in the case of Britain in the East—if Britain is a vigorous enough participant in the Asiatic war.

Nevertheless Anglo-American relations can stand a great deal of improve-

ment on this side of the Atlantic, and will possibly need more attention with every passing month. Nearly everything will depend on events and deeds in the war, and how accurately these are set before the American public. There is, of course, a tendency for American war correspondents to tell little except the feats of their fellow citizens, and this produces a very unbalanced picture, as in North Africa and Italy. But the truth gradually gets known. It would be a mistake for Britain to undertake a new publicity campaign in the United States, but the best possible effects would follow if Americans now in Britain became realistic, friendly and accurate observers of British policy and achievements now and as promised in the months and years ahead, and conveyed their impressions to the people back home.

Remarkable co-operation prevails between American and British political and military leaders. Relations between President Roosevelt and Mr. Churchill need no comment. The harmony of the Allied Chiefs of Staff in Washington is equally notable. And even more salutary is the co-operation of the men in the field. General Eisenhower has made a great contribution to this good result, and doubtless will make many more in the near future. In Washington the story is told that when Sir Hastings Ismay visited him and asked, off-hand, the nationality of another officer on the staff, General Eisenhower had to scratch his head and search his memory before he recalled whether the individual was British or American. If the story is true, we are certainly making progress in the field of military co-operation. And what is done there is bound to be reflected on the home side, sooner or later.

THE SMALLER NATIONS

ANOTHER problem relating to Britain, America, Russia and the post-war situation is troubling many Americans. The Big Three, they feel, are becoming more and more heedless of the rights and hopes of the lesser members of the United Nations. They believe that the arbitrament of world affairs must be genuinely broadened as rapidly as possible. There have been many suggestions here—including vigorous proposals by such men as Sumner Welles and Wendell Willkie—for the immediate formation of a United Nations Council. Related to concern over the monopolistic position of the Big Three is the lurking fear that peace in Europe, whenever it comes, may find us all seriously unprepared. Our experiences in North Africa and Italy do not seem at all encouraging. The confusion of policies that has prevailed toward Yugoslavia, Greece and France raises most disquieting questions. There is no sign that Washington has thought through, or begun to think through, a German policy. Again there is the fear that President Roosevelt is counting on feeling his way, and from 3,000 miles away British policy looks almost as unclear. We, too, have many German refugees and among them there is a large percentage of Pan-Germans, however "democratic" all be on the side of a "soft" peace toward the Reich. The American people as a whole have shown no sympathy with this view. They realize deeply the need of making the German nation and people realize their total defeat. They appreciate the mistake of 1918. But their good intentions are at the

mercy of bungling, improvisation and chicanery. It is, of course, obvious that the shrewdest Germans must already be at work on the task of winning the next peace, and their most hopeful fields of operation are in Britain and the United States. And their greatest ally is present unpreparedness for peace, absence of clear policies. This weak spot in our war plans—for, of course, the post-war settlement is genuinely and decisively a part of the war effort—will be made worse by the inevitability of some sort of a let-down in the United States when the war with Germany is over. Such a let-down will also damage our action in the tough war in the Pacific that will still be on our hands, and the Pacific war will take our attention undesirably from the European post-war problem. All of which emphasizes the great desirability of post-war planning now, beyond the debating society and women's club stage, and in the highest Allied councils.

CANDIDATES FOR THE PRESIDENCY

WE have also entered the year of a Presidential election. The regrettable necessity of this ordeal arises from our rigid, written Constitution, and there is nothing that can be done about it. Whether or not the campaign damages our internal unity and our position in the eyes of our friends abroad, will depend largely on the events of the war itself. If by midsummer and early autumn things are going rather slowly in the war against Germany—if we are still struggling in the Low Countries or their equivalent—and if, as would be certain, the restrictions and dislocations of the United States home front are bearing heavily on people, their dissatisfaction with President Roosevelt would certainly be reflected at the polls. On the other hand—and this observation will seem inconsistent—if the war were in a genuinely grave state by autumn, the voters might think a change entirely too risky. And, alternatively, if Germany is on the verge of defeat or actually collapsed, the country might either feel grateful and satisfied toward President Roosevelt or relieved enough to risk a change! It is necessary to include these four conflicting possibilities, because events may direct public opinion into any one of these four channels. But the best guess in early January was that President Roosevelt would be re-elected. Late last year the tides of reaction were running against him, and his position in Congress was precarious. But that was an inevitable period of weariness and squabbling, and among the President's most damaging opponents were many Southern Democrats. They could afford to be in opposition at a time when there was no election. But this year they will have to choose between definitely deserting their chief or supporting his re-nomination. The latter alternative is the only possible choice for all except the most extreme among them. Nomination of any other Democratic candidate, assuming Mr. Roosevelt to be available, would lead to certain defeat.

Among the Republicans, confidence in a wave of reaction against the present Administration is blended with confusion about the candidates. The professional Republican politicians are for the most part engaged in sniping at Wendell Willkie, who has succeeded in offending most of them in one way or another, either by independence and honesty or by tactlessness and

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impetuosity. Yet Mr. Willkie remains in many ways the ablest potential Republican candidate—bold, impressive, dynamic, and with at least a modicum of world acquaintance and experience. The Republican politicians distinctly prefer Governor Thomas E. Dewey of New York, who almost got the nomination in 1940 and has had over a year of sound experience in state administration subsequently. Governor Dewey is a confident and aggressive man, carrying his youthfully assured manner almost to a fault, and he has had no experience at all in world affairs. Yet he has been visibly maturing since he ran for the nomination four years ago, and when recently he advocated an Anglo-American alliance he showed his boldness and realism in world politics. The other Republican hopefuls are rather far in the rear. Governor John W. Bricker of Ohio, a forthright isolationist and conservative, has made no headway. There are several “unknowns” who might be nominated if the Republican Convention were deadlocked between stronger candidates. And there is a steady boom for General Douglas MacArthur, also in isolationist and conservative circles. It seems scarcely possible that General MacArthur would inject the conduct of the war deeply into politics by consenting to be the candidate; but his personal views have not been stated, and his supporters are zealous, active propagandists. It is known that General MacArthur resents the decisions which have limited the support his command has received, and some of his communiqués and statements made by his own staff pointedly resemble a build-up. Yet, even so, his candidature would be a surprise.

The tumult of a political campaign is a hard thing to contemplate at the crucial moment in a global war. Yet, after all, President Roosevelt has been strafed and dive-bombed by his political opponents during four and a half years of world war already, and latterly it has been by his own party as much as by the Republicans. The transition to a campaign year will therefore not be as sharp as might be expected. Also, the actual campaigning should be kept brief and confined largely to domestic issues. If conduct of the war becomes a political football, the most distressing consequences would arise, creating great difficulties for the President. There are, of course, many controversial points that can be brought to light in the examination of any war planning. If General MacArthur were the Republican candidate the dangers of mixing war and politics would be particularly acute. The President, as heretofore, will probably gain political advantage by keeping the mantle of his office close about him and behaving like a Chief Executive rather than like an aspirant. His greatest political strength, of course, will be his conduct of the war and the need for an experienced hand in the near future. By emphasizing these factors, he might be able to leave his opponent hammering away at domestic issues which may or may not be impelling in the people's view. In any case such a situation need not necessarily disrupt the United States war effort. It could, indeed, clear the air, and we must assume the patriotic and responsible co-operation of the rival candidates to handle the situation constructively from nomination to election and thereafter. Thus 1944 will be a test of our political good sense, maturity and responsibility.

STRIKES AND INFLATION

THE home front, non-politically speaking, is far from stable—but we are producing the goods even so. The anomalies which prevail here are partly the result of our physical isolation from the war, and partly the consequence of being a continental State with de-centralized government and many difficulties in controlling economic conditions. Our gravest problem is not strikes, but the threat of runaway inflation, which of course could damage the whole world. Prices have threatened constantly to break from the untrustworthy bonds in which the Administration has sought to keep them. There has already been about a 30-point rise in the cost of living since 1939. Unless subsidies are voted by Congress, there is the likelihood that farm prices will go much higher. That, in turn, will provide added leverage for labor in getting higher wages, and the vicious circle is formed. However the break has not yet come. The inflation dam stands, although a great deal of water has escaped through its gaps. Doubtless the greatest single inflationary result has been a tremendous decline in quality of merchandise, food-stuffs and other necessities. Thus, beyond price variations, lies a big field of quality decline, which in many lines must equal almost a 50 per cent rise in prices. Congress still refuses to vote big enough taxes to drain down the larger pools of inflation money. Taxes are high indeed on upper and middle brackets; but they strike only moderately at the new war workers or all the lower incomes where most of the new money finds its way. As a result, along with much gratifying purchase of goods that poor people have wanted for a long time, there has been a great deal of irrational and reckless spending. Happily much of this is in the field of non-essentials, like fur coats and jewellery, and hence does not so greatly affect the basic cost of living. Nevertheless the new money remains an inflation threat unless drawn off by some additional means. War bonds, of course, provide one useful outlet, and there has been an unexpected amount of saving in other ways.

Strikes are directly connected with the cost of living and the threat of inflation. The “little steel formula”, by which wages were not to go up more than 15 per cent over what was earned on January 1, 1941, has now been broken several times, most notably as a result of John L. Lewis's coal strike. That stoppage was the most serious of all our labor troubles, and is resulting in a serious fuel shortage along the Atlantic seaboard. But apart from the coal strike, the other labor disturbances have not yet led to great national consequences. They have had powerful psychological repercussions, and the steel and rail strike threats are not yet finally settled, but work has not stopped for more than a few hours in the steel mills, and on the railroads not at all. Indeed the rail situation had a grimly humorous aspect when William Green, President of the American Federation of Labor, announced after the Government had been forced to take over the lines that of course they would not have gone out on strike anyway.

Such statements are steadily creating serious public impatience with the unions. Men in service, according to much evidence, are thoroughly

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aroused at strikes and threats of strikes among workers being paid much more than men in uniform for remaining at home. Labor leaders also realize that, when the war boom is over, unless it is succeeded by a tremendous peace boom, their chance of obtaining great concessions and increased wages will be greatly diminished. Looking at the matter selfishly, labor has to catch the boat now—or not at all. And when labor sees the statistics of vast industrial profits, even after taxation, the working man honestly feels he is not getting his share. There are other, and unobserved, ways in which management can “strike”, by declining contracts until it gets a desired price, or concessions regarding conversion to post-war uses. Labor knows these things, and feels that it is badly understood to-day. One striking symbol of labor’s discontent is shown in a list of 100 war contracts just made public by a group of Senators in defence of the re-negotiation clauses of the tax law. These clauses permitted the Army and Navy to re-calculate contracts after they had been in operation long enough to show just what profits were being made. The vital necessity of re-negotiation is shown in some of the cases. One company made profits of $8\frac{1}{4}$ million dollars, after taxes, which was four times as much as in any pre-war year. Another company—which makes “elastic stop nuts”—made \$3,480,000 in 1942 as compared with \$432,000 in its best pre-war year. Its 1942 profit was 122 per cent of the company’s net worth. Another company made 965 per cent of its net worth in 1942, a profit 13 times as great as in its biggest pre-war year. Such figures, which would be reduced under the re-negotiation law, are but an indication of the war profits that are being made in the United States, after taxes. And even after re-negotiation, substantial profits are left in many cases. It is no wonder that labor, though under a no-strike pledge, becomes restive and seeks a share. And yet work stoppage is next door to treason in war-time, and is so regarded by many men in service.

THE WAR WITHIN

AMERICA’S problem comes back to the need for citizens—employer, worker, housewife—to realize the one-ness of the war, all the way from the bomber or destroyer or slit-trench to the factory and counting-house and home. Our nation has not yet adequately realized that fact, and so it has not yet won its war within. When that realization comes, and perhaps it will come through the hard experiences of coming months in the European fighting, we will be on our way to winning the war elsewhere, and will start our preparation for winning the peace. Many Americans indeed have won their war within already. This is particularly true of those who are in the service, or who have come actively up against the real and sobering problems of the war. The question Americans have to answer is: How can we bring to all the people the spiritual victory which has been won by those who have seen things straight?

United States of America,
January 1944.

INDIA

LORD WAVELL’S FIRST MONTHS

LORD WAVELL was installed as Viceroy on October 20. He at once threw himself with vigour and determination into his Government’s campaign on the economic front, and made quick gains of both material and moral value. He also showed a keen interest in post-war reconstruction which has been reflected in the quickening tempo of planning. On the political front there was no development requiring the attention of the Viceroy, and Lord Wavell has let sleeping dogs lie.

As a General, Lord Wavell is accustomed to visit his armies in the field and, having seen the situation for himself, to make an immediate decision. He preferred to discuss operations with his commanders face to face rather than to issue written directions. These methods are subject to some limitations, both constitutional and practical, in the field of civil administration, but it is Lord Wavell’s intention to pursue them as far as possible. He has already been to Bengal (twice), to the Punjab, the North-West Frontier, Assam, and Orissa. At the time of writing he is in the United Provinces, whence he is going on to Bombay and, it is anticipated, will have visited all the Provinces of British India before the cold weather ends. In Bengal, his first visit towards the end of October is memorable not only for the decision to throw the army into the fight against the famine, but also for the conscientious way in which he and Lady Wavell investigated conditions which, in the worst affected areas of the Province, were such as to turn any visitor physically sick. The Bengalis in their misery acclaimed Lord Wavell as a man of heart as well as action. In the Punjab Lord Wavell succeeded in persuading the Provincial Government to accept as a matter of patriotic duty the all-India food policy which they had in part rejected as being contrary to the interests of the Province. For the rest, Lord Wavell’s tours were valuable for the purpose of obtaining first-hand information on provincial problems. He supplemented these by holding a Conference of Provincial Governors late in November in Delhi, at which the Governors were able to give the Viceroy and each other the benefit of their individual experiences of food administration and to exchange views on questions of post-war reconstruction.

THE FAMINE IN BENGAL

THE most serious immediate problem with which Lord Wavell had to deal was the famine in Bengal. A full analysis of the complex causes of this disaster is not possible within the limits of a single article. Broadly, it is to be accounted for by the coincidence of a serious physical shortage of rice in Bengal with an inflationary monetary situation, straitened markets in other rice-consuming Provinces, and the breaking up of free trade in the eastern rice-growing region of India as a consequence of the measures taken by the

Governments of the surplus Provinces to protect their own people against the spread of the infection. The Government of Bengal were slow to appreciate the full extent of their shortage. The efforts of the Central Government to help them, first by arranging for deliveries by the Governments of neighbouring Provinces and, secondly, by restoring free trade in the eastern rice-growing region, were partially defeated by the lack of co-operation or obstruction of the Governments which were in a position to export rice. It is easy to criticize these Governments, but agricultural statistics in India are notoriously unreliable, and in the early part of the year the Governments of the surplus Provinces could not be certain how they themselves stood. So, although during the months of March, April and May Bengal received some help, it was midsummer before Lord Linlithgow's Government had food moving towards Bengal regularly and in substantial quantities. Here it should be remarked that Lord Linlithgow was seriously handicapped by having to depend on a railway system already strained to capacity by military movements and the demands of war industry. At the crucial moment the transport difficulties were aggravated by floods on the river Damodar, which broke the bund protecting the East Indian Railway near Burdwan. From the point of view of Bengal's food supplies this was a first-class disaster.

Nevertheless, by the beginning of September if not earlier, Lord Linlithgow's Government had poured so much grain into the Province that there was no further anxiety, at least for the Calcutta industrial area. By the middle of September the city had stocks for three weeks. That did not, however, meet the problem of the Mofussil, particularly East Bengal, from which there were loud cries of distress. Grain continued to pour into Calcutta, but, owing either to shortage of transport or to the inability of the Government of Bengal to make the best use of what transport they had—probably both—the grain percolated only slowly into the country-side. Sir Thomas Rutherford, who, owing to the illness which has proved fatal of Sir John Herbert, had become Acting Governor, took up this problem energetically, but late in October the deliveries from Calcutta to the country-side were still not more than 900 tons daily. At this stage Lord Wavell came to Calcutta and, having seen what was happening in the countryside, put army transport at the disposal of the Bengal Government. Deliveries were soon stepped up to 1,200 tons a day, and a little later to 2,000 tons. That was sufficient to meet all needs but, of course, it took time for the grain to filter down into the remotest villages. It may be added that a large proportion of the imported food necessarily consisted of grain other than rice—of which there is a shortage in the whole of India owing to the loss of Burma—and that the Bengalis neither knew how to prepare these other grains, nor did their stomachs take kindly to them when cooked.

PRICES OUT OF HAND

MEANWHILE the rice market in East Bengal had got out of hand altogether. Prices had begun to rise immediately after the harvest, which was a bad sign. Then people noticed that rice was not moving in normal quantities.

The news got abroad that the Government were having difficulty in obtaining as much grain from outside as they had hoped. Prices soared. The Government's efforts to impose control were ineffective. Consumers panicked, growers held out for still higher prices, and speculators soon decided that rice was a sure thing. By the early autumn the wholesale price of rice in East Bengal was at least Rs35 a maund as compared with the normal price of Rs3 or Rs4. At Dacca at one stage rice touched Rs120 retail, which means in fact that there was none on the market.

The population of Calcutta suffered, but it was protected in various ways from the full impact of famine prices. Employers supplied their labour with grain at concession rates, and for other consumers of the poorer classes there were government shops in which rice was sold at controlled prices. Admittedly there were not enough of these and they were not conspicuous for efficiency, but at least they went a long way towards preventing obvious distress. There were, however, scenes of appalling distress in Calcutta due to the influx from the country-side of more than 100,000 people, mainly women and children, in every stage of physical debilitation. So-called gruel kitchens were opened to feed them, but too many of them were already hospital cases. Either they had contracted bowel diseases from filling their stomachs with any sort of rubbish, or they were in that stage of famine exhaustion where the administration of ordinary food was more likely to kill than to revive them. Those taken to hospital in time survived, but hundreds died on the pavements.

This focused attention sharply on conditions in the Mofussil. There the position was that in large districts of East Bengal, in which there is normally a deficit in rice, famine conditions prevailed. The same was true of the Midnapore district in West Bengal, which normally has a surplus of rice, but which had been blasted the previous autumn by a cyclone. The rural areas in the immediate neighbourhood of Calcutta were also badly affected, owing, it appears, to the abnormally heavy drain of rice to the city under the pull of high prices. Here many an incautious peasant paid with his life for over-selling.

INCALCULABLE DISTRESS

INFORMATION from the remoter country-side in Bengal is at the best of times sparse; during the famine it broke down altogether. Where the army has been out with medical relief they have reconnoitred villages, but otherwise the extent and depth of the trouble is probably still not accurately known. What may be said is that, in the worst affected districts, about 10 per cent of the population, comprising landless labourers, the smaller cultivators and persons dependent on village charity—in general that class of the poor who do not grow enough food for themselves—went to the wall. Having sold up their tools, utensils, houses and land to buy rice, they were, when their means were exhausted, pinched out of the villages and had to take to the roads. This although the richer villagers might have a year's stock of grain in hand; the milk of human kindness runs thin in Bengal villages. Many destitutes were kept alive by the Government's free kitchens,

but there was a heavy death-roll, either as a direct result of starvation or from the epidemics of malaria, cholera and small-pox which accompanied the famine. Emergency medical units, military and civilian, for both clinical and preventive work, were put into the field; but they came too late, and in any event one cannot be certain that civilian Bengali sanitary officers and their assistants will, in fact, do their job.

Although millions of lives were probably saved by the Bengal Government's relief measures, it has to be stated that, whether in their handling of relief or in their efforts to control the crisis in the rice market, the Bengal Government and administration showed up in a rather unfavourable light. They work, of course, under peculiar difficulties. Civilian administrative officers are very thin on the ground in Bengal. Unlike the temporarily settled Provinces, Bengal has not got a small army of gazetted land revenue officers who could be turned on to the business of acquiring grain from the villages and administering food control throughout the country-side. Officials required for this kind of work must be trustworthy and have expert knowledge of the country-side; they are not easy to obtain out of the blue. Large emergency staffs had to be recruited for relief work; in too many cases they let the Government down. The public health services had been weakened by the absorption of many officers of the Indian Medical Service into the military forces. Finally, the spirit of factious opposition in political life did not yield to an emergency facing Muslim and Hindu alike, and the Muslim League Government, while their own actions were not invariably free from communal motives, found that practically anything they planned had to be put through in the face of Hindu criticism and obstruction. Still, the Viceroy, when he returned to Bengal in December, was evidently of the opinion that the Bengal Government, having regard to the assistance they had received from the Central Government in the way of supplies, personnel and transport, had not done as well as they might have done. His first speech in India was accordingly notable, among other things, for a warning to Bengal to see that its administration was adequate for the future.

"The solution of Bengal's food problem now lies in Bengal's hands", said the Viceroy. "The Central Government has provided a generous measure of assistance in undertaking to supply food for Calcutta during the next few months. But the Central Government cannot continue indefinitely to carry a Province to which nature has vouchsafed so generous a crop if, through administrative inefficiency, the Province fails to secure that it is properly procured and distributed."

THE PRESENT SITUATION

THE position at the moment may be briefly stated. Nature has come to the aid of Bengal with a winter crop estimated at 8,300,000 tons as against the previous year's 5,000,000. Probably the safest way of securing its proper distribution would have been for the Government to exercise a food grains monopoly. Bengal, however, has not the machinery for this. So it was decided that their policy should be based on an effort to restore confidence by removing as little rice as possible from the districts where it is grown,

and to enforce strictly measures against hoarding and speculation, and the regulation and control of prices. To help in making this policy a success the Central Government have agreed to take the responsibility for feeding greater Calcutta, which is Bengal's greatest deficiency area. So the total quantity that will have to be removed is the comparatively modest one required to feed industrial labour outside Calcutta and the five districts of the Province which do not grow enough for their own needs. The Central Government were of the opinion that the Bengal Government should limit their purchases of rice to what they require for industrial labour and for stocks, leaving the deficit districts to be fed from the surplus districts by the operations of private merchants working under licence. This system worked well in Madras. The Bengal Government urged some practical objections to this course based on the peculiarities of the situation in Bengal. The Central Government, accordingly, although with some misgivings, acquiesced in the proposal that the Bengal Government should extend their buying programme to include the requirements of the deficit districts.

At the time of writing things are going fairly well. The harvest was late, so that the flow of rice to the markets has not yet attained much momentum. Even so, prices are easing in most parts of the Province; the Government are working through four large firms which they have appointed as their buying agents on a commission basis, and these have been buying rice at prices well below their statutory maximum. What the quantity is they do not say, but it is understood to be as much as the available transport from both military and civilian sources can move. But they are not yet out of the wood. Prices in a few of the areas with a heavy surplus are, for one reason or another, not falling as quickly as might have been expected. In several of the deficit areas which were hard hit by last year's famine, price control is still ineffective. The question is whether the Government can buy and move enough grain to steady the markets and restore confidence in the deficit areas without sending up prices in the surplus areas. If they cannot do that within the next few weeks we may well find last year's distress repeating itself in spite of a bumper crop. It is in the Government's favour that their machinery of food administration in the country-side is more elaborate this year than it was last, and it may well be that the uncertainties of transport in the Province, which is a big base for military operations, will give the Government more trouble than the actual procurement of rice.

As already mentioned, the Viceroy made his first speech at Calcutta in December, the occasion being the annual meeting of the combined Chambers of Commerce. It was a frank and direct utterance, which disclosed the Viceroy as mainly concerned with the maintenance of India as a stable base for the counter-offensive against the Japanese, and as preoccupied with the economic rather than the political aspects of this problem. As a matter of course he had a good deal to say about food. The Government of India had a policy for India as a whole based on statutory price control backed by efficient administrative arrangements, urban rationing, and efficient procurement and distribution schemes. He was quite convinced that, given the unwilling co-operation of the Provinces and States, they could carry out this

policy to the great benefit of India. "I am prepared, if necessary," he said, "to take the most drastic action in support of our policy." India, which has suffered too much from provincialism in the past, was vastly encouraged by this assertion of central responsibility for food administration.

THE VICEROY'S PROBLEM

THE question which occurred to many in the Viceroy's audience was how this responsibility was to be exercised. Parliament, envisaging an emergency such as that which has arisen, inserted in the Constitution certain safeguards against provincial recalcitrance or inefficiency. The Central Government may legislate on any subject which is a provincial responsibility, and may either execute the legislation in question through its own officers or direct the Provincial Government to do so. In practice, however, it does not seem feasible for the Central Government to draft into any Province a complete food administration. Food is a subject with which not one but several departments of any Provincial Government are concerned. The alternative is to direct the Provincial Government to carry out the food policy preferred by the Central Government. Where the Province in question is one under the direct rule of the Governor no serious difficulty is likely to arise—at least none that cannot in the last resort be remedied by changing the Governor. Where provincial autonomy is exercised by responsible Ministers, however, it is another story. Whatever the merits of the Ministry's policy, it is almost inevitable that it has been framed to some extent with regard to political considerations, and a directive from the Central Government to change it can hardly avoid giving rise to political reactions, which make neither for good administration inside the Province nor for willing co-operation between the Centre and the Province. So, leaving aside the question of efficiency, the Central Government would be in the position of being responsible for a policy, the execution of which would be in the hands of a reluctant or resentful provincial authority.

The Central Government have been brought up sharply against this problem in their recent dealings with Bengal. What conclusions they have reached, if any, are not known. Meanwhile Mr. Casey has arrived in Calcutta and taken office as Governor in succession to Sir Thomas Rutherford. We shall see in the course of time what he makes of the situation.

Having reviewed the Government's policy on food and other immediate economic problems, the Viceroy proceeded to put before his audience one or two ideas on economic reconstruction. In conclusion he had a few words of political consequence to say.

"If I have said nothing of the constitutional or political problems of India," he said, "it is not because they are not constantly in my mind; not because I have not the fullest sympathy with the aspirations of India towards self-government; not because I consider political progress impossible during the course of the war—any more than I believe that the end of the war will by itself provide an immediate solution of the deadlock—but because I do not believe that I can make their solution any easier by talking about them just at present.

"For the time I must concentrate on the job we have to do. The winning of

the war, the organization of the economic home front and the preparations for peace call for the use of all the resources India has in determination, energy and intelligence. I welcome co-operation from anyone and anybody who can assist me in these great problems on which the future of India depends.

"While I do not believe that political differences can be solved by administrative action, I believe that, if we can co-operate now in the achievement of the great administrative aims which should be common to all parties when the country is in peril, we shall do much to create conditions in which the solution of the political deadlock will be possible."

This, of course, was not what the Nationalists in India wanted to hear, but it is difficult to see how any Viceroy could usefully say more at the moment. There is no opening for constructive political action. Congress and their supporters remain faithful to Mr. Gandhi's demand that the British should withdraw before any internal settlement has been reached. Moderate Nationalists assure the Government that Mr. Gandhi would be found changing his views if he were released—an assurance, however, which is not very convincing in the light of their own reluctance to father any policy other than Mr. Gandhi's. The Muslims dare the British to withdraw without having given them Pakistan. The Hindu Mahasabha has declared that no sacrifice is too great to prevent Pakistan. While nobody is content with the situation as it is, nobody wants change except on his own terms.

MR RAJAGOPALACHARIAR'S ADVICE

AMONG leading politicians there is one voice in the wilderness, that of Mr. Rajagopalachariar, advising his countrymen to take advantage of the British assurances that the Cripps offer still stands. It is an offer, Mr. Rajagopalachariar urges in a recent pamphlet, which gives India all she can possibly want and, if the road to independence by the methods laid down in the Cripps offer seems toilsome, that is a difficulty inherent in the facts of the Indian situation. Independence, he writes, is not in India the demand of a united people which is prepared to sacrifice everything for it. It is a demand shared by various communities and sections, none of which is prepared to realize the same object at too great a cost to its own particular interests. No party in India, says Mr. Rajagopalachariar, can reasonably expect the British, as their contribution to a constitutional settlement, to subjugate one community in order to enable another to exercise Indian independence on its own particular terms.

India,

January 1944.

GREAT BRITAIN

MR. CHURCHILL'S RECOVERY

MR. CHURCHILL has often spellbound the House of Commons, but he has seldom surprised it so completely as he did by walking in on the day Parliament resumed after the Christmas recess, at a time when the whole country supposed he was still recuperating in Africa. His tumultuous ovation from every quarter left no doubt of the pre-eminent and unchallenged position which he holds in the public regard, as he nears the end of the fourth year of brilliant but never easy leadership.

A MINISTER OF RECONSTRUCTION

HE had been out of the country for two months. Just before leaving, he had made one of his happiest political appointments. Not only did he implicitly rebut the charge that his Government was not really interested in planning for peace, but he chose a means of doing so which—and war stress makes this doubly important—seized and held the public imagination. He created the post of Minister of Reconstruction. He gave the Minister a seat in the small War Cabinet. And he selected the man whose previous administration has won nothing but praise and universal respect, especially from housewives—Lord Woolton, since 1940 our Minister of Food.

Interesting overseas appointments made at the same time were Mr. Ben Smith as Minister Resident in Washington for Supply (the first Labour M.P. to receive one of the war-time Ministerial positions abroad), and Mr. Duff Cooper as British Representative with the French Committee of Liberation in Algiers, holding the personal rank of Ambassador. Later, Mr. Casey gave up his post as Minister of State in the Middle East and his membership of the War Cabinet on being appointed Governor of Bengal. Lord Moyne, Deputy Minister of State, succeeded his former chief as Minister, but without a seat in the War Cabinet. Colonel Llewellyn returned from the Washington post to succeed Lord Woolton at the Ministry of Food, and Mr. Ernest Brown left the Ministry of Health after years of intensive departmental service to step down to the Chancellorship of the Duchy of Lancaster vacated by Mr. Duff Cooper. With unusual but in this case well-justified audacity it was decided to promote to the key position of Minister of Health a Conservative back-bencher with no previous experience of Government office, Mr. Henry Willink. Aged 49, and elected to Parliament as recently as 1940, he had made a considerable reputation at the Bar before the war, and subsequently won golden opinions as Regional Commissioner for the Homeless in the London area when London was a nightly target for bombers. Now he assumes responsibility for presenting to Parliament detailed plans for the national medical service, to which the Government has pledged itself as part of its policy on the Beveridge Report.

FOOD, WORK AND HOMES

IN his speech at the war-time version of what in days of peace was justly called the Lord Mayor's Banquet, the Prime Minister appended to his review of the war a new slogan for social policy.

"No airy visions (he said), no party doctrines, no party prejudices, no political appetites, no vested interests, must stand in the way of the simple duty of providing beforehand for Food, Work, and Homes."

Homes look like being the most uncertain of these three, in the years immediately following the end of hostilities. Someone in authority has given 4 million new houses in 10 years as the target at which we should aim. It will require a miracle of organization if housebuilding, which has been almost at a standstill since the outbreak of war, can be restarted quickly enough to attain anything approximating to that rate of output in the first two years of peace. Yet that is the very period when the demand will be keenest, with families becoming reunited, and many a girl married to a man in the forces wanting a home of her own for the first time. There is reason to think that Lord Woolton appreciates this and wants to put homes at the top of his list of priorities, and that he and Mr. Willink may form a happy and effective partnership to that end. Already arrangements are afoot, without any diversion of energies from the war, to utilize equipment that is no longer needed in making camps and aerodromes for levelling sites and laying foundations on which houses can rise quickly, once building labour and materials become available again. It will take the edge off every domestic problem that peace may bring, if the nation sees rapid action in progress to meet the housing shortage. Lofty talk of a New Order wins applause in the market-place, but to the average man and woman it is family life that matters most.

PROGRAMME FOR THE SESSION

THE King's Speech at the opening of the new Session foreshadowed a range of Government measures more extensive than any peace-time Parliament would normally attempt. Nevertheless it was sharply criticized from the Left, as lacking in body and in a sufficient sense of urgency. Mr. Butler's Education Bill was already marked out to be the principal legislative business of the winter and spring. Two other important post-war measures have been approved—to safeguard the future of the disabled, and to define the right of a service man to reinstatement in his civilian job. The latter extends to volunteers the rights statutorily secured to conscripts by the National Service Acts already, and interprets more clearly the obligation on their previous employers; but no one is under the illusion of supposing that a real and universal assurance can be given to demobilized men and women by any words in an Act of Parliament, unless Government policy and world conditions render a state of reasonably full employment possible.

The Disabled Persons Bill breaks fresh ground by imposing, for the first time in our history, a direct obligation on all but the smallest employers to

engage a fixed minimum proportion of disabled men. It met with no opposition except on one point. As originally drafted, it appeared to offer equal subsequent aid to a pilot wounded over Berlin and to a cat burglar who missed his footing. Determined back-bench criticism led Mr. Bevin to insert in the Bill a preference in favour of service men and women suffering from disabilities incurred in war. Although conceived on account of a war situation, the Bill should have lasting peace-time value in our social armoury against undeserved misfortunes.

Other parts of the King's Speech foreshadowed an overhaul of the franchise law after a Speaker's Conference had had time to report, and a whole spate of White Papers preparatory to possibly controversial legislation. In addition to the national medical service already mentioned, the Government let it be known that 1944 would bring official proposals on social insurance (arising out of the Beveridge Report), on a new scheme for workmen's compensation, on the treatment of urban areas in need of redevelopment on account of bombing or otherwise, and on the thorny difficulties connected with the use and misuse of land not yet developed. Between the extremists who secretly would like the Government to do next to nothing about all this, and the counter-extremists who most unfairly charge it with wanting to do nothing, there is the mass of sane opinion, in Parliament and out of it, which ranks nothing so important as the speediest possible measures to victory, but believes that victory may turn to ashes a second time if peace finds us wholly unprepared. Among all such, Lord Woolton's appointment is seen as the pledge that the Government is in real earnest and will be wisely advised.

COAL-MINING AGAIN

WHAT happens when early and dispassionate appraisal of a future need is lacking has become lamentably apparent in the coal-mining industry. As THE ROUND TABLE has unhappily had cause to remark more than once, this is the outstanding instance where the Government's economic planning in war-time, so brilliant over most of the field, has been culpably at fault ever since 1940. A man-power shortage in the industry could have been foreseen in the autumn of that year by anyone who took the trouble to study the figures. No sufficiently bold remedial action was taken. Ministers fell back into the old inter-war habit of hoping that the figures meant something less unpleasant than they obviously did. They have reaped the consequences. By December 1943 the shortage was threatening to become desperate. Ministers who had talked for years about the importance of the optimum use of man-power found themselves compelled to adopt a fantastic travesty of all they had been preaching. It was necessary to establish a ballot system and to choose by lot, out of all the young men becoming available for the services, a sufficient number to be compulsorily directed into coal-mining. The effect on the best type of boy, who for two years had been giving up all his leisure to the Sea Cadets or the Air Training Corps in order to fit himself for his country's service, needs no particular imagination or description. We have come through another winter with no actual hold-up in

war factories for want of fuel, though at the cost of rationing coal deliveries in the south of England to as little as 4 cwt. a month. Sporadic strikes continue in some mining districts, despite the raising of the minimum wage to £5 a week below ground and £4 10s. a week for surface workers. The miners are unsettled, and disinclined to listen to the thoroughly patriotic voices of all their own principal leaders. Living mainly in isolated districts, many of them are indifferent to and largely unaware of the blistering opinions held by the general public about strikes in war-time. We badly need another Lord Woolton as Minister of Fuel.

FARMERS DISTURBED

THE singular importance of maintaining confidence in the Minister in charge, and the ease with which troubles and suspicions can swell when people are strained and tired in the fifth year of war, were sharply illustrated by a needless storm which blew up in the farming world. It all arose out of a treasured pledge which the Government gave to the farmers in November 1940:

"The present system of fixed prices and an assured market will be maintained for the duration of hostilities and for at least one year thereafter. . . . Prices will be subject to adjustment to the extent of any substantial changes in the cost of production."

When towards the end of 1943 new farm prices were announced—and failed to raise farmers' gross incomes by the £15,000,000 that a recently instituted rise in the minimum farm wage to 65s. a week was estimated to cost—the storm broke. It was not the immediate money aspect so much as the apparent breaking of the pledge which punctured confidence. "We know we shall be let down again now, as we were after the last war", was the comment among farmers up and down the land.

Mr. Hudson has all the qualities of a first-rate war-time Minister of Agriculture—except a diplomatic tongue. Instead of pouring oil on these tossing waters, he churned them up. Then, when the time came for him to meet a restive and crowded House of Commons, it was plain that he had a complete answer. Prices had already been raised by an amount more than sufficient to cover that extra £15,000,000, and the farmers were asking for their cake twice. No doubt there had been a genuine misinterpretation of the last sentence of the pledge, which they took to refer to every new change in costs of production, not to the total net change over the whole period since the pledge was given. The storm subsided, not without giving fresh evidence of traditional shortsightedness among the farmers' leaders, and of the value to a Minister of taking infinite pains never to be misunderstood.

MR. BUTLER'S EDUCATION BILL

THE minefields which complicate the conduct of agricultural policy are serious enough, but they are as nothing to those which beset you at every turn if you set forth to reform education. Mr. Butler at the age of 41 has the political skill and tact of a veteran; otherwise he could never have piloted

his great Education Bill successfully so far. What may appear at a distance to be intuitive genius turns out, if one looks more closely, to be the fruit of sheer hard work, with the neglect of never a detail and of never a word that might still a doubt or smooth a way. One is led to wonder to how great an extent the troubles into which we ran between 1919 and 1939 were due to the fact that many Ministers in all parties were simply not good enough.

Religious controversies have wrecked more than one patient attempt at educational advance in times past. The principal plans in the Butler Bill for improving the quantity and the quality of the education offered at public expense to all boys and girls commanded a magnificently impressive unanimity of support in Parliament and in the country. A limited number of controversial points stood out; these, as well as the main (and far more important) agreed features of the Bill, were indicated in the last issue of *THE ROUND TABLE*.^{*} But it was evident from the outset that the Bill would be in no danger of coming to grief on any of them, save only on the religious issue. If Roman Catholics, backed by a section of Anglican opinion, adopted as intransigent an attitude in the House as their supporters were moved to do in the country, and demanded distinctive Church teaching accompanied by no distinctive financial contribution from those who wished that this special teaching should be given, it was evident that Nonconformist opposition would be aroused of a strength and nature that might render the compromise solution, as proposed in the Bill, incapable of surviving. But the interesting and hopeful feature which emerged from the second reading debate was the softening of the old asperities that divided the Free Churches from the Church of England and the Roman Catholics at the time of the last great Education Bill in 1902. It was as though all were ready to draw closer together to defend and strengthen religious education in face of the real enemy—popular materialism.

INVASION YEAR

ALL this account of British life and affairs in the winter of 1943-44 might prompt the question whether Britain remembered that there was a war on. No one on the spot could have any doubt. But the country had fully completed its adjustment to war—at any rate to any kind of war so far experienced. Stringencies which seemed hard when first enforced had become habitual. Rations were limited but stabilized, and no one went short. The call-up was virtually complete; the screw could be given no more than another half-turn here or there. Women were directed to work long hours and far from home, and domestic help was practically unobtainable. But none of all this was new, and all of it was bearable when 1944 was to be Invasion Year. There was a consciousness of enforced calm before great events. The nightly and daily hum of great formations of four-engined bombers overhead, bound for Germany, we felt to be the long prologue before the launching of a combined British and American military operation more immense and more fateful than the mind could picture. The bombers we could hear or see, and our hearts went out with their crews. The

^{*} Pp. 38-9.

thunder of the London barrage whenever enemy aircraft approached the capital taught us what our own men had to face.

THE NAME OF MOSLEY

It was upon this tense atmosphere that the name of Mosley burst. Mr. Herbert Morrison, Labour M.P. and Home Secretary, decided on strong medical advice that his duty was to release Sir Oswald Mosley, former leader of the British Union of Fascists, who had been detained on security grounds under Defence Regulation 18B without trial since the summer of 1940. The Communist party of Great Britain (which incidentally in 1940 was itself anti-war) naturally leapt to protest, to stir up opposition, and to organize demonstrations. Mr. Morrison successfully justified his action to Parliament, which supported him by 327 votes to 62, all of the three main parties showing a majority on his side in the division. Within the House of Commons there was enough political sense to see that the Home Secretary had no secret Fascist inclinations, and indeed that his opponents were themselves resting their anti-Fascist case on the Fascist argument that a man whose political opinions you think detestable may be kept shut up in prison without trial till he dies.

But this was one of those occasions where a debate and a vote in Parliament do not close the matter. Popular opinion was hotly anti-Morrison. Neither the facts about detention without trial, nor the stiff restrictions which were still imposed on Mosley after release from prison, penetrated at all into the public mind, which only saw in the man released the symbol of all that it hated. Had Mr. Churchill not been out of the country, people would have been less quick to express against the whole Government the ludicrous suspicion that it had a soft heart towards Fascist enemies. It is always an easier job to rock the boat when he is away; no one like him can compel attention to all he says. But if one looks past all the absurdities of the Mosley storm, one may feel thankful for its revelation of the passion of resistance aroused by the very name of Fascism. One may equally wonder who in the years ahead is to teach the great British people, steeped in the strong emotions of a bitter war, that unreasoning passion and responsible democracy go ill together.

Great Britain,
February 1944.

AUSTRALIA

THE PRIME MINISTER ON IMPERIAL RELATIONS

IT is a tightly disciplined party that Mr. Curtin leads, jealous of its power and insistent on respect for the working of its formidable machinery. The Prime Minister has grown up in it and sets discreet store by the preservation of its basic unity. A recognition of these potent facts and their bearing on current political life is essential to an understanding of Mr. Curtin's approach to the problems of government, to his handling of Australian relationships in the conduct of the war and the planning of the peace. He was confirmed in power last August by the votes of many who are not regular supporters of Labour. But it was the energetic organization of the Labour campaign in the electorates which helped to give the Government an unexpectedly great advantage over a divided Opposition, and Mr. Curtin, on grounds both of personal allegiance and political realism, is not one to charge far ahead of the ranks of his party without a reasonable expectation of support.

THE CANBERRA CONFERENCE

It is thus that, just before Christmas, the most important political discussions since the election were held not in the House of Representatives but behind the closed doors of the Labour Party's Inter-State Conference at Canberra. This had been transferred from Sydney at the Prime Minister's request only after strong opposition, which showed at the outset that the wish of the leader amounts by no means to a command. Once at Canberra, however, the delegates came under the influence of the Prime Minister's earnest reasoning. He has been quietly dexterous in keeping his team together and diverting Labour thought into channels of which it used to be suspicious. His success a year ago in inducing the party to consent to conscription for overseas service in the limited Pacific and Asiatic zones marked a noteworthy change in Labour policy. It raised Mr. Curtin in the estimation of many Australians and it strengthened his hand in advocating other modernizations in the party's platform. There is at the same time an often expressed criticism that such proposals should instead go first before Parliament; but the Labour machine has made itself almost an integral part of the system of government and no Labour Prime Minister could ignore it even if he would. And at Canberra Mr. Curtin had the satisfaction of obtaining unanimous support for his motion accepting the principle that Australia must collaborate with other nations in the spirit of the Atlantic Charter, and affirming in effect an attachment to the British Commonwealth.

The Prime Minister's resolution declared "the evolution of the British Commonwealth has exemplified the manner in which autonomous nations can co-operate in matters of mutual interest". There is nothing fundamentally new in this recognition of the virtues of partnership in the British

Commonwealth, nor even much in the plan advanced by Mr. Curtin for closer Imperial collaboration. The significance of the Canberra resolution lies not so much in its formal text as in its source. It was anything but a routine performance. It was proposed by Labour leaders who have been steadily warming up to the British connection, and endorsed by the party which, from the split over conscription in the last war until Japan struck in December 1941, had been in the main intensely nationalistic, had leaned towards isolationism and been hypersensitive at any action or attitude implying that the leading strings of colonial days had not been cleanly cut. It was, no doubt, as a reassurance for doubting elements of the party that Mr. Curtin annexed the following paragraph to his resolution.

"Participation in further development of co-operation among the members of the British Commonwealth, the nations of the world at large, and the Pacific nations in particular should be subject to the sovereign control of the policy of Australia by her own people, Parliament and Government."

MR. CURTIN'S DEVELOPMENT

As for Mr. Curtin himself, his consciousness of Australia's international rôle has been moving as his own responsibility increased on broader, perhaps less idealistic lines. In 1937, when Leader of the Opposition, he advanced the argument that Australia could best serve humanity by setting an example of internal progress and enlightenment, and rejected the notion of its playing a policeman's part in the outside world. First the war, and then pressure of office have brought about a change of outlook. Within the restraints imposed by his party's policy, which would have strictly limited Australia's fighting commitments abroad, he gave general support to the Menzies Government in its prosecution of the war. This was more than once acknowledged by Mr. Menzies. Soon after his own fall from office he appeared on the same platform as the new Prime Minister at a war loan rally. "I have had many wounds from John Curtin", said Mr. Menzies in a mordant reference to his own faction-ridden party, "but none of them has been in the back." The first portfolio Mr. Curtin ever held was that of Prime Minister. Japan struck two months after he had taken over without a Labour majority in either House. He had, however, been a member of the War Council since its inception, and was therefore well informed both on the facts relevant to the international position and on the policy having regard to them which had been pursued by his predecessors in office. He had publicly approved of that policy. He now found himself primarily responsible for the government of the country unprepared for war near its own shores, with its best troops still in the Middle East, and in imminent danger of becoming what the German radio called the "orphan of the Pacific", gravely exposed to invasion, with a coastline far too long for effective defence by the small Australian forces then available and the first trickle of raw American troops. The country was bewildered by the reverses sustained by the British, Australian and Allied arms at the hands of the Japanese. The instinct of self-preservation is strong. The hour was

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charged with fate. It was a time of disillusionment and urgency. The cares of office were heavy and the Prime Minister was new to calculating the impact abroad of pronouncements made at a period of cataclysm. What he said at that time in stressing Australia's dependence on the United States may have left Britons puzzled and hurt, for they too were bereaved and humiliated by the disasters in the Far East. All our cups were bitter then.

ATTITUDE TOWARDS BRITISH COMMONWEALTH

No specific date or event can be set as marking the beginning of Mr. Curtin's new appreciation of the British Commonwealth and his throwing off of doctrinal inhibitions. He is studious, moderate, sensitive and austere of habit and usually restrained in expression. He leads a party which is always subject to strong pressure from below for the quick and full realization of all its objectives. But he has been raised in the brusque Australian school of political reality, and he is essentially a practical man. It would perhaps therefore be extravagant to speak of his "conversion". Still, his public utterances—and all Australian Prime Ministers make many such, and more outside Parliament than within—show that his attitude towards Britain and the British system in general has moved lately through benevolence to warm appreciation. This has been especially noticeable since the elections. Thus, while there are members of the Cabinet who may feel that their only loyalty is to Australia, Mr. Curtin himself is now devoted to a less exclusive philosophy. While he did not, because of the caucus system, choose his own Ministers, who were elected by the party, the influence he exercised on them and on the pertinacious elements in the rank and file has increased his own stature. Moreover, the perils of 1942 in the Pacific, the hard-won recovery of 1943 and at length the road to victory which is coming into sight with 1944 must have convinced the most confident of the former isolationists that Australia could not hope to secure peace with a return to the old aloofness inseparable from Labour's seeking after a hermetically sealed paradise in this island continent.

Mr. Curtin needed the greater elasticity he has now secured for the next development in partnerships and alliances which have, with this country's own sturdy fighting, permitted Australia to survive. It is obvious that Australia cannot allow peace to end the close relationship with the United States which the war has brought. But Britain's stock here has recovered from the slump of the Singapore days, and the wise and helpful words of Maj.-General Lethbridge, who leads the British military mission, have increased the confidence that substantial aid will be sent to this area as soon as European preoccupations permit. Political cordiality has grown with Britain's military vindication. This has enabled Mr. Curtin to win the Labour Party Conference to an endorsement, which might not easily have been secured before, of his intention of making what he called the "instinctive association" of Britain and the Dominions work more smoothly and more positively than before. The Prime Minister's mind is much absorbed with this hope. He seeks to create administrative machinery which will not weaken the sentimental warp and woof of the British Commonwealth, but

will give it a new and more coherent effect. He aims at making its voice in world affairs prompt and telling. There is much common feeling, but it has lacked unified expression. The independent and sometimes unpredictable operation of the separate controls has been proved dangerous to ourselves as well as surprising to our enemies.

THE COMING VISIT TO LONDON

THE way has now been cleared for Mr. Curtin's visit to London. In domestic affairs the moment seems propitious. The election in August gave him record Labour majorities in both House and Senate. Nothing has happened between the election and the end of 1943 to weaken the Government's internal position. The attenuated United Australia and Country parties, which in any event would not hinder the Government's war measures, have not recovered from their disaster at the polls, and have not yet evolved more positive and popular policies. The Labour Conference, although it had a tussle with the Prime Minister over some issues, gave him, expressly or by implication, the wider liberty of action required to adapt the party planks to changed world conditions. The journey which the Prime Minister had resolved not to undertake while the parliamentary position was insecure, and for which he was not eager until he had persuaded his party of the wisdom of his purposes, now becomes expedient. For the first time since the negative Imperial Conference of 1937 there appears to be the possibility of all the Prime Ministers of the Dominions conferring in London with the Prime Minister of Britain. Most Australians, noting how readily Field Marshal Smuts has been able to leave his Dominion with internal problems far more perplexing than those which confront this country, and reading of the visits to London of the Prime Ministers of Canada and New Zealand, had long thought it desirable that Mr. Curtin should make these personal contacts. He has twice been represented in Washington and London by the Attorney General, Dr. Evatt, who is also Minister of External Affairs. Dr. Evatt has had a prominent share in broadening the outlook of the party to fight whose cause he resigned from the High Court bench. His stand in the 1943 election for the principle that Labour must govern for the great middle groups, and not only for the trades union movement, contributed much to the party's success in the key State of New South Wales. Mr. Curtin has not, however, been abroad since 1924. He was the Australian delegate to the International Labour Office Conference, but had not then entered Parliament. He was not included in the Labour Ministry which foundered in the early years of the depression, and he lost his seat in the 1931 election. It will be largely by private consultations that he will develop in London in detail his plan for the tighter weaving of the affairs of the British Commonwealth.

A PLAN OF CLOSER UNION

THIS he broached at Adelaide on August 15 towards the close of the election campaign, in the course of which he had veered away from the opening of

contentious attacks on the war administration of his predecessors and had taken up loftier and more profitable ground. He was encouraged by the interest immediately aroused. The useful pamphlet published by *The Times*, incorporating its own and some of its readers' comments on the proposals, also revived the study of methods for reconciling the sovereignty of five scattered Governments with the need for parallel policies in foreign relations and defence. Imperial evolution, as Mr. Curtin sees it, is based on his statement that "the mother country could not manage the Empire on the basis of a Government sitting in London". Some of the principles he laid down governing the consultations on a common Imperial policy have already come into effect as a war-time measure. Looking to the future he gave the Labour delegates on December 14 his ideas for a permanent secretariat of the Imperial Conference.

"This", he said, "would normally be located in London, but it would be an ambulatory body and would function at the Conference place of meeting. All the Dominions would be represented in the secretariat. It would be responsible for the preparation and presentation of information on the subjects to be considered by the Conference from time to time. It would provide the Conference with an agency for the continuity of its detailed work, which is important in view of the changes which occur in Governments and Prime Ministers. The secretariat would not supersede the present established direct channels of communication between Governments, though its members would be directly responsible to their respective Prime Ministers."

Mr. Curtin is here seeking to form an organization on which no Imperial Conference has yet been able to agree. Canada and South Africa were especially sensitive to proposals for permanent bodies which, they feared, might exercise a limiting effect on their self-determination. But the lessons of the war must surely underline the need not only for more frequent meetings of leaders, but also for more intimate understanding among subordinates. Of no zone was this more true than of the Far East, where events proved the political liaison to be as faulty as the armed forces were inadequate. The physical problem has been entirely altered by air transport. Long absences of Ministers from their own capitals are no longer necessary. In peace-time, by the fastest available combination of sea and land travel, London lay at a distance of a month from Canberra. Now it is within a week of strenuous flying, and with the return of peace flying will be less strenuous and, no doubt, faster. Mr. Curtin has given several demonstrations of his attachment to the principle of continuity in Australia's external relations. He has extended the term of the High Commissioner in London, Mr. Bruce, a former political opponent, and has often publicly praised his work there. He had a tiff with Mr. Churchill over the loss of the services of Mr. Casey, likewise a former political opponent, from the Legation at Washington. Although leading a party which might have preferred that a Labour Government should be represented abroad by Labour supporters, he has by no means confined his selection for established and new diplomatic posts to political sympathizers.

LABOUR'S BROADENING OUTLOOK

HE has refrained, it will be observed, from touching on the vexed question of sovereignty, a basic issue in any reorganization of the British Commonwealth, to which the late Lord Lothian and Mr. Lionel Curtis have so frequently and so cogently directed attention. Nevertheless there has been widespread satisfaction at the sentiments expressed by Mr. Curtin, especially at all that is implied in the approval by the Labour Conference of his address describing the British Commonwealth "as an example and pattern for a world society of nations". He has set political Labour on a path broader than any it has been prepared to accept for many years. Mr. Menzies, the Leader of the Opposition, made a characteristically logical comment on the Prime Minister's conception of Imperial relationships. He dwelt on Mr. Curtin's advocacy of frequent meetings of Prime Ministers, recalling that, when he himself wished to return to London in August 1941, the Labour party refused its sanction, holding that the place of the Prime Minister of Australia in war-time was at home. It appeared, he added, that "the supposed new policy of the Labour Government is nothing more than the acceptance of the viewpoint on those Empire matters long held by the non-Labour parties". It comes, however, as a deep relief to many Australians that the Labour party is following a leader who is now prepared, while rejecting hobbles, to run in international harness.

THE DUKE OF GLOUCESTER

WHEN the Duke of Kent was killed in an air disaster, after the war had delayed indefinitely his taking up his 1939 appointment as Governor-General of Australia, it was not expected that another of the royal brothers might so soon be spared for the task. The tentatively published forecast of the selection of the Duke of Gloucester was therefore received with caution here until the former announcement that, on the advice of the Prime Minister of the Commonwealth, he had been appointed. The Duke, who is already known to Australians from 1934 when he represented George V at the centenary celebrations in Victoria, and also visited other States, may count on a welcome as lavish as the circumstances of war permit. He has, however, asked the Prime Minister to avoid any unnecessary expense on his behalf, and said that he does not desire for the Duchess or himself any facilities in excess of those made available to his predecessors. The Duke succeeds Lord Gowrie, V.C., whose long tenancy of Yarralumla House, the vice-regal lodge in the outskirts of Canberra, has been marked by unostentatious service within the now limited sphere of a Governor-General, and by close counsel and cordial relations with all the Governments of his time. The death in action of Patrick Hore Ruthven, the talented only child of Lord and Lady Gowrie, has brought them the sympathy of the nation with which their lives have been bound up since they came here first in 1928 to Government House, Adelaide.

Australia,
January 1944.

SOUTH AFRICA

PRODUCTION OF WAR SUPPLIES

THE Director-General of Supplies has recently made public some interesting information on the extent of South Africa's production of war supplies. During three years of war, in spite of starting from scratch and having developed no extensive army production programmes before the collapse of France in 1940, South African industry has turned out an amazing quantity and variety of goods. These range from aircraft bombs to assegais; from bayonets through Bellman hangars, biscuits, blankets, boots and box-girder bridges to bread and butter; from cartridge cases to condensed milk, and so on through the alphabet to waterbottles, wireless sets and X-ray vans. They include, as an example of light repetition work, nearly 400 million rounds of small arms ammunition, or, as an example of heavy engineering, 232 complete pieces of ordnance. Items of clothing are for the most part to be reckoned in millions, including 7,500,000 pairs of boots and shoes, both leather and canvas.

Machine tools valued at more than £1,000,000 have been imported into South Africa since the outbreak of war to enable the great expansion of industrial production to take place. In addition, machinery which has proved remarkably effective has often been improvised locally. One example of the ingenuity that has been displayed is to be found in the wholesale transfer of heavy industrial equipment. In order to cope with the increased demand for 1,000-lb. bombs a complete steel-framed building with a floor space of nearly an acre was recently requisitioned in South-West Africa, dismantled and sent by rail 1,200 miles to Witwatersrand. It is now being re-erected round a smaller workshop, in which production is continuing without a break until the construction of the new shop is sufficiently advanced for the walls of the present one to be broken down in order to make use of the increased floor-space. The achievements of South Africa's engineering industry are all the more impressive in view of the comparative ill-success of the C.O.T.T. (Central Organization for Technical Training). This organization has certainly demonstrated how much more rapidly skill can be acquired under modern educational methods than under the time-honoured system of apprenticeship; and in the long run its successful educational work will probably be responsible for far-reaching modifications of apprenticeship conditions and requirements. But up to the present the demand for training has been unexpectedly small. This may be because no definite status in the post-war world has been guaranteed to workers trained under C.O.T.T. As a result, a disappointingly small proportion of the additional workers—close on 20,000 black and white—who have been employed in engineering since the beginning of the war has had the benefit of this specialized training.

One branch of industry which has made such progress as to deserve

special mention—with an expansion second only to that of engineering—is the food processing industry. In the fifth year of the war this is to be developed still further: the year's programme includes the canning of 125,000,000 lb. of jam, 40,000,000 lb. of fruit, 35,000,000 lb. of vegetables, 50,000,000 lb. of sausages, milk and fish. The main limiting factor is the supply of tinsplate, but canning is already being supplemented by the output of four factories engaged in the dehydration of vegetables, while further dehydration plants are in course of erection. Plans are also on foot for the cultivation of food yeast on a large scale as a by-product of the Natal sugar refineries.

With the successful completion of the North African campaign, and with the armament production of the United States getting well into its stride, there have been changes in the types of war production most urgently required of South Africa. These have recently been fully discussed with a mission from the United Kingdom and representatives of the Eastern Group Supply Council, and the necessary revision of the South African programme has been accepted.

TRANSPORT—RAIL AND ROAD

IN South Africa, with its widely scattered population, a smoothly functioning transport system is particularly important. The strains which the war has imposed are now becoming apparent. The railways carried nearly 2,000,000 tons more goods, and over 33,000,000 more passengers, in 1942-43 than in the previous year. The problem of maintaining sufficient rolling-stock in operation has become acute. The mine workshops on the Witwatersrand are now helping with repairs, while 1,000 wagons are on order from a South African firm. There remains the problem of the replacement of worn-out lines and old locomotives. More than 150 new locomotives are now on order, but that is a different matter from securing their delivery. The railways can be congratulated on having coped successfully with a record traffic in difficult circumstances.

The railways, however, must be supplemented by other forms of transport, among which motor vehicles have taken first place during the past twenty years. Very few of the cars, buses or lorries on the roads are now less than five years old, there is a scarcity of rubber and spare parts, and it is estimated that new vehicles are unlikely to be forthcoming before 1947 at the earliest. The problem of conservation has therefore become urgent, and national regulation of public transport has been undertaken. A bus and trolleybus curfew has now been imposed, and no services are in operation after 10 p.m. The frequency of the service has also been drastically reduced, and the intervals between stops have been lengthened. Restrictions on the delivery of services are becoming increasingly severe. A plan for the production of spare parts and for the establishment of special depots for stripping and reconditioning commercial vehicles is being prepared by the Controller of Motor Vehicles. In these ways it is hoped that—at the cost of considerable inconvenience—it will be possible to maintain all essential motor transport services in operation.

It is even harder to find a satisfactory solution for the difficulties of private transport. Many areas are not served by public services at all; very few could dispense with private transport facilities without throwing an intolerable burden on public undertakings. For these reasons petrol rationing in the Union is on a more lenient basis than in many other countries. A basic ration is allowed giving a monthly allowance of about 200 miles, and supplementary allowances are granted on a comparatively generous scale. It cannot be denied that a certain wastefulness results, and suggestions for the withdrawal of the basic ration are made from time to time. It is to be feared, however, that this might completely disrupt the already hard-pressed public services and, unless accompanied by the requisitioning and redistribution of cars, would itself involve a wasteful unemployment of motor vehicles.

LONG-TERM ECONOMIC DEVELOPMENTS

SOUTH AFRICA is not merely concerned with the urgent problems of the moment. As early as 1941 the Industrial and Agricultural Requirements Commission, which had been appointed with a view mainly to investigating how far the Union could meet, out of its own resources, those requirements which could no longer be satisfied from abroad, issued, under the sub-title of "Fundamentals of Economic Policy in the Union", a third interim report on the long-term development of our national resources.

This report surveyed briefly the Union's physical and human resources, its occupational and social structure and its economic institutions. It found that many contradictory aims and policies held sway, with the inevitable result that sectional interests had misdirected the economy. "South Africa's fiscal, labour, transport and foreign trade policies", it said, "have in many respects been directed towards the development of the country's weaker industries." Tariff protection had partly defeated its own ends by contributing to "raise the industrial cost structure to a level which prevents the manufacturing industries from being self-supporting". Assistance to agriculture had been given in ill-considered forms, "often unfortunately with adverse effects on the Union's soil resources". As regards the utilization of labour resources, "the present artificial classification of skilled workers is not in the interests of the genuine skilled worker and places an unjustifiable burden on industry which seriously hampers its development". The un-economic carriage of low-rated goods by railways as a concession to the higher-cost producers "neutralizes the natural advantages of industries in favourably located regions if these are required to bear the loss on long-distance traffic, and the development of these industries will therefore be hampered". If a rational long-term economic policy is to be formulated and carried through, it thus becomes clear that the Union will have to set about the complicated, often invidious, and almost impossible task of unscrambling eggs which had been scrambled with lack of foresight in the past. To enable this to be undertaken the Commission recommended the appointment of a full-time economic advisory and planning council of judicial status to investigate and advise on the country's social and economic problems.

THE POST-WAR TRANSITION

THE full-time advisory body advocated by the Industrial and Agricultural Requirements Commission was not brought into being, but in its place a part-time social and economic planning council was appointed under the chairmanship of Doctor H. J. van Eck (who was also Chairman of the Industrial and Agricultural Requirements Commission). A permanent secretariat is gradually being formed.

Only one report has so far been published, though others, stated to be far-reaching in scope, have recently been submitted to the Cabinet. There is no point in discussing these on mere hearsay evidence. In any case they are unlikely to be as epoch-making as is sometimes imagined. A series of regional investigations of a number of important areas which are being undertaken under the Council's auspices has not yet been completed, while the Council regards these as an essential basis for planning re-employment schemes, road and housing construction, and other economic developments within the Union. In some ways, indeed, the Council's recognition of the necessity of gaining further knowledge before proceeding with any important schemes of development is one of the most encouraging aspects of its first report. It is evident that the Council is not taking its duties lightly, but is determined to base its recommendations on an earnest and impartial study of the issues involved. If it continues its deliberations in the same spirit and with the same determination it will be able to gain public confidence as an impartial and well-informed critic of pet utopias and, though it will undoubtedly make mistakes, it will in that way prove of great service to the community.

FUTURE OF THE NATIVE

ANOTHER encouraging feature of the Council's first report is that it coincides with a growing trend in official and in business opinion in South Africa, which recognizes the Natives as under-privileged fellow-citizens, and which insists that their welfare must be the main consideration in South Africa's plans for post-war development. This was also a notable theme in the third report of the Industrial and Agricultural Requirements Commission.

Nevertheless post-war readjustments in the Union will not be easy. The re-employment of discharged soldiers will prove a difficult problem, and not only because of the numbers involved. Many will have become accustomed to new conditions of life and new standards of living. Others will find difficulty in returning to their old occupations, either because these are no longer available or because they have lost their old skill or their inclination for the work. On the other hand, not only has the expansion of the industrial war effort created a much enlarged labour force of trained or semi-trained artisans, but the army training in which every fighting man has been taught to use and to maintain much complicated equipment has created an immense reservoir of mechanical knowledge which previously did not exist. A successful transition to an expanding post-war economy will largely depend

on how far this can be utilized. South Africa has many advantages for successful industrial development. If these chances are lost—as they may well be—through reluctance to have its position as a paradise for a limited class of skilled white artisans disturbed, we may face an impoverished and unsettled future.

Readjustments in agriculture and in agricultural policy will also have to be made in far-reaching ways if the country is to develop a more flexible economy. This has been recognized both by the Industrial and Agricultural Requirements Commission and by the Planning Council. A great deal here will depend on the policy adopted by the Union Department of Agriculture which, though a branch of the civil service, has nevertheless become, especially under its present head, an increasingly important factor in politics. For many years departmental policy has paid too much attention to sectional interests, and this tendency is unlikely to be completely abandoned. There are some signs, however, that a broader point of view is beginning to have more influence.

IMMIGRATION

A LIVELY controversy may soon arise about the part which should be played by immigration in post-war developments. The arguments in favour of mass immigration are plain. The sparseness and the small size of South Africa's population add to the costs of industrial and agricultural production and lead to reduced costs. For such reasons it is argued that South Africa should try to direct if possible a very large stream of prospective immigration from post-war Europe towards her shores, and thus build up a diversified industrial structure able to compete in costs with the rest of the world, which would dispel for ever the boggy of what is to happen when the gold mines are worked out. Opposition to any such schemes is likely to come from at least three directions. In the first place we must not underestimate the fears of many Afrikaners that their distinctive culture would be finally swamped by mass immigration. They will gain support in their opposition to immigration from the at present well-entrenched white artisans who would fear attacks on their 3s. and more an hour. They would also in all probability be joined by the leaders of native opinion who, however unjustifiably, would fear that the rise in the economic status of the Natives might have been filled by Natives. In view of all this, whatever its ideal attraction, a large-scale immigration policy hardly appears practicable.

South Africa,
January 1944.

NEW ZEALAND

WAR ON TWO FRONTS

THE success of each Allied thrust in New Guinea and the Pacific islands has carried the scene of actual fighting farther back from the coasts of New Zealand, and in 1943 the fear of immediate attack has diminished. New Zealand cities could accordingly assume a more cheerful appearance at night. The number of home defence troops could be reduced in favour of essential industries. The Home Guard, which was born in the dark days following the fall of France and reached its peak in numbers and efficiency a year ago, could be transferred to the reserve. Yet, in spite of the decreasing sense of strain, recent months have also brought sharply into the foreground some problems which are vital both to our war effort and to the prosperity of New Zealand in the post-war world. Towards the end of 1943 New Zealand troops went into action in Italy, thus, it was remarked, raising again and "with fiery emphasis" the root problem of the use of our man-power. Since Japan entered the war New Zealand has fought on two fronts. As a country which is European by culture and economic interest, she was deeply involved in the struggle against Hitler. Yet her geographical position gave her primary responsibilities in the war against Japan. In 1942 therefore New Zealand braced herself to meet the threat of actual invasion, and in 1943, when that threat had been repulsed by hard fighting elsewhere, a New Zealand division took its place in the front line in the Solomons, at the same time as New Zealand troops were fighting in North Africa from Alamein to Tunis.

This partition of the N.Z.E.F. symbolized New Zealand's dualism as a European and a Pacific country; and the will to respond to all demands made by a constantly changing situation also symbolized, at least in some eyes, an attempt to achieve the impossible. In the first world war New Zealand strained her economy to maintain a single division abroad; in 1943 she had two divisions in widely separated parts of the world, together with an unknown, but certainly considerable, number of men in the Air Force and the Navy, in addition to a Territorial Force. As the immediate crisis caused by the Japanese attack faded into the background, the question inevitably arose as to whether New Zealand could maintain armed forces on such a scale, at least without serious injury to her utility as a supply base for Britain and the Allied forces in the Pacific. If economy in man-power were called for, an obvious suggestion was that New Zealand should abandon the attempt to keep a division in the front line in both hemispheres—a decision involving an awkward choice in view of her lifelong bonds with Europe through Britain, and her newly found consciousness of her status as a nation of the Pacific.

MAN-POWER AND PRODUCTION

In January 1944, however, both divisions were still in the field. This was a clear warning to the community that the pressure for fit men for the

forces would continue, possibly with rising intensity; and it caused some apprehension in view of the signs of danger already apparent in New Zealand's basic industries. In the first phase of the war production increased and goods accumulated because ships were lacking; but with Japan in the war New Zealand was cut off from her main sources of supply of artificial fertilizers on which much of her farming depends for its highest efficiency. At the same time the effects of the first years of war were taking an increasing toll of production. With machinery and equipment scarce and dear, and with the younger farmers and farm labourers being drawn increasingly into the army, the condition of the land inevitably fell away. Moreover the efforts of those who remained to adapt their farms led to a serious decline in some branches. To take the agricultural industry as a whole, production could be kept up temporarily by a sustained effort, but then the loss became cumulative. Unfavourable weather played an important part, the past season being the worst for twenty to thirty years. For all these reasons, though production has remained high and creditable compared with previous achievements, it sagged disappointingly at a time when the demands from Britain were rising through improvement in the shipping situation, and when the needs of the Allied forces in the Pacific still stood high.

The present problem is not to find ships but to maintain and, if possible, increase the supply of goods, and something at least has been done to meet the position. Strenuous efforts have been made to get fertilizers from alternative sources such as North Africa. As regards man-power New Zealand perforce stood to arms in 1942, but in 1943 large numbers of men were released from the army for essential industries, especially farming. When the seasonal work in the summer was at its height, men were temporarily drafted from the army or, in the case of non-mobilized Territorials, performed their military obligations by farm-labour. In general a high and increasing proportion of men and women work in occupations chosen for them, directly or indirectly, by an all-pervasive man-power organization. Perhaps more could and should have been done in all these directions. No one claims that perfect efficiency has yet been reached. The root of the matter may lie in general policy. According to Sir Walter Layton, the leader of the British Press Mission which visited New Zealand before Christmas, the figures show that New Zealand has mobilized for direct war purposes as high a proportion of her people as Britain herself. And he raised directly the basic question: can New Zealand continue to fight on two fronts and simultaneously supply the maximum quantity of food and raw materials which rank as most important among the sinews of war? New Zealand's fighting men could be replaced from other sources, he suggested, but not her foodstuffs. In his view apparently New Zealand might best serve the cause of the United Nations by reducing her military commitments and increasing her agricultural production. Others have thought the same; but any such modification of plans must be preceded by the fullest discussion with Australia, whose position is in many ways similar, and with Britain and the United States.

RELATIONS WITH OTHER COUNTRIES

At a time when it seems to be possible to combine planning for victory with planning of reconstruction, it is satisfactory that New Zealand's international links appear to be improving. Mr. Nash, our Minister in Washington, is back at his post and available for consultations in London. He is also Minister of Finance and Deputy Prime Minister, and his visit to New Zealand in 1943 was unexpectedly extended by the closely fought general election, followed by the unfortunate illness of the Prime Minister. Mr. Fraser has now resumed his work, and it is understood that he will attend the projected Conference of British Commonwealth Prime Ministers. Moreover steps have been taken to strengthen our links with Australia. In 1943 High Commissioners were at last exchanged, and in January, during the writing of this article, a strong New Zealand delegation, headed by the Prime Minister, took part in an impressive inter-Dominion Conference, the result of which should be, not only greater mutual understanding, but also agreement on the policies to be urged in London and Washington. After all, New Zealand's economic problems are shared also by Australia, though with less urgency, as the Australian economy is now more broadly based. The general strategic problem is the same in both countries; the same chain of Pacific islands, if in friendly hands, screens both. If captured by an enemy, as in 1942, it threatens common ruin. As South Pacific countries, with long internal lines of communications and separated by great distances from friend and foe alike, both have a keen interest in the future of aviation; and, finally, their people are of the same stock, have shared the same crisis and felt in the same way, though not with equal intensity, the tug between European and Pacific responsibilities.

CONFERENCE WITH AUSTRALIA

THE Conference reached complete agreement on some issues of the first importance. Both Dominions are to advocate "the establishment of an international aviation authority to have post-war control of international air routes", all countries "to have the right to control the internal air services within their own territories". They agreed on the desirability of an early conference "on problems of security, post-war development and native welfare" among the Governments with territorial interests in the South-West and South Pacific area, including the United States, the Netherlands, France and Portugal; and the Australian Government was commissioned to take the necessary preliminary steps. The two Dominions reached a broad agreement also on their policy towards the Pacific islands, discussion on which was recently stimulated by Mr. Nash's suggestion for linking their administration in some kind of confederation. Both countries are to "act together on such matters as control of territories, native welfare and communications", and they are to "take the initiative in establishing an advisory regional organization in the southern Pacific to be known as the South-Seas Regional Commission". Other members suggested for such a Commission are Britain, the United States and France, and its functions, which will

be further hammered out by specialists, cover in general the fields of material and social welfare among the native peoples, mission work, education, nutrition and research. Again, there was a thorough exchange of views on the problems of present and post-war strategy, and on the vital question of how the limited man-power of both Dominions could most effectively be used in the common cause. The discussion throughout was cordial, and steps were forecast by which unity of purpose might be maintained in the future. The High Commissioners are to be given still better facilities; a joint secretariat was promised, with mutual exchange of experts and frequent Ministerial Conferences alternately at Canberra and Wellington. A pledge was also exchanged that "both countries will acquaint each other with their views on matters of common interest before expressing them elsewhere, so that their views may be presented to the world with as much unity as possible". It appears therefore that we may expect a new era of close co-operation. The agreement is subject to ratification, and the Leader of the Opposition, Mr. Holland, has made an emphatic plea that such important commitments should not be made without an opportunity for discussion in Parliament.

The two Prime Ministers both "stressed the spirit of inter-Dominion Empire, regional and international co-operation underlying the agreement", but it seems fair to guess that the Conference and the resulting agreements are the fruit of a growing national consciousness on the part of New Zealand, as well as of a mutual will to co-operate. Japan's forcible reminder that Australia and New Zealand are both situated in the Pacific struck the latter country only less convincingly than the former, and the lesson was emphasized by the welcome arrival of an American army. No doubt the effect of the shocks of 1941 and 1942 has to some extent faded, and New Zealand has not become as Pacific-conscious as once seemed possible. Yet the experience remains of active participation in the Pacific community of nations, in which American leadership has predominated over that of Britain. New Zealanders became accustomed to their forces fighting under United States command, and to the fact that their spokesman, Mr. Nash, had an acknowledged place in the formulation of policy in the Pacific area as a member of the Pacific War Council.

NEW LINES OF THOUGHT

THIS is the background of the new note in the New Zealand press which certainly does not usually reflect the more radical sections of New Zealand opinion. In it there is discernible a new interest in the affairs of the Pacific and of America. There is also a distinct tendency to emphasize New Zealand's status within the British Commonwealth. A newspaper, which six years ago was disturbed by the suspicion that at Geneva New Zealand was taking a stand independent of Britain, now refers incidentally and without a qualm to her "present status of independent sovereignty". The newspapers have been running a campaign for improved machinery in inter-Commonwealth and international consultation in which New Zealand should express her own views through her own representatives. That is

not to say that we have yet any clearly conceived policy to urge with regard either to war strategy or to reconstruction. Neither party when in power has encouraged Parliament to consider such matters. They are still rarely the subject of public discussion, and the traditional assumption remains strong in the community that leadership in the last resort rests with London, now linked with Washington. The continuing harmony of these two capitals of democracy is in fact the fundamental assumption of New Zealand's thinking about the future. It has underlain the few public statements made about such questions as the control of airfields and bases in the post-war Pacific, as, for instance, the Deputy Prime Minister's dignified comment on one of the periodical unofficial American predictions that the United States would wish to keep control, after the war was over, of bases in territory some of which is under the administration of New Zealand. No negotiations, said Mr. Nash, had yet taken place.

"But New Zealand would always be willing to discuss with Australia, the United States, the Netherlands and Britain the question of the mutual use of bases to provide economic transport and to maintain security. Obviously these matters will have to be discussed in connection with general peace and security arrangements."

Neither Government spokesmen nor the press have been concerned, however, to define the form of "general peace and security arrangements", for which New Zealand will press, beyond a broad and emphatic official endorsement of the Atlantic Charter and the hope that the seeds of a third world war will not be sown in the peacemaking after the present conflict. Much thought has been quietly given in New Zealand to such problems, including, for instance, the policy towards a defeated Japan and reconquered Malaya, and the obligations as well as the privileges implied for New Zealand in the Atlantic Charter; but so far much of the thinking of the individual and of the community as a whole has been content to bide its time and to carry on with the job in hand.

THE ECONOMIC SQUEEZE

NEW ZEALAND has indeed her own economic problems to face in the near future, as is increasingly apparent since the strain of the immediate danger has somewhat relaxed. Though secondary industry has expanded and can show a good record both in the quantities produced and in adaptability, nothing has happened to compare with the developments in other Dominions. As part of their war effort some countries have equipped themselves with whole new ranges of industry which, though perhaps bringing problems of their own, may stand them in good stead in the post-war world. By comparison New Zealand remains a primary producing country. Her prosperity and the extent to which she can help in world reconstruction will depend on the productivity of her farm lands and on the success of her marketing links with overseas countries. In the immediate post-war period, if the programme sketched at Hot Springs is fulfilled, there may for the time being be an almost unlimited demand for New Zealand's products, which makes

the best of all reasons for carrying the efficiency of the farming industries to the highest possible levels. But the question of price remains. For upwards of four years New Zealand has sold to Britain and lately to the United States at 1939 prices, or a little more. This policy is in line with the determination to prevent an unhealthy boom for a generation*. It is in line also with our domestic policy of stabilization, which aims at holding down purchasing power in the community and keeping a constant price level of a large group of essential goods and services. Nevertheless grave difficulties arise from the fact that New Zealand's imports have always been paid for at current price levels. When the original agreements were negotiated with the British Government at the beginning of the war, the suggestion was made by New Zealand that, if British export prices rose by a certain amount, say 10 per cent, then the prices paid for New Zealand butter, meat and wool should be raised accordingly; but the suggestion was shelved. Since then the prices of British exports to New Zealand have increased enormously. Sometimes goods ordered from Britain are, in the interests of the general war effort, supplied from the United States, and it often turns out that American prices are vastly higher than the British and, unlike British prices, show little sign of being stabilized.

At this point New Zealand's future is still partly hidden in the general obscurity surrounding the question of lend-lease and the probable future trends of American commercial policy. As a country enormously dependent on overseas trade, her prosperity must be greatly influenced by the nature of American economic policy in relation to the removal of barriers to international trade. For the present, however, this is speculative. What is certain is that the price levels of New Zealand's external trade are out of balance. The payment of interest on her public debt in London is fixed, and incidentally she is still paying promptly, as they come to charge, debts incurred for war equipment supplied by Britain to the New Zealand forces at home or abroad. At the same time her exports, expressed in terms of things she wants to buy and the British manufacturers wish to sell, have fallen seriously. For New Zealand this means a present shortage of goods—quotas are normally set according to values, not volume—and an added difficulty in maintaining the equipment necessary both for New Zealand's well-being and for the continued efficient production of the foodstuffs essential both for the present war effort and for reconstruction in the post-war years.

1944 IN PROSPECT

As Europe awaits the decisive hour of invasion, the indications are that New Zealand's main task in 1944 will lie in the less spectacular but equally vital fields of administration and economic planning. Only through successful efforts on the home front will the supply of goods to Britain and to the Allied forces be kept at the highest level. Local problems are inevitable.

There have been stoppages, for instance, in such vital industries as coal mining and meat freezing. Stabilization, again, was a bitter pill for those sections of the community who felt that an anomalous position was being stabilized to their disadvantage. As increased sacrifices are demanded from all, pressure for special concessions may be expected from all directions. As much will depend on the Government's political firmness as on the technical skill of the organization it has built up to administer the policy. Again much must depend on the most economical use of man-power alike in primary and secondary industries, and here again the price of success is eternal vigilance in administration as well as a clear-cut policy suitable to our changed strategic status. These are no easy tasks, but they can be handled in the relative security of a base behind the lines in little danger of actual attack and in the knowledge that, compared with our kinsmen overseas, the sacrifice asked of New Zealanders has so far been relatively light.

New Zealand,
January 1944.

* See also the discussion of the Land Sales Act, *THE ROUND TABLE*, No. 133, December 1943, p. 95.

CANADA

THE FUTURE OF THE BRITISH COMMONWEALTH

TO-DAY, as people everywhere face the post-war world with mixed hope and anxiety, the future of the British Commonwealth as well as of the Empire becomes once more a most urgent question. Our legalists, economists and politicians can be counted on to take a leading part in the discussion; but history also has something to say which we shall overlook at our peril, and the first part of this article is therefore concerned with the historical approach to this subject.

FOUR WORLD WARS

WE are now engaged in the fourth war within two centuries which has involved the balance of power in Europe and the control of the Atlantic. Each of these wars has been in its own time a world war, and each of the first three was followed not only by far-reaching readjustments in the international scene but by fundamental changes in relations within the British Empire. The fourth will inevitably have similar effects, and numerous signs already point to such a result.

The first of these world conflicts, the Seven Years' War, was followed by the most disastrous chapter in the history of the Empire. Within fifteen years after the Peace of Paris in 1763 the Thirteen Colonies were in rebellion and England found herself facing an almost solid phalanx of hostile European States. It is unnecessary to trace the events leading to this unique and acutely dangerous crisis which brought about the loss of the Thirteen Colonies and embittered relations in the English-speaking world even to our own day. We need only observe that these events were marked by a complete failure in both England and America to reach constructive solutions of common problems. For this failure two groups were more than any others responsible: the extremists in England who would have imposed rigidities such as parliamentary taxation on the imperial relation, and the revolutionary radicals in the colonies who saw no value in that relation and set themselves to wipe it out. Between them these groups had nothing to offer except proposals which looked toward centralization on the one hand or a continuation on the other of the old conflict of jurisdictions and particularisms which even the colonists admitted had broken down in the face of crisis. These warring extremists thus made the disruption of the Empire inevitable, by destroying the middle ground on which constructive compromise might have been found.

Any solution would have been difficult, but no solution could have been more injurious than the war which actually came about.

"Do not entertain so weak an imagination," Burke pleaded in his speech on *Conciliation with America*, "as that your registers and your bonds, your affidavits

and your sufferances, your cockets and your clearances, are what form the great securities of your commerce. Do not dream that your letters of office and your instructions, and your suspending clauses, are the things that hold together the great contexture of the mysterious whole. These things do not make your government. Dead instruments, passive tools as they are, it is the spirit of the English communion that gives all their life and efficacy to them. . . . All this, I know well enough, will sound wild and chimerical to the profane herd of those vulgar and mechanical politicians who have no place among us; a sort of people who think that nothing exists but what is gross and material; and who therefore, far from being qualified to be directors of the great movement of empire, are not fit to turn a wheel in the machine."

In the events preceding the Revolution, there is no more significant figure than that of Franklin. For over twenty years he worked tirelessly for a reorganization of the Empire which would express its true genius of freedom and co-operation and make it unique in the world's history, only to find his efforts ground out at last between the extremes of opposing prejudices and arguments. The lesson of the 1760's for our day is nowhere more vividly illustrated.

The wars with Napoleon and the United States, which ended in 1815, brought no such immediate demand for imperial reorganization as had the Seven Years' War, but they created conditions out of which reorganization inevitably came. Three of these conditions were of particular importance: the ascendancy of the British Navy, the greatest single stabilizing element in the world order of the nineteenth century, which has been well named the Pax Britannica; the enunciation of the Monroe Doctrine which asserted the right of the Americas to live their own life and was in effect underwritten by British sea power; and the Industrial Revolution which before 1850 brought free trade in England and the collapse of the old mercantilism. These and other conditions which were woven into the Pax Britannica encouraged national aspirations throughout the world and made the transformation of the Empire inevitable.

RESPONSIBLE GOVERNMENT

THIS transformation took a direction exactly opposite to the developments which brought the American Revolution, and it began with two events which, we can now see, clearly indicated its character: the Rebellions of 1837 which, in Upper and Lower Canada, and the Report of Lord Durham. The Rebellions of 1837, though they had many cross-currents and much justification, made one point clear: their failure proved that the majority of the Canadian people rejected revolutionary radicalism as a solution of their problems. Equally clear was Durham's rejection of the other extreme of reactionary imperialism. Durham defined in his great Report a middle ground of constructive reform which embodied nothing less than a new conception of Empire relations.

The conception itself was simple, nothing more than that the British principle of the executive's responsibility to the elected House should be admitted in colonial government, but it was revolutionary in its implications,

since it seemed to strike at unity of control in the Empire by placing the Colonial Governor under two masters, the British Government and the Colonial Legislature. Such an arrangement was pronounced impossible by constitutional authorities and indeed it was incapable of justification by any process of legalistic logic. But it was a response to the organic growth of the Empire which was breaking through outworn concepts of colonialism. Durham himself never attempted to work out fully its implications, but with intuitive political genius he did see that responsible government rightly used could be made not a disruptive, but, in Burke's great phrase—"a healing and cementing" principle in the Empire.

The success of responsible government in the years that followed was the work of far-seeing and determined men on both sides of the Atlantic. It did not come easily, for the new principle was a faith, not a rule of thumb. Robert Baldwin of Upper Canada, who had first urged the idea on Durham, Louis Lafontaine, Baldwin's loyal French-Canadian colleague, Joseph Howe of Nova Scotia, Lord Elgin, the greatest of Canadian Governors, and Lord Grey as Colonial Secretary, are high in the honour roll of those who staked their political reputations on it. From Canada and Nova Scotia it spread to other Provinces, then to Australia, New Zealand and distant parts of the Empire. These simple facts, known to every Canadian schoolboy, if seen in their true perspective, are among the most remarkable in modern history, for they record a transformation such as no other empire, ancient or modern, ever passed through.

The application of the principle of responsible government has been a continuing process, broadening out into ever more varied and complex relationships. Its story is not merely that of the growth of colonial autonomy. It has, rather, been one of the growth of new relations to replace the old ties of imperial domination and colonial subordination. Canadian Confederation in 1867 was one of its earliest and most remarkable manifestations. So accustomed are we to the historical fact of Confederation, and to later repetitions of it in Australia, and South Africa, that we overlook how astonishing an anomaly it was, for it was nothing less than a conscious attempt to build a nation within an empire. The framers of Confederation knew, however, perfectly well what they were doing, and they believed that it looked toward the strengthening, not the dissolution, of the Empire. "A different colonial system is being developed", said John A. Macdonald. "Instead of looking upon us as a merely dependent colony, England will have in us a friendly nation."

By 1914 the Empire had moved far in its unprecedented course, resisting equally tendencies toward dissolution on the one hand and centralization on the other. Then came four years of war, and again the pressure generated in a world conflict forced changes of far-reaching character. It is true that they were a continuation of the tendencies already so well established, but in their recognition of the principle of nationality and self-government they went far beyond any point previously contemplated. The result was that the Second Empire, as we have come to call it, was transformed into the Commonwealth.

This transformation had to wait for constitutional confirmation until after the war, but it was already substantially in effect by 1918. The Dominions, maturing rapidly under the burdens and responsibilities which they had assumed in the face of the common crisis, demanded that the inadequate machinery for consultation and even for the conveying of information from London to the Dominion capitals be improved.

"It can hardly be expected", wrote Sir Robert Borden, the Canadian Premier, to the British Government through the Canadian High Commissioner in London in 1916, "that we shall put 400,000 or 500,000 men in the field and willingly accept the position of having no more voice and receiving no more consideration than if we were toy automata. Any person cherishing such an expectation harbours an unfortunate and even dangerous delusion."

Like the beginnings of responsible government in the days of Durham, the steps taken to give effect to the new importance of the Dominions were the work of leaders both in Britain and overseas. In England credit goes in particular to Mr. Lloyd George, who insisted on cutting through the legalisms and inertia of those who declared change to be impracticable. Change went indeed to the length of setting up the Empire War Cabinet which was a powerful instrument in achieving victory although it represented a degree of centralization acceptable only as a war-time necessity.

1919 AND AFTER

THE development during the war years was carried forward and more clearly defined in the Peace Conference of 1919 and in the international settlement which emerged from it, and again the change, since accepted without full appreciation of its true significance, was a startling one. The Dominions demanded direct representation at the Peace Conference, while still remaining as "autonomous nations of an Imperial Commonwealth". Such a proposal, as the Dominion Premiers well knew, flew directly in the face of constitutional legalism and the assumptions of international law with regard to national sovereignty. Nevertheless, it was urged at a meeting of the British Empire delegation in London on December 31, 1918. Borden, who acted as spokesman, supported his case by a recital of the services of Canadian troops in the field, and then*

"not as a threat but as a plain statement of fact, Sir Robert said that in view of conditions calling for their presence at home the Canadian Ministers would not attend the Conference if their duties were limited to sitting in an ante-room available for a call for consultation when needed. After Sir Robert had completed his statement, silence descended upon the delegation; but it was broken a moment later when Lloyd George said: 'When Canada makes a request like that, there is only one answer: it must be yes.' I do not vouch for the exact language, but I do for its purport, my information being beyond question. Thus in a moment a great stride in the evolution of the Commonwealth was taken. Sir Robert, by an understanding, had included the other Dominions in his advocacy of direct representation, and Lloyd George's statement, of course, applied equally to them."

* J. W. Daffoe, "Canada and the Peace Conference of 1919" (*Canadian Historical Review*, September, 1943, pp. 237-8).

This decision, with its implications, was carried into and through the Peace Conference. Both France and the United States, after first flatly opposing it, gave consent, and so there finally appeared among the signatories of the peace settlement and among the original members of the League of Nations a new kind of international entity—autonomous nations associated for common purposes under one Crown. The significance of this has been too much overlooked. The new conception of the Commonwealth was incapable of legalistic justification. Like Durham's "responsible government" it could be given substance only by the constructive efforts of those who saw its possibilities. It was not a piece of constitutional machinery: it was rather a political hypothesis looking toward the future for substantiation.

COMMONWEALTH AND INTERNATIONALISM

IN the all too familiar story of the twenty years following 1919, one point only need be stressed: it is the inseparable connection between Commonwealth relations and international relations. The Commonwealth cannot in the long run be maintained without an effective internationalism: an effective internationalism cannot be achieved unless the Commonwealth contributes fully to it. This conclusion seems inescapable, and those who tend to ignore either part of it should ponder upon it. No one can maintain that the nations of the Commonwealth, either singly or together, lived up to its implications in the 1920's and 1930's. Certainly no thoughtful Canadian would now maintain that Canada did so. But for those who make criticisms of a certain type it should be pointed out that Canada and other members of the Commonwealth were not the only ones who showed reluctance to make commitments and take risks in the cause of peace. Particularisms and an emphasis on national rights, rather than responsibilities, sprang up around the globe among great Powers as well as small, and nothing now will be gained by recriminations as to our sins of omission and commission. We can all see the effects of the collapse of internationalism, and we are all now facing the baffling problem of harmonizing conflicting national interests all over the world with the necessity for an effective world order. Can the principles of the Pax Britannica—its emphasis on freedom of trade and intercourse, on self-government and national aspirations—be carried forward into the post-war period? This is the question that demands an answer, that transcends all others in the politics of the twentieth century, and that faces the British Commonwealth with special insistence.

What then, in the light of its history, is the British Commonwealth, and how may we expect the present world conflict to affect it? It is in essence an *entente cordiale*—a family relationship—of a peculiarly tough and distinctive quality. Resisting equally the extremes of centralization and dissolution, it has defied the judgments of those who prophesied its disintegration and of those who demanded a more rigid organization. It has confounded legalism, following the impulses of its own organic growth, and weathered during the present war, when it stood alone, the greatest crisis to which any association of nations was ever subjected in the history of the modern world. These

are the unequivocal answers to those who have asked whether it had meaning or a future. It is, however, not exclusive or repellent. It is not an end in itself, and the last thing to be desired for it is that it should be a *bloc* in a hostile world. It is indissolubly linked, as it always has been, with the need for a wider internationalism, and only by making itself a vital element in this wider internationalism can its true destiny be realized.

But how can this be done? No more important question was ever forced on the British peoples, and there can be no easy answer to it. Both history and sound judgment point, however, to a guiding principle. The British Commonwealth is a community and its members must act as do the individual members of any real community—pursuing individual interests and disagreeing where necessary with mutual respect, but exploring common problems, co-operating in their solution, combating jealousy and suspicion, and keeping always alive and vital the community relationship. In this process the members of the Commonwealth will not only co-operate with each other but will according to circumstances make bilateral and multilateral arrangements with other nations, looking always toward the central aim of creating and strengthening a world community by throwing a network of co-operative activities around the globe. All this may sound too general to those who, to use Burke's word, have a "mechanical" approach to the problem; but is it in reality more general than any other fundamental principle of action, and is it beyond the wit of man to give practical expression to it? The method of functional organization already used in establishing Unrra, for instance, is capable of the widest variation and application. We must apply such methods in many different fields. There will be wide agreement as to the necessity of co-operative action in defence. They will require an infinite amount of patience, determination and understanding. But the goal is clear—the establishment at the earliest moment of effective co-operative action within the Commonwealth, looking toward the creation of an effective world order based on the principle of international collaboration. Can we, working with each other and with other nations, great and small, achieve it? This is the unavoidable problem of the post-war period. This is the wheel on which the Commonwealth will be moulded or broken by the fourth world war. No greater challenge ever presented itself to the political genius of the British peoples.

CANADA'S MIDDLE COURSE

FINALLY, what does this conception of the Commonwealth mean in terms of Canadian policy? It means, fundamentally, that Canada stands equally opposed both to the centralization and the dissolution of the Commonwealth. This middle ground is her historic position and she has clung to it with the utmost persistence. Underneath the confusion of public discussion, underneath the lamentable failure of Canadians to define their position clearly even to themselves, there has been only one policy of external relations and it has been followed with variations according to time and circumstance by every Canadian Government. It has been based on an intuitive understanding of the fundamental fact in Canadian history that Canada has

been the product of the balance between North-South and East-West pulls. Her policy has been determined by this inescapable fact. Let no one be deceived in this matter. Canada will not cease to be both a North American and a British Commonwealth nation. This fact and the rôle in Anglo-American relations which it marks out for Canada has been too little understood in either Britain or the United States, though it has been of the greatest consequence to both, and never more so than during the present war.

To these basic considerations the war has added others. It has not only emphasized Canada's intimate connections with both the United States and Britain; it has made clear her strategic place on the world's air-routes and her probable significance in the future relations of Western Europe, America, Russia and the Orient. Canada is emerging from the war as a leader among the world's smaller nations and with a growing realization of her potential influence. As one of the world's greatest exporting countries, Canada has a direct stake in the creation and maintenance of a world order which will encourage trade and a rising standard of living throughout the world. Her people have not thought through the baffling problems which are posed by these developments, but there is a growing disposition to recognize that Canada cannot expect to have the kind of world order which is necessary to her future prosperity and security unless with other nations she is willing to use her influence and assume her responsibilities in working for it.

If the Commonwealth becomes a powerful instrument in aiding the establishment of a truly international system, we need have no fear of its future. It is the genuine conviction of many Canadians that it can become such an instrument in spite of the appalling difficulties which confront us and that in so doing it will realize its highest destiny. The Commonwealth faces in its internal development only two dangers and they are the same two that have emerged at every crisis in its history. The first is the danger of attempting to impose a strait jacket of centralizing tendencies on it, and the second is the opposite extreme of refusing to recognize and use its possibilities. The conflict of these extremes ruined the first Empire a century and three-quarters ago. It is the one thing which can ruin the Commonwealth in our own day. A solemn responsibility rests on us not to ignore the unbroken testimony of two hundred years.

Canada's policy has too often in the past been hesitant, ill-defined and lacking in direction, though she has been by no means the only sinner in this respect. Too often we have discussed the Commonwealth solely in terms of sentiment and with no effort to explain its true nature and importance, thus creating unnatural and destructive divisions of opinion. To-day the war not only forces us again to examine our relations but presents us with an opportunity which will not recur.

Canada,

January, 1944

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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE CONFERENCE



THE long-awaited Conference of the Prime Ministers of the Commonwealth opened its deliberations, with the minimum of ceremony, on May 1. Its assembly had been preceded at the end of April by an important debate, lasting two days, in the House of Commons at Westminster, which, though intentionally planned so as not to precipitate any controversial issue, or to provoke the Government to any fresh declaration of policy that might prejudice the Conference, yet gave remarkable evidence of the unanimity upon essentials that now prevails in Parliament when the Empire is discussed. On a motion jointly sponsored by ex-Ministers of all parties, the Socialist Mr. Shinwell, generally the most mordant of the Government's critics, and after him the Liberal Mr. Hore-Belisha and the Conservative Lord Winterton, all took substantially the same line. All of them gloried in the record of the Commonwealth's unity in resistance at the crisis of danger in the present war, all postulated its participation in a new system of collective security, and all at the same time argued that the continuance and intensification of the Commonwealth's tradition of combined action was necessary both for its own safety and for the success of the wider international system. They looked forward to its full articulation for mutual help in all aspects—military, political, social and economic. Even on the more violently disputed subject of the dependent Empire, there was no dissent from the opinion that the imperial tutelage is justified by its success in advancing backward peoples towards the capacity for self-government.

This striking convergence of opinion in the British Parliament, which was never reached before the experience of war clarified the major principles of the imperial relation, closely corresponds to the common ground shared by the participants in the Prime Ministers' Conference, however individual the policies with which they have publicly identified themselves. All five have recognized the vindication of the Commonwealth system, the harmony and whole-heartedness with which each national unit has discharged its share of the common task of defence—a favourable opinion upon the Commonwealth in action that need not and cannot be reflected backward upon its performance in the preparatory years. All recognize the need to throw the full resources of the Empire into the support of an international system, growing out of the alliance of the United Nations, which can be the guarantor of world peace, as projected at the Teheran Conference. All have agreed that the cohesion that has saved the Commonwealth in war will be no less necessary to it in peace; and that provident statesmanship will foster every force and influence that may favour concerted action among its members, consistently with their national liberties and their other obligations.

It may well turn out that the Conference contributes most to the solution of this problem when it approaches it indirectly. It is known at least that the revision of the constitutional structure of the Commonwealth has not

been given the first place on its agenda. The discussions of the first days were concerned with the conduct of the war, the plans for the invasion of Europe, the terms to be imposed upon a defeated Germany, and the policy that will develop from victory for the resettlement of the world. In the second week chief attention was to be transferred to the social and economic affairs of the Commonwealth itself. This programme necessarily confronts the Conference with the essential problems in a form that requires them to be solved *ambulando*. The Prime Ministers, as leaders of five nations all fighting and planning together as units in a world-wide alliance, are necessarily evolving a contribution to the policy of a collective international system. But by holding among themselves this meeting of an inner ring within the larger whole they undertake to enhance the value of that contribution by presenting it to their allies as a considered unity and not a catalogue of five different points of view. They enter therefore upon the direct test of whether—over a wide range of consultation extending from strategy to the structure of the new order depending on victory—joint Commonwealth planning helps or hinders joint United Nations planning; and on their experience should depend the answer whether and what changes in the political machinery of the British Empire would equip it better for the part it will have to play in the world hereafter.

It should be observed that the meeting of the Prime Ministers in conference adds nothing of substance to the organization permanently available for the conduct of the common affairs of the Empire. Their assembly—like the Imperial Conference itself, of which it is an informal reflection—is purely consultative. It carries on, under exceptionally favourable and practical conditions, a process of exchange of views which is in operation every day and every hour in peace and war. It goes on continuously, between government and government at a distance, between Ministers and High Commissioners face to face in the five capitals of the Commonwealth; the assembly of the Prime Ministers in one place gives it the added vitality and precision of direct interchange over the table, but it is essentially the same process that the same five men habitually carry on from their offices in their widely separated homes.

Thus the Conference puts to the test the adequacy of the present nexus of relations within the Empire by the need to use it for the solution of a specific set of problems in strategy and in planning for future foreign and domestic policy. It is moreover a test of the right order; for on each of these problems the Conference must seek to reach a solution on which the Commonwealth can agree, and which can afterwards be propounded to the other Powers of the United Nations and harmonized with their larger designs. This is precisely the kind of work in which imperial unity will need to exercise itself in future generations; and to grapple with it in this practical form is to raise at once the issue that has caused so much debate in the Commonwealth: whether any movement to draw it more closely together in counsel and action is likely to help or hinder the cohesion of that world-wide system of collective security to which all its members stand so deeply committed.

Consultation on these problems is for the common benefit of all, but at

the present juncture the Government in the United Kingdom has most to gain by it, having been placed by the exigency of war in a position of representative responsibility. The task ahead, which is first to force a decision against the enemy in both hemispheres, and then, in and through total victory, to build a free, prosperous and stable order for the world, depends absolutely on preserving, through both phases, complete confidence and harmony of action between the British Commonwealth, the Soviet Union and the United States. By virtue of a convention which is patently obsolescent, but which the Dominions are content should continue for the time being, the Government at Westminster has frequently acted, in the day-to-day affairs of the triple alliance, and in those especially which concern war and reconstruction in Europe, as executive agent for the entire Commonwealth. But it is enabled to do so, if a formula familiar throughout the Empire may be adapted, only "by and with the advice and consent" of its co-equal partners. From the Conference Mr. Churchill and his colleagues will have sought a renewal and expansion of their mandate to speak for all in their exchanges with Washington and Moscow; and to the Conference, still essentially the same even in dispersion, they will in due course render account.

The foreign and defence policy to be pursued in the shaping of victory and reconstruction has naturally been the first subject to be discussed by the Conference. The necessary basis of its decisions is the recognition that it is no longer self-sufficient for the maintenance of its own security, but must needs co-operate with the other free nations in defining at once an order of social justice for all peoples and a system for mutual defence against aggression, strong enough not only to guarantee victory but to prevent the recurrence of war. This overmastering purpose was bound to colour even those subjects of discussion which were of the Empire's internal concern—if indeed that description can be fairly applied to any subject in the interdependent modern world. But the subsidiary topics were themselves momentous. The Prime Ministers had to consider the largely new system of communications which the air age entails for the Empire—both the linking up of its own parts and the adjustment of this network to the general international system. Under the head of education there came into the ambit of the Conference all the influences that nourish the distinctive culture of the British peoples and preserve their historic character as guardians before the world of an expanding tradition of peace, liberty and the rule of law. The subject of migration within and into the Empire confronted the Prime Ministers with a variety of difficult questions—not least that of providing continuity of social services for those who transfer their homes from one of its autonomous parts to another.

At the time of writing it is not yet known—and where strategic secrets are involved it may not be known for some time to come—what decisions the Conference has reached on these diverse topics, whether they represent complete agreement, and how agreement within the Commonwealth will affect its co-operation with its powerful associates. As the answers to these questions become gradually manifest in events, the materials will be provided

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for a judgment on the question whether the Empire may be satisfied with the machinery of common counsel on which the Conference has had to rely. Before the meeting the public utterances of Mr. Mackenzie King indicated that he would be the natural advocate of the view that the existing system is adequate to its functions, and that any attempt to give it a closer texture would endanger the intimate ties with friendly Powers, especially the United States, which are of such vital value to the Empire, and of which Canada is in a peculiar sense the trustee. Mr. Curtin and Mr. Fraser, recently linked by the Canberra Agreement, have stood for a different view—that a stronger apparatus for the concerting of policy in time of peace is necessary to the Empire's defence, and to the evolution of its role in collective security. Since his arrival in England Mr. Curtin has allowed it to be understood that he has no intention to insist on any of the specific schemes he has suggested for giving effect to the general principle he advocates, so that the way was open for the frankest discussion of the issues that separate him from Mr. King.

Meanwhile neither of them appears to hold a conception of the future Empire that is necessarily irreconcilable with the ideas of General Smuts, whose proposals for a regional organization, in which each member of the Commonwealth partnership shall take primary responsibility for common interests in its own continental area, have been before the world since November, and were discussed in the last issue of *THE ROUND TABLE*. Indeed there are signs that some part of this development has already been coming about, by force of circumstances, in and before the Conference. The plans for future collective security, which the Prime Ministers have had to consider, necessarily require every member of the Commonwealth to enter into more definite commitments, jointly with its neighbours, for the military protection of the region in which it lies, than were thought necessary before the League of Nations, with its more general system of obligations, was found unequal to its task. The United Kingdom in Europe, the Union in Africa, the Dominion of Canada in the Americas, and the two southern Dominions in the Pacific, are being compelled to assume chief executive responsibility for the local interests of imperial and world defence.

In another principal aspect of imperial duty, the tutelage of dependent peoples—concerning which, for geographical reasons, the Prime Minister of the Union speaks from special interest and with corresponding authority—Mr. Oliver Stanley last summer publicly invited the Dominions to take up their share of the imperial burden; and he coupled his proposal with suggestions for close co-operation in each region with other Powers ruling colonial dependencies there. In these and other ways it will be found that the British Commonwealth, in the exercise of its inherent functions, is linked at innumerable points of function and interest with the friendly Powers among which its territories are geographically interspersed; that it has the opportunity to exert the strongest force of cohesion among them; and that by so acting it best develops and deepens its own organic unity.

REFLECTIONS ON A NEW EUROPE

'We must leave something to be done by our descendants.'

MR. CHURCHILL.

IF measured by its results, British policy in Europe between the two wars gives rise to an acute sense of failure. It is improbable that the historian will wish to change the contemporary verdict on a policy which succeeded neither in preserving peace nor in maintaining our prestige abroad nor even in uniting the British people in its support. To estrange friends without placating enemies will not look like success, from whatever distance in time it may be viewed. In the fifth year of this war, when the end, though not in sight, is yet felt to be within range, the problems of Europe after the war inevitably attract wide interest and attention, and the moment is opportune to enquire whether the causes of past failures in British policy have been eliminated by the impact of events. Whatever the answer, no one is likely to regard it as a guarantee either of the millennium or of final ruin. The failure of British policy was only one of many causes of this war, and the future, like the past, will be determined in part by men and by ideas outside our control.

Why, in the 'twenties and the 'thirties, did our policy in Europe fail? Primarily because it was an attempt to make bricks without straw. It expressed the mind of a nation which had lost touch with the realities of power and fallen under the spell of abstract notions like collective security, the rights of minorities and the principles of humanitarian liberalism. We thought—to use the jargon of those days—that in the realm of politics we had the best ideas and that Europe wanted them and would be content in their contemplation to turn its swords into ploughshares. We came to believe that our influence abroad could be maintained in face of a decline in our armed strength and indeed that the moral force of our philosophy was in some way enhanced by the pertinacity with which we starved and neglected the fighting services. In a world of expansionist peoples and ambitious dictators, we called for "a firm stand" and to many of us that was synonymous with an aggressive speech.

The policy which represented faithfully the general mood of the nation in those years was still the subject of acute controversy at home. We allowed ourselves to become open partisans in every continental problem. The Foreign Office had its French party and its Catholic group. The *Front Populaire* roused passions in English breasts hardly less violent than in France. The nation was divided into those who thought that Soviet Russia could do no wrong and those who thought it could do nothing right, into those who bled with republican Spain and those who welcomed Franco as the paladin of human decencies. For the few who were acutely conscious that the world could not rely on Hitler or Mussolini to keep his word and that little else about them mattered, there were many whose faculties were blunted and whose judgment was warped by contemplation of the façade

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of order and organization erected by the Nazi and Fascist régimes in the day of their material splendour. Every racial minority in Europe had its active and intolerant supporters amongst us, and there was nothing strange in the appearance of the late Lord Rothermere as the champion of the Magyars except his failure to strike a deeper chord in the hearts of his fellow countrymen. Their sense of the ridiculous had for once got the better of their weakness for an exotic cause.

Such domestic controversy about foreign policy is the inevitable and baleful consequence of immersion in the internal affairs of Europe when no British interest is involved. We have never lacked men and women of strong character and individuality who know a small part of Europe so well that their minds are closed to any wider picture. But we have remained as a nation in general ill-informed on the history and institutions, the politics and the way of life of the peoples of the Continent. The conduct of foreign policy, in these latter days of universal suffrage and the popular press, is exposed, like any other branch of administration, to all the winds of public clamour, but the instinctive processes of correction, which are the only safeguard of a democracy against the extravagances of the expert or the charlatan, are inevitably less effective in the sphere of foreign policy than in domestic affairs. For the subject-matter is not bred in our bones. In such conditions there can be no adequate insurance against the risk of a weak and vacillating foreign policy except a consistent tradition in Governments and in the permanent services of the Foreign Office of measuring every problem by the test "What do British interests, in the widest sense, require?" For foreign policy in the last analysis leads on to peace or war and it has yet to be proved that this nation or any other will endure modern war to the end unless its national interests as it conceives them are at stake.

We should all agree that the dominant British interest in Europe, in the future as it has been in the past, will be to see peace and stability, trade and economic prosperity. We should probably agree too that it is a British interest that Western civilization, the inheritance of over 2,000 years to which we are coheirs, should not perish from the Continent, leaving us in these islands as its only remaining stronghold between the younger and immensely powerful but still subtly different civilizations of Russia on the one hand and the New World on the other. If we are to draw any valid lesson from the tragic story of our generation in Europe, it can only be that in the pursuit of those aims we must have a policy commensurate with our means, that is to say, a policy which eschews commitments beyond our power to meet without shrinking from commitments necessary to buttress our own limited human and material resources. But no one whose mind is not closed to all sense of reality can fail to be conscious of the gulf which stretches uncharted between the simple statement of such objects and their fruition. We see Europe to-day like some stage background on which the scene-shifters are at work in the obscurity of those brief moments between one act and another. We do not know what will confront us when the lights go up, what will remain of the vast and intricate material apparatus of

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modern life, what new ideas or what strange temper will have laid hold of the men and women who survive. Wherever we look there is uncertainty and we cannot even be sure how much of what is now hidden gives ground for hope and how much for despair.

It is worth considering both the depth of our ignorance and the probable value of such clues as we possess. The war will end when the "life is beaten out" of the German armed forces and the Nazi régime, and the United Nations are agreed that it ought not to end sooner. No man living can tell us what will be left in Germany when the Nazis and the militarists are broken and dispossessed, whether leaders will be found able to substitute some other form of organized government, whether the mass of the German people will retain either the desire or the vitality to follow such leaders if they arise or will sink back into anarchy or an apathetic reliance on the armies of occupation. Nor, if we attempt to look further ahead, can we know what lessons Germany—and in Germany above all that younger generation which has been the victim of Nazi education—will derive from military defeat. Will it recognize that world domination was, and will always be, an unrealizable dream? Or will it seek revenge and prepare again in secret for another attempt to subject Europe at least to its will? These things are hidden in the womb of time. The United Nations are committed to the unilateral disarmament of Germany. If their measures are to be effective they must entail far-reaching disturbance of the whole industrial and economic structure of the country. In the long run it is improbable that the world can have any guarantee of German disarmament except the resolve of the Germans themselves not to resort to war as an instrument of national policy. But what will be the reaction of an intermediate and enforced passivity and subordination on a people physically exhausted, and we must hope, mentally and spiritually tortured by its own thoughts as at no time since the Thirty Years War, only the future can show. 69144

If Germany is an enigma, what of the other nations of Europe and in particular of occupied Europe? Wherever we look we can see that defeat and privation, the ignominy and the horror of Nazi occupation, have roused all the latent fires of nationalism. It is the indomitable spirit of national unity, the inflexible will to preserve not communism but the soil of Russia, that have brought our ally through the furnace. If Frenchmen to-day are divided, if combatant France looks on the men of Vichy with bitter scorn and hatred, it is because the active collaborators and the faint-hearted alike seem to the eye of resistance to have lost faith in the national heritage and to have forgotten the duties and the privileges which have come down to all her sons from the historic past of France. In Norway and in Holland, in Greece and in Yugoslavia, in Poland and in Czechoslovakia the same proud spirit of men who have known freedom and independence is at work. When peace comes and the ban of oppression is lifted and the families of these nations are reunited in the flesh, their first task will be to rebuild moral and political unity within their own boundaries and to re-establish the forms of government which seem best to themselves. Neither the trials nor the duration of that period can be measured to-day.

To these unknowns must be added a third. What part will be played by the United States in the future of Europe? Few, even amongst Americans, would care now to give a confident answer to that question. It is not merely that the workings of the American constitution are inscrutable. American policy is still fluid because public opinion is not clear-cut. The old influences which made for isolation may have been weakened but have not been eliminated. There is no anti-British party but there is still anti-British sentiment. Many millions of American-born citizens are the sons of parents who shook the dust of Europe off their feet when they emigrated—an act which to their children has seemed to be at once symbolic and actively meritorious. On the other hand, powerful forces are tending to take America out of the isolation of the New World into the habit of thinking, however reluctantly, as a world Power. Twice in one generation the United States have been involved against their will in a world war. They have become possessed of bases, or the right to use them, in every corner of the globe and the consequences of that position are in the end inescapable. Mastery of the air, in which their possibilities are unrivalled, is compressing the earth daily within a smaller compass. These are potent reasons for thinking it unlikely that America will again abandon Europe as in 1920. But they ought not to encourage the belief that American parents or sons will take lightly to the prospect of a protracted military occupation of the Reich or that public opinion in the United States will ever be anything but intolerant of the petty squabbles and the traditional rivalries which have loomed so large in the history of Europe.

When so much is obscure, those who are responsible for British policy ought not to be charged with unimaginative timidity if they wish to feel their way. We are pledged to work for twenty years in defensive alliance with Soviet Russia. If the Russian treaty is to be, as the Foreign Secretary said when reporting it to Parliament, "an indispensable basis for European reconstruction", much patient labour and a wise restraint in written and spoken comment will be required of all who are brought into touch with Anglo-Russian relations. There is an uncompromising novelty in the outlook and the methods of the children of the revolution, and neither the effects of twenty-five years of insulation against contact with the outside world nor the recollection of British hostility in the early years of Bolshevism can be erased overnight. But although these things and the general remoteness of the two peoples, ethnically, linguistically and geographically, make the risk of misunderstanding palpable and possibly continuing, the partnership has the immeasurable advantage of resting on a genuine mutuality of interest. We both need an insurance against the recurring danger of German aggression and time to pursue the tasks of reconstruction, whilst in the economic and commercial sphere our relations can be widely expanded to the lasting benefit of both countries.

If the belief is well founded that Germany by its central situation and the numbers and accomplishments of its people cannot fail to be a powerful influence in shaping the destiny of Europe under whatever political forms the Continent may be organized, then the need for caution and an unflinching

realism in our own European policy is further reinforced. For we cannot afford to allow that influence to be exercised until the German people by their free choice decide that it shall serve the aims of peace rather than war. That choice presupposes for them—to adapt a Nietzschean phrase—the "revaluation of all values", the recognition that aggression will be crushed and war must end again in disaster. In 1918 we shared with France responsibility for attempting to curb German aggression without rebuilding the power of Russia on her eastern flank. Our own security demands that we should not repeat that blunder in reverse by leaving only weak or neutral states between Germany and ourselves on the west. A combination in western Europe that will reinforce our own strength during the years in which the German people are engaged in the painful and probably protracted process of re-educating themselves for European citizenship is an essential interest not only of Great Britain but of Russia and the United States. Whether it is brought about on the lines foreshadowed by Field-Marshal Smuts or by other means and in another form, it must involve commitments by this country which fall within the golden rule that our policy shall be commensurate with our means.

Such language may seem lacking in precision or in boldness. Other voices are heard attuned to other notes. The traditionally sentimental approach of the British mind to the peoples and problems of Europe still survives in those who would have us judge any policy by the test of whether it does "justice to Germany". Yet justice, not tempered with mercy or human charity or any thought of expediency, might well ordain for the German people a fate indistinguishable from that of the islanders of Melos. Many, again, who are neither mawkish nor dogmatic, may be tempted to embrace the wider optimism that believes "a radical advance towards unity in Europe immediately after the war is necessary for lasting peace",* and to join in sketching the institutions appropriate to a continental federation of nations which have broken down under the task of governing even themselves. But these random reflections will have served their purpose if they suggest to the readers of *THE ROUND TABLE* that in the words quoted at the head of this article the Prime Minister was enunciating a profound truth and not merely giving whimsical expression to a momentary sense of the difficulties of conducting British policy.

* Sir Walter Layton, *The British Commonwealth and World Order*, Sidney Ball Lecture, 1944.

DELEGATED LEGISLATION

THE GROWTH OF REGULATIONS

WHEN the ordinary householder, popularly symbolized in the figure of John Citizen, on coming down to breakfast finds on his table, as he has often found before, an uninviting buff-coloured envelope, addressed to him ON HIS MAJESTY'S SERVICE, which on being opened is found to contain yet another set of regulations with which he must comply or yet another form which he must fill up, possibly both, he is apt to growl that "They" have been at it again. His discontent is not lessened by the discovery that failure to comply with the regulations, which may affect any detail of his ordinary life from the business of selling a pig to matters of even greater moment, or inaccuracy in the form-filling (an art in which he does not excel) may involve him in dire pains and penalties, though the form may relate to the hardly intelligible complications of the latest amendment of income tax law.

If asked whom exactly he means by "They" he will probably reply vaguely and with growing irritation, if at all, "the authorities" or, if he has a tendency towards the highbrow (which is unlikely) "the bureaucracy". He does not mean Parliament, an institution for which he has the highest respect. But his sentiments on the subject of officialdom and its methods are very different. Whether articulately or not he feels that he is being harassed and ordered about, not by King, Lords and Commons, but by some obscure and unidentifiable gentleman hidden in the recesses of Whitehall, wielding the powers of Leviathan, and issuing his decrees in the name of that august abstraction The Crown.

A LONG-STANDING PROBLEM

JOHN CITIZEN may not know it, but he is confronting a problem which has for a long time past engaged the attention of many wise and learned men, and bids fair to become an active issue of practical politics—the problem of Ministerial powers by way of delegated legislation and of judicial or quasi-judicial decision. The literature on the subject is considerable. In particular the publication in 1929 of a book entitled *The New Despotism* by the late Lord Chief Justice of England seems to have been an important contributory cause of the setting up in that year by the then Lord Chancellor of a Committee of impressive weight and authority to consider the matter and "to report what safeguards are desirable or necessary to secure the constitutional principles of the sovereignty of Parliament and the supremacy of the Law". To the report of this Committee, published in 1932 as a Parliamentary Paper,* and to a book *Concerning English Administrative Law*, in which, in 1941, Sir Cecil Thomas Carr, Editor of *Statutes Revised, Statutory Rules and Orders*, &c., and now Speaker's

* Cmd. 4060.

Counsel, reproduced six lectures delivered by him in the year before at Columbia University, the writer of this article desires once for all to acknowledge his indebtedness in what follows.

Delegated legislation means generally the exercise by an executive officer of the Crown, a Minister, or by some other subordinate authority or body, of a power, conferred upon him or it by a statute enacted by the Legislature, of making rules and regulations having themselves the force of law for the better or fuller carrying out of the purpose of the statute. The same words are also used to mean the rules and regulations themselves. Delegated legislation is not in itself a new thing. As long ago as 1717, for instance, the Mutiny Act of that year gave the Crown authority to make Articles of War "for the better government of His Majesty's forces as well within the Kingdoms of Great Britain and Ireland as beyond the seas" providing for courts martial with power to inflict pains and penalties. But in the hey-day of *laissez faire* in the nineteenth century when "the main functions of government in England were those of defence and police", when "State Departments were few in number, and the management of the life of the people was not regarded as a function of Government . . . Parliament was well able to pass all the necessary legislation itself, and there was no need to resort to any extensive delegation of legislative power." Very different is the state of things to-day. To an ever-increasing extent ever since the latter part of the nineteenth century, and particularly since the close of the first decade of the twentieth, Parliament, responsive to public demand, has concerned itself with the "management of the life of the people", and has enacted a whole series of statutes so far-reaching, and so intimately affecting the life of the individual, that it would have been quite impracticable for it, within any possible limits of time, itself to set forth all their detailed implications in statutory form, even had a numerous popular assembly been a body suitable for the purpose. And it has done this under a constitution in which, as the Committee has pointed out, while the legislative, executive and judicial functions of sovereignty are broadly distinct, there is no absolute separation between them such as the constitutions of France and the United States have endeavoured not too successfully to establish; but in which there is a "wide borderland where it is convenient to entrust minor legislative and judicial functions to executive authorities". The flow of statutes has fed the springs of a flood of delegated legislation which has given rise, as has been seen, to some misgivings about the sovereignty of Parliament and the supremacy of the Law.

VARIETY OF PRACTICE

DELEGATED legislation has taken a number of different forms. There is first of all the traditional and impressive procedure of the issue of Orders in Council by the King himself, acting by and with the advice of his Ministers and empowered by statute so to act, such as the Orders making Defence Regulations under the Act of 1939. (We are not concerned here with Orders of His Majesty within the sphere in which his prerogative has not been

DELEGATED LEGISLATION

limited by statute.) Then there are the whole mass of orders, special orders, rules, regulations and the like, issued by government departments under the instructions of Ministers charged with the duty of administering statutes; there are rules of court made by judges with the approval of the Lord Chancellor; and there are by-laws made by municipalities and by corporate bodies such as railway companies. By whatever name they are called they are all much the same kind of thing, and it is convenient to use the one word "regulations" as applying to all of them. Neither in respect of nomenclature nor in any other respect has the making and issue of these proceeded on any consistent predetermined plan. Following the customary British empirical method, they have been issued from time to time as and when and how seemed most convenient for dealing with the particular matter in hand on any given occasion. Some of them come into full force forthwith upon publication. Some of them require the prior approval of Parliament before coming into force; some are required to be laid on the Tables of both Houses to come into force on a prescribed day, unless either House shall by resolution have expressed disapproval of them; some come into force on publication but can be annulled, without prejudice to anything lawfully done under them, by resolution of either House.

The whole process of more or less unregulated regulation-making looks haphazard; but it is obvious that there is great convenience in it, indeed that within a very wide sphere it is indispensably necessary. We have seen that it makes it possible to put through a great mass of public business, often of a highly technical character, with which Parliament itself could never have effectively dealt by its elaborate and lengthy method of legislation. And the process, being flexible and elastic, can be easily adapted to meet changing circumstances. The hand which made can unmake; and a Minister who has made a regulation can by a stroke of the pen annul or revoke it if he finds that it has grown obsolete or that he has produced a shoe which pinches the toes of John Citizen too tightly. If the content of the regulation had been part of an Act of Parliament a further amending or repealing Act would have been required for the purpose. Parliament itself has indeed sometimes gone very far in the direction of delegating its law-making authority. A conspicuous instance of this is afforded by a clause inserted in some Acts—for instance the Local Government Act of 1888 and the National Insurance Act of 1911—conferring power on the appropriate Minister to modify the provisions of the Act itself, and sometimes even of other Acts as well, so far as may appear to him to be necessary for the purpose of bringing the Act into operation. This clause has been picturesquely, if not very appropriately, nicknamed "the Henry VIII clause", with reference to the autocratic propensities of the Tudor monarch. It is certainly an extreme step for Parliament to clothe a subordinate authority with power to amend its own work.

RISKS AND SAFEGUARDS

OBVIOUS as is the convenience and necessity of the process of delegated legislation, it is also obvious that there is danger in it for a liberty-loving

people which prides itself on living under the rule of law: and that the danger might be grave if the power of regulation-making were not for the most part in the hands of the most loyal and devoted body of public servants on earth, the British Civil Service. It is true that the sovereignty of Parliament is in theory untouched, and that the House of Commons' control over the executive is sufficient to enable it to discipline a Minister who may use his powers in ways displeasing to it. But the House of Commons is a very busy and much preoccupied body, with limited time at its disposal; and, clearly, if it could devote the same attention to regulations as it does to the enactment of statutes there would be little object in delegated legislation.

It is true, too, that recourse may be had to the ordinary courts of law if it is contended that any regulation is *ultra vires* of the authority which made it, and that such action has, upon occasions, been taken with success. But it also remains true that the wider and more general are the terms of a statute, and the more of its subject-matter is left to be dealt with by regulation, the greater will be the difficulty of determining whether a regulation is *ultra vires*, and the greater will be the risk that a regulation made *intra vires* may invade the reasonable liberty of the subject.

Moreover there is risk, especially now when the exigencies of war constantly call for the hurried issue of government orders backed by penal sanctions, of such orders being insufficiently widely known. Everybody is supposed to know the law; and in ordinary times people generally do know it as it affects themselves. But nobody reads the *Gazette*. If one did he could hardly ever read anything else. Nor does everyone constantly listen to the wireless; and it is not fair that a citizen should incur penalties for breach of a regulation of the existence of which he has not had reasonable opportunity of knowing. In ordinary times departments proposing to make a regulation often consult in advance particular interests specially affected, and accompany the issue of the regulation itself with an explanation of the reason for it. This is sound practice; and in this war the Government, under Parliamentary pressure, has promised to observe it. Its non-observance would be apt to lead at least to mystification, as in the case of a Defence Regulation mentioned by Sir Cecil Carr which has suspended the Wild Birds Protection Act so as to allow the destruction of the peregrine falcon and its eggs. The military object to be served is not obvious until it is explained that this rare bird suffers from an unfortunate predilection for the flesh of carrier pigeons. Again because Civil Servants, able and industrious as they are, are only human, there is risk that departmental regulations, especially if rushed out in a hurry, may suffer from imperfect or ambiguous drafting, and thus lead to trouble and misunderstanding.

THE COMMITTEE OF 1929 TO 1932

CONSIDERATIONS such as the foregoing were of course present to the minds of the members of the Committee on Ministers' Powers who, sitting as they did from 1929 to 1932, had before them, along with much other material, the history of the emergency legislation of the war of 1914-18. Their conclusions may perhaps be fairly summarized by saying that they found

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that delegated legislation was, within limits, legitimate and indeed inevitable; that Parliament was itself open to criticism for the unsystematic methods by which it had often delegated legislative power, and for having paid insufficient attention to the distinction between normal and exceptional practice; that they did not find that great mischiefs had in fact arisen out of the system, or lack of it, in existence; but that they recognized that the risk of mischief was inherent in it and might become more grave as the sphere of legislative activity increased. The recommendations of the Committee were neither very drastic nor very far-reaching. They were all in the direction of greater systematization; of more precision in the use of language in statutes and in the definition of the limits of delegated law-making power; of better provision for Parliamentary supervision of the results of the exercise of that power; of ensuring that regulations when made should receive the fullest publicity; and that the practice of consulting interests specially affected about draft regulations and of attaching explanatory notes to them when published should be so far as possible extended. The Committee did not go so far as to recommend that "the Henry VIII clause" should never be inserted in any Bill, but they advised that its use should be abandoned in all but the most exceptional cases, and should not be permitted by Parliament except upon special grounds to be stated in a Ministerial memorandum attached to the Bill. Definition of the terms "exceptional" and "special" is of course impossible.

The second part of the reference to the Committee related, as we have seen, to the delegation to Ministers, or to authorities appointed by them, of powers of judicial or quasi-judicial decision. Space will allow of but brief reference to this part of the Committee's subject which is technical in character, and, generally, of less immediate interest to John Citizen than the first part. But its importance, from the point of view of the rule of law, is undeniable. We are dealing here with the borderland between the executive and the judicial functions of sovereignty. In some, comparatively rare, instances Parliament has, for good reasons of practical convenience, delegated to Ministers or to Ministerial tribunals the power of making what are in the full sense judicial decisions in cases of dispute such as would in the ordinary course be dealt with by the ordinary courts—that is to say the duty of ascertaining the facts by taking evidence, of applying the law to those facts, and of deciding accordingly, whatever the consequences may be. An instance is afforded by the National Health Insurance Act, 1924, which relates only to employed persons. A dispute may arise as to whether the employment of a particular person is employment within the meaning of the Act. This is determined by the Minister acting strictly judicially. The delegation of the power of quasi-judicial decision is more common. This also presupposes a dispute between two or more parties and may involve the ascertainment by evidence of facts, but when the parties have been heard and the facts, if necessary, ascertained, it is within the Minister's power and discretion to take certain action or not as he may think best in the public interest.

The conclusions of the Committee on this part of their subject do not

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differ much in kind from their conclusions on the first part. They assume the necessity of maintaining and strengthening the supremacy of the Law. They do not go so far as to say that the power of judicial decision should never be delegated to a Minister for reasons of administrative convenience; but this should not be done without "some very special and exceptional reason" (these indefinable words obstinately recur) if only because there is a risk that a Minister when he should be acting judicially may be influenced, even if unconsciously, by the policy of his department and thus, to that extent, made judge in his own cause. They do not disapprove of the delegation of the power of quasi-judicial decision; but again their recommendations are all in the direction of instituting safeguards against possible risks. Thus where a Ministerial decision has to be taken all parties concerned must be most fully heard, decisions should be given in the form of reasoned documents, and any party aggrieved by a judicial decision of a Minister or Ministerial Tribunal should have an absolute right to appeal to the High Court of Justice on any question of law.

POSSIBILITIES OF PARTY CONFLICT

ON its whole reference, the report of the Committee, interesting as it is, appears to have suffered the fate of many such documents in that nothing very striking has been done to give effect to its recommendations. There for the present the matter rests; but it is one which bids fair to become of increasing importance in the brave new world of reconstruction and planning which (for it would be impious to doubt it) we are to expect after the war.

If Government is to preserve the going out and the coming in of every individual from his prenatal state, through his birth and infancy, through the period of his education up to the age of 18, through his years of employment or unemployment, his marriage and parenthood, in sickness or in health, till his pensioned old age ends at last with his not inexpensive obsequies as envisaged by Sir William Beveridge; if Government is to do all that, then either the Mother of Parliaments must show herself far more fertile of statutory offspring than even she has ever been before or regulations must gush forth from the departments in a torrential stream—possibly both. *Qui veut la fin veut les moyens.* Herein lie possibilities of party conflict. Doctrines of *laissez faire* have vanished, like the old Liberal party which professed them, with the snows of yesteryear; and neither of what are now the two main parties in the State shrinks from government interference as such. Conservatism, as has been well said by one of its leading statesmen,* does not "imply any reluctance to exercise national direction and control whenever and wherever they may be needed in order to make individual activities coincide with the public interest". But it believes in individual effort and in the individual desire to excel; and it cherishes to a degree which the Socialistic party does not a veneration for our most time-honoured institutions, the High Court of Parliament and the established Courts of Law. Such is the Disraelian tradition.

* The Rt. Hon. L. S. Amery, *The Framework of the Future*, p. 137.

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It is not without significance that in notes appended to the report of the Committee which has been so fully drawn upon above the two members of the Committee specially representative of advanced Left Wing opinion deprecated the idea that the delegating of legislation was something "to be watched with misgiving and carefully safeguarded". On the contrary, they were of opinion that "the power to make regulations, instead of being grudgingly conceded, ought to be widely extended, and new ways devised to facilitate the process". They would have Parliament deal only with the principles and general plan of proposed legislation, details being left to the experts; and even go so far as to suggest that it would be better if the Committee stage of a Bill did not come before Parliament at all. All this, of course, with a view to such far-reaching legislation as has been indicated above. So recently as March 6 last Mr. Herbert Morrison, the Home Secretary, is reported * to have suggested, in more restrained terms,

"that we shall have to try to conceive our legislative measures on lines of broad principle and of finance, so that Parliament can express its will on fundamentals. This should simplify and shorten Committee discussion. Then Parliament must be prepared to leave to the executive the task of working out the details, within the policy Parliament has approved, and implementing them by means of departmental regulations and order. This means, and we have to face the fact, that we had before the war."

RIGHT AND LEFT WING VIEWS

Now it is manifest that the vaguer and more general, not to say the more platitudinous, is the language of a statute, the more the sovereign power of legislation is in effect transferred from Parliament to the executive. For it is nearly always harder, and generally more important, to establish the minor than the major premiss of a syllogism. The Conservative party has been and is less likely than the Socialist to be in the future prepared to contemplate such transfer with equanimity. No one in England, of whatever party, likes arguments pressed to their ultimate logical conclusion, but the observation may nevertheless be hazarded that, in theory at any rate, it would be possible for Parliament to pass an Act in one clause providing that it should be lawful for His Majesty to make any Orders in Council which he might deem expedient for the peace, order and good government of the realm. Parliament would thus have virtually abolished itself and set up in its place an unchecked autocracy of the executive. Such an anti-democratic revolution is, happily, not to be apprehended in practice; but even short steps in that direction such as some Socialists seem to contemplate, paradoxically (for the word "democracy" is ever on their lips), are steps away from the rule of law. And it behoves John Citizen, if he dislikes buff-coloured envelopes and their contents, to beware lest his descendants, having reached the social millennium, find that they have lost their liberty or at least their "leave to live by no man's leave, under the Law".

* *The Times* report, March 6, 1944.

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THE RIVAL GENERALS

"FRANCE", General de Gaulle said in June 1940, "has lost a battle. She has not lost the war." Argument continues to rage about General de Gaulle's personality and ambitions: there is none about the rightness of his vision four years ago or the quality of his patriotism since. Time has tested and proved both with an emphasis it has been given to few men to enjoy. In June 1944 leadership lies indubitably in his hands. By the time these words are read it may be that the new armies of France will be standing again on the soil of the motherland, taking up anew the battle from which palsied men withdrew in 1940. The stages by which this point of national recovery has been reached may be briefly traced.

The growth of the movement of resistance has been both steady and systematic. In the beginning some thousands of soldiers, sailors, airmen and technicians responded to the call. A large part of the empire rallied to the cause. In France, however, only the few heeded the voice from London which bade them not to despair but to raise their hearts, close their ranks and defy the enemy. The mass of the people were stunned and stupefied by the capitulation. There was a mood of dull resignation, hopelessness and helplessness. Still worse, it was felt that the fate of France would within a short span be shared by Great Britain herself. Significant of the despair was the number of Parisian journalists who made their way, not to London, where the bombs were soon to fall, but to the United States, not then in the war and in any case 3,000 miles from the battle-field. Those who came to London did a service greater than they knew. It is no exaggeration to say that at that time most French men and women looked to Marshal Pétain to ensure some sort of future for them. Not to recognize this is to mistake the measure in which France has recovered her poise and regained her self-respect. *De profundis* may well be applied to the agony, the atonement and the achievement.

The British Government's agreements with General de Gaulle's movement seem strange in retrospect, but in the best sense they were acts of faith—and faith was the quality which counted most in the circumstances which then obtained. Later the Free French became the Fighting French: the change of name marked a growth of stature and authority. Later still the Fighting French became the main force within the French Committee of National Liberation, recognized by Russia—but not by Great Britain or the United States—as the acting Government of France. It is no secret that the process has not been easy. There was the unhappy Darlan episode in North Africa. Most observers now probably are agreed that the political side of the great Mediterranean enterprise was badly bungled. General de Gaulle was rigorously kept out of it. Instead, Admiral Darlan (of all persons) was, after much muddling, chosen to secure that co-operation of the French which

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was rightly regarded as necessary for the success of the military operations. When an assassin (a royalist, it was said) removed him from the scene, General Giraud—an honest soldier, a true patriot and a good friend—was entrusted with the responsibility of directing affairs. Thus two competitive administrations threatened to grow up—General Giraud's in Algiers, General de Gaulle's in London. The position was as anomalous as it was dangerous. It could not endure. Fortunately partisanship was set aside and wiser counsels triumphed. The two generals—thanks in large part to the mediation of the sage General Catroux—reached an understanding, out of which grew the French Committee of National Liberation and the Consultative Assembly. For practical purposes the one is a Government, the other a Parliament. This was a turning-point. When eventually General de Gaulle was allowed to go to North Africa the public acclaim was unmistakable.

GENERAL GIRAUD'S DEPARTURE

In its original conception the Committee of Liberation had General de Gaulle and General Giraud as co-presidents. If the truth has to be stated, the arrangement was never other than temporary. General Giraud had, and has, no popular support in France; certainly no party support. He is not, and has never wished to be, a politician. Indeed he is said to have expressed more than once his disgust with politics. That may have been a cynical view; his heart was essentially in soldiering. It soon became apparent that there could be only one political head of the Algiers administration, and that General de Gaulle was marked out for the position. So it happened. General Giraud became first Commander-in-Chief of the French forces, and then—on a decision of the Committee of Liberation—was appointed Inspector-General. In effect, it meant that he was removed from active command, leaving General de Gaulle the leader without a rival. General Giraud, as one would have expected him to do, refused the post. With the dignity innate in his character, he retired from the scene. The episode was misunderstood and even misrepresented. It was regarded by certain circles in Great Britain and the United States as exposing and exemplifying General de Gaulle's lust for office; as just one more step to the attainment of dictatorial, or at least authoritarian, power. The facts were much more prosaic and inevitable. General Giraud was held to be not altogether suited to the rhythm and rigours of modern war, and also to be too prone to surround himself with subordinates who were patriotic but elderly. It can be said that in high Anglo-American quarters his departure, although regretted, was accepted as necessary. That the change strengthened General de Gaulle's own position was incidental and accidental.

In viewing these and other matters account must be taken of an overriding consideration. Long before the Fighting French movement transferred its headquarters from London to Algiers a marked change had come over its mood and modalities. This was due to the arrival and influence of delegates of the resistance movement from inside France. With the transfer to Algiers the influence became even more decisive. It was probably the deciding factor in bringing about the departure not only of General Giraud

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but also of other members from the Committee of Liberation. It determined the temper of the Consultative Assembly. It moulded General de Gaulle's policy—and his personality too—more and more. Some foreign observers were slow to note the change, preferring to go on thinking of it in the old terms of the general's bid for supreme personal power.

FROM RESIGNATION TO RESISTANCE

It is not possible within the space of a single article to trace the transition from resignation to resistance in France. The subject requires and deserves separate treatment. All that can be done here is to indicate the broad phases of the movement and their bearing on the attitude and outlook of Algiers. The return of hope to France dates from the R.A.F.'s victory in the Battle of Britain. Almost for the first time French people began to doubt the inevitability of the capitulation and the rightness of the Marshal. Then, when Laval openly proclaimed his desire for a German victory and lent himself to the conscription of his compatriots, both men and women, for forced service in the German war effort, the revulsion was instant and—for Vichy—disillusioning and disastrous. France was France still.

What ideas the resisters in France have about the Fourth Republic cannot be defined with any certainty at this stage. The country is under the heel of the temporary conqueror, and if the first consideration is how to be rid of the hated enemy that ought not to surprise us. The unity behind General de Gaulle does not spring from a new political gospel he had promulgated, because it is at least doubtful whether he himself is yet clear about the future order in France. The unity has a narrower, more practical basis. There is a categorical imperative which unites French men and women. The freeing of France comes first. Everything else is subordinate to that. How could it be otherwise? We find, therefore, that supporting General de Gaulle and represented in the Committee of Liberation and the Consultative Assembly are the most diverse elements. The resistance movement draws its strength—to use a conventional and perhaps outmoded nomenclature—from the extreme Right not less than from the extreme Left. It would indeed be surprising if General de Gaulle saw eye to eye with them or they with him on all issues. On one issue—the overthrow of the enemy—they know no dissent, they admit no compromise.

One phase of the resistance calls for special notice. When—as already mentioned—Laval, in compliance with German demands, agreed to call up young Frenchmen for labour service in German war factories, many thousands refused to obey the summons. Laval himself represented the call as one of the highest patriotism. He even invoked the treasured name of *fraternité*. Were not—the Vichy spokesmen argued—young Frenchmen discharging a sacred duty when they undertook to serve Germany so that their older compatriots, prisoners of war since June 1940, might be relieved and return to their homes and families? The *relève* it was fraudulently called. For the most part the response was negative. Instead of obeying the Berlin-Vichy demand the young men of France took to the *maquis*. It is said—and there is no reason to doubt the assertion—that these young men were as

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eager to join the *maquisards* as the young men of Great Britain were to join the R.A.F. Thus began the war in the *maquis*. The story will be told in full one day of how these young men—many of them mere boys—left their homes to endure privations and perils in the mountains and forests; how they trained with weapons too few to go round; how they built up a force strong enough to pin down many German divisions; how at many a lonely farmstead they fought until the last cartridge had been fired. The men of the *maquis* expressed the fighting spirit of France.

L'AFFAIRE PUCHEU

It is in the light of this fierce spirit of the resistance movement that the trial and execution of Pierre Pucheu has to be considered. The case gave rise to sharp controversy in Great Britain and the United States—in strange contrast with the inevitability and righteousness with which most French people invested the matter. It was significant how many French men and women who were in no way of the Left or moved by political passion accepted Pucheu's death as an act of atonement. The French, it has been said, are under a sense of sin, and their feelings and actions will not be understood unless this is recognized. British jurists who found irregularities in the trial, and urged that it should have been postponed until it could have been held in metropolitan France, did not take sufficiently into account that this was a matter touching a people whose country had been overrun and who themselves were suffering hourly under the invader's yoke, aided and abetted by renegades of the Laval type.

About Pucheu's collaboration with the enemy there was no doubt. As Minister of the Interior in the Vichy Government he acted in the closest association with the German authorities. Technically France is still at war with Germany. The "soldiers' peace" of which Marshal Pétain emotionally and optimistically talked in 1940 has in fact never been realized. Only an armistice subsists between France and Germany: the state of war has never been formally or contractually ended. The Resistance Council in France had condemned Pucheu to death before he was ever brought to trial in Algiers. This savoured of the rough justice of a revolutionary tribunal, and was significant only in so far as it expressed the stern temper of those living under the German terror. In Algiers conditions were different. Pucheu was given the widest latitude. He made the fullest use of it. Among the witnesses for the defence whom he called was General Giraud. When Pucheu faced the firing squad he requested that he himself might give the order to fire. His request was granted. He cried, "*Feu!*", and fell dead. He died bravely. It has been bitterly and sadly said that if he had lived as bravely he would have served France better.

The subservience of Vichy to Germany has become worse as the movement of resistance has grown. It was exposed to the full in a humiliating letter which Ribbentrop addressed to Marshal Pétain on Hitler's instructions. The occasion of the letter is still rather obscure. It seems, however, that towards the end of last year the Marshal entertained the idea of convoking the National Assembly and changing the succession. (At present Laval is

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designated the Marshal's successor as Head of the State.) There was to be also a broadcast to the nation. The broadcast was cancelled and the Marshal's proposals were rejected by the Germans. In his letter Ribbentrop upbraided the Marshal for his lack of collaboration; demanded certain changes in policy; and told him that he must accept the German will or go. The Marshal did not resign. Since then significant appointments have been made to the Vichy administration. Marcel Déat, a renegade Socialist and advocate of National Socialism, was made Minister of Labour and National Solidarity; Joseph Darnand, the French Himmler, was charged with the task of maintaining public order and given the widest powers, which he has used ruthlessly against all patriots, especially against the men of the *maquis*; and, finally, Philippe Henriot, a propagandist of the Goebbels school, became Minister of Information. It is unlikely that these appointments, with all they implied in the way of still closer collaboration with Germany, had the Marshal's approval. At any rate he was not in a position to overrule them.

THE ANGLO-AMERICAN ATTITUDE

ALL these and other developments led irresistibly to one conclusion. The decomposition of Vichy and the resurgence of France brought with them, although belatedly, salient readjustments of the Anglo-American attitude to the Committee of Liberation. As related earlier in this article, both the United States and Great Britain, in contrast with Russia, officially withheld full recognition from the Committee. The attitude provoked much criticism on both sides of the Atlantic; among French people, recovering from the despair of the capitulation and jealous of the national prestige, it created unnecessary bewilderment and distress. It was contended that if, for example, the Pierlot Government could be accepted as acting in the name of Belgium, then the Committee of Liberation, which—like that Government—had never lowered the flag and which controlled the second largest empire in the world, should be recognized as at least the provisional Government of a reborn France. The French felt the anomaly acutely. When, therefore, in April of this year Mr. Cordell Hull, on behalf of President Roosevelt, announced that the American Government were disposed to see the Committee exercise leadership in the freed territories there was deep relief among all those who had watched and worked for the recovery of France. Mr. Eden, in a brief statement to Parliament in May, swept away whatever lingering suspicion there may have been. He announced that the only authority which would be accepted by the Allies was the Committee of Liberation. His unequivocal statement was welcomed unreservedly in Great Britain, where an increasing number of people were already beginning to consider constructively what the relations with the France of to-morrow were to be. General de Gaulle himself was known to favour the revival in full vigour of the alliance between the two countries. Thus, after four years of separation and agony, the two countries were again drawing closer to one another. It was a good augury for them and for Europe.

CONTROL OF THE MINES

TWO YEARS OF A NEW MINISTRY

TWO years ago the Government assumed full control over the operation of the coal mines. The Mines Department of the Board of Trade blossomed into the Ministry of Fuel and Power equipped with the essential machinery of control both national and regional. There was no need for powers in addition to those available under the Defence Regulations, and the Government announced their intention to stop at operational control and not to introduce any fundamental alteration in the financial structure of the industry. The purpose of the control and the projected reorganization was stated in the White Paper presented to Parliament by the President of the Board of Trade (Mr. Dalton) in a sentence:

"In order to ensure that all practicable means of increasing output are adopted without delay and pressed forward vigorously, private interests being subordinated to the overriding needs of increased production, the Government have decided to assume full control over the operation of the mines and to organize the industry on the basis of national service with the intention that the organization now to be established will continue pending a final decision by Parliament on the future of the industry."

The Government thus undertook emergency powers of control without committing themselves to the continuance or to the dissolution of the new organization at the end of the war. In this open field they have from time to time been subject to pressure from the Mineworkers' Federation to take a deeper plunge into complete nationalization by adding financial control to operational control; but they have held to the White Paper policy and have not entertained the irrevocable proposal to mingle the finances of the industry like a scrambling of eggs.

It was a fortuitous circumstance that within a month the ownership of mining royalties and of the coal measures was to pass to the State by virtue of the Coal Act of 1938, but with little immediate practical effect owing to the war. Financial ownership remained with the mineowners and also the hope of some day regaining working control. They are the employers of the mineworkers, but subject both as to workpeople and staff to the provisions of the Essential Work Order. The Minister of Fuel has his own labour controllers to supervise the distribution of labour; but they do not possess disciplinary powers, and when, in the spring of 1944, it was decided to proceed against Durham miners practising *ca'canny* the official to act was the local officer of the Ministry of Labour and National Service.

THE COAL CHARGES ACCOUNT

NEVERTHELESS, though the Government have left the financial structure of the industry intact, they have not been able to stand entirely aloof from the

industry's financial problems. The Ministry of Fuel manages the Coal Charges Account, which *inter alia* bears the cost of war-time increases of wages and distributes it over all the undertakings. In effect the account is a financial pool, to which all undertakings contribute according to their output of saleable coal and from which they draw according to the increase of production costs attributable to general wage increases. By this arrangement the districts with higher wage standards have through the pool assisted the districts with lower wage standards. The first national minimum wage award, for example, had no effect on the wage payments in the coalfields of the Midlands because the minimum standards were already at a higher level, but these coalfields contributed to the Coal Charges Account on which other districts were entitled to draw. Contributions to the Coal Charges Account are added in all cases to the cost of production and the industry is reimbursed by higher prices. It is the Minister of Fuel who decides what costs are chargeable against the Coal Charges Account, and it is also he who authorizes the increase of coal prices which replenish the fund. It follows that wage increases can be made only with the Minister's approval. So it comes about that the Minister responsible for the working control of the industry is at the same time the guardian of the consumer and he must have in mind, in the long view, the price which the foreign buyer, and not only the British user, will be prepared to pay when the markets of the world reopen.

DECLINING OUTPUT

AN impending deficiency in output (the result in part of reduced individual output per shift) and unrest among the miners were the reasons for the Government's assumption of control. The estimated gap between total output and growing industrial and household needs was 10,000,000 tons a year. A decline of the labour force began at the time of Italy's entry into the war and the fall of France. France and Italy ceased to be destinations for British coal and other Mediterranean markets were circumscribed. For a time there was an excess of man-power in coal-mining, and a crying need for men in the Army and in munitions factories, and the unemployed mining labour was greedily taken by the Army and the factories. A year later 33,000 of these men were brought back from industry and the Government arranged for the return of some thousands from units of the Forces at home not forming part of the Field Army. For one year the decline in the labour force was arrested, and when it again assumed alarming proportions—the natural wastage is between 20,000 and 25,000 workers a year—the Government first endeavoured in 1943 to attract volunteers, making service in the mines an alternative to service in the armed Forces—and then at the end of the year resorted to an entirely unattractive bait—and then at the end of the year resorted to compulsion and the arbitrary selection by lot of a proportion of the junior military classes for training as mine workers. The Government had by this time fixed the minimum labour force for the industry at 720,000. It had fallen below 700,000.

CONTROL OF THE MINES

A BOARD OF INVESTIGATION

ONE of the earliest acts of the Minister of Fuel in conjunction with the Minister of Labour and National Service was to appoint a Board of Investigation into wages and the wage adjustment machinery of the industry. An increase of wages was due. Not a little of the unrest in the industry was a result of the discovery that women members of miners' households, in areas where hitherto few industries employed women, could get work in new munitions factories and earn, after a few weeks of training and experience, as much as their fathers, and that men who had left the mines with medical certificates of unfitness (not difficult to obtain) were far better off than when in the mine. These simple facts naturally bred dissatisfaction. The Board of Investigation, with Lord Greene as the chairman, had immediately to consider a claim for a large increase of wages and a national minimum. The substantial increase of 2s. 6d. a shift for adult workers was awarded, and the tribunal conceded the principle of a national minimum, fixing two rates—83s. for the underground worker and 78s. for the surface worker. The tribunal also gave the miners immunity from a decline of the ruling (or current) percentage addition to the basis wage under the proceeds-sharing arrangement and, on its own initiative, recommended an output bonus beyond a known target figure. Going against the judgment of the Board the industry elected to have a district bonus scheme which produced small results and disappeared in the larger wage revision of this spring. The satisfaction of the miners' leaders with their successes was undoubted and they joined emphatically in the rebuke of slackness in production. To help to bridge the gap from the other side the Ministry of Fuel began a highly successful campaign for fuel economy, especially in factories.

NEW SYSTEM OF CONCILIATION

IN the ensuing calm the Board investigated the negotiating machinery of the industry and developed a comprehensive system of conciliation, not as an emergency measure for war-time but as a permanent method for the effective settlement of all issues, national and local. The scheme was well devised to deliver the Government from the embarrassment of direct responsibility for wage settlements. But within a year the Government were themselves deciding, with little more than formal reference to the mineowners or the miners, the basis of piece-rate workers' percentages and other adjustments following an award of much higher minimum wage rates by the National Tribunal. There was no question of a reference back to the tribunal itself on matters it had deliberately left open pending an overhaul of the industry's wage structure. The Minister of Fuel took charge of events, and presented to the miners and the mineowners the decisions he had reached on the additional sum to be available for wages and on the precise way the amount should be distributed. It was a decision which had to be revised a little later under the pressure of widespread strikes, and more money had to be provided;

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but in essentials it stood and what variations were made were in response to coalfield disturbances, not negotiations.

This latest chapter in the industrial and political history of coalmining began last October with the submission to the Minister of Fuel by the Mineworkers' Federation of a long set of proposals for increasing coal production. The production of coal was still falling; the industry was still losing man-power. The Minister himself had proposed that all pits working an eleven-day fortnight should work twelve days; that the coal faces should be cleared every day, even though it might entail overtime, so as to give the next day's work an unimpeded start; and, in certain contingencies, the working of one Sunday in four. Looking coldly on these suggestions the miners asked for an increase of man-power in the mines, an increase also of mechanization, the abolition of "dual control"—meaning that the Government should take over complete financial control and so establish *de facto* nationalization—assurances on wages and hours of work, pit-head welfare, stricter health and safety regulations and more research into coal utilization. This programme was followed by claims—made known directly to the Minister—for higher wages, more generous accident compensation, a national scheme for holidays with pay (already the subject of a claim to the National Tribunal) and an amendment of the output bonus scheme. Reference was also made to food supplies for miners and contributions to travelling expenses when they were unavoidably high.

As an administrative act the Minister of Fuel decided on the grouping of pit management by the appointment of group production directors, but stood firm against fundamental changes. The Government decided also on the compulsory recruitment of young miners, and introduced the scheme of direction which met with no opposition in the mining areas when it was certain that the method of direction would not bear unequally on the sons of miners.

THE PORTER TRIBUNAL'S AWARDS

THE wage claims were remitted to the arbitration tribunal, and Lord Porter, the chairman, announced its awards towards the end of January. The awards on week-end and overtime payments did not excite controversy except in Lancashire, where there was a temporary difficulty over the week-end shift payment. On the main claim the Tribunal raised the minimum wage rates to £5 a week for underground workers and to £4. 10s. for surface workers. (Incidentally they made a jump in the payment of youths working underground from 57s. 6d. at 17½ to 70s. at 18 which removed Mr. Bevin's difficulty with the directed youths, who here and there had gone on strike.) The mineworkers had appended to their national minimum claim an application for "a consequential rise in piece rates". The Tribunal took the view that it could raise the minimum rates and leave all other rates untouched at least for a period long enough to permit of a thorough overhaul of the wage structure of the industry. It said that an increase of piece rates was "not consistent with the granting of what is merely a minimum wage and to give it might lead to a request for an increase in all actual wage rates whether of day or

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piece workers. The consideration of so great a change must await the general overhaul of the wages structure which is long overdue."

A final paragraph emphasized this limitation of the award.

"The Tribunal . . . stress their view that the award they have given is merely a temporary expedient which will afford an opportunity for the wage structure throughout the industry to be reconsidered and thoroughly reviewed in conjunction with the general conditions obtaining in it."

Neither the mineowners nor the miners shared the view that the minimum rates could be raised by as much as 17s. a week for underground men and 12s. a week for surface workers without immediate adjustment of the wages of men whose standard rates were fixed by custom at varying amounts above the minimum. As it would have operated, at least in the overhaul period, the award would have telescoped a considerable number of skilled men's rates into the new minimum rates and dangerously narrowed the difference between day rate and piece rate earnings. The mineowners informed the Minister of their apprehension that trouble would ensue if customary differences were not recognized and that it was proposed to open negotiations in the districts principally affected. Major Lloyd George did not veto the negotiations, but he did inform the Mining Association that the Government "could in no way be committed by such discussions". Negotiations went very smoothly and in South Wales, in about a fortnight, had reached a stage at which the owners and the miners' leaders were ready to sign a local agreement raising the level of earnings from the bottom right to the top of the wages structure of the coalfield. Major Lloyd George meanwhile was in Yorkshire, attending the King and Queen on a tour, and on his return obtained a Cabinet decision which enabled him to announce that the new minimum wages would be financed through the Coal Charges Account, but (pending the overhaul of the wage structure) "the Government is not prepared to provide the cost of any increase in piece rates". He invited the two sides of the industry to discuss with him the overhaul of the wage structure.

STIRRINGS AND STRIKES

It was becoming manifest by this time what the South Wales precedent, if allowed, would lead to. There were stirrings in both Yorkshire and Nottinghamshire, where the minimum wage rates were least affected by the Tribunal's award. The miners' leaders in those areas gave warning that, if other districts raised piece rates, they also would claim the right to corresponding increases which would greatly add to the demands on the Coal Charges Account. This fact was behind the Government's veto, as well as the discovery that the effect of the voluntary wage revisions in certain districts would be "to circumvent the terms of the award and to double and possibly treble the total increase in the wages bill resulting from it".

When the joint meeting was held to discuss the overhaul of the wage structure the Minister of Fuel produced a prepared formula for the consolidation of basis rates by the incorporation of certain percentage and flat-rate additions, which made no difference to the men on the minimum rates but

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benefited piece-rate workers everywhere by establishing a higher basis for the calculation of their rates. This higher incentive to production got rid of the piece-rate workers' grievance in the areas where the minimum rates were most affected and forestalled any grievance in the other areas by treating all piece-workers alike and enabling those doing well to do better. But the official record of the meeting said nothing about the craftsmen and the skilled men other than craftsmen. The omission of a reference to the craftsmen was apparently an error corrected a few days later, but there was certainly at that time no intention on the Government's part to do anything for the skilled day wage men. To have included the skilled men as well as the piece-workers would have brought about two-thirds of the general wage increase which the Tribunal had declined to sanction.

Strikes began, principally in South Wales, on the issue of increases for the craftsmen and the skilled men while in Yorkshire the wrong handling of the separate matter of coal allowances caused a serious stoppage there. The knowledge that the craftsmen were to be allowed an increase of a shilling a day eased the position in South Wales and elsewhere, but the house coal issue had to be argued out in Yorkshire. The earlier Greene award had laid down that, in calculating the national minimum wage, allowances in kind must be taken into account. It was an error of judgment for the Yorkshire miners' leaders to suppose that the men in that area would cheerfully acquiesce in the averaging of the value of the coal allowances instead of requiring individual calculations for the householders who actually received the coal. The single men protested and the proper course had to be taken; but not before the production of 1,000,000 tons of coal had been lost.

FOUR YEARS' BREATHING-SPACE

THE agreement stabilizes wages till June of 1948. This is a long period and the level of wages is high. No one can confidently foresee the future level of general prices, nor what the markets of the world will be prepared to pay for British coal when international trade is again open. But four years of stabilized wages in the coalmining industry is worth paying for; and the value will be higher if there is also freedom from disturbing political agitation. This is not an occasion for assessing the results of government control. Essential facts are not available. It has not yet arrested the fall of output, nor have there been signs of greater contentment among the miners. It has, as perhaps a lasting result, produced a long-dated wage agreement, and with it a breathing space in which the mineowners will have a brief opportunity to demonstrate their ability to carry through a progressive reorganization of the industry, and possibly therewith to enlist the cooperation of the mineworkers.

Overhaul of the wage structure of the industry—entirely the work of the Ministry of Fuel—has stopped at a consolidation of the basis rate for piece workers, increasing the reward for larger output. The payment of another shilling a shift to craftsmen and to a proportion of the skilled day wage men makes alterations of wage rates, not a change in the system.

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A FOUR-YEAR RETROSPECT

IT would be difficult to imagine a more remarkable war-time Budget than that which Sir John Anderson presented to the House of Commons on April 25. Its remarkable character lay not in any sensational changes in taxation or in any novelties in the financial expedients that total war makes necessary—on the contrary, it was remarkable precisely because it was humdrum. In the fifth year of a gigantic struggle, on the eve of the largest military operation the world has ever seen, the Chancellor of the Exchequer finds it possible to dismiss his strictly budgetary problem in a few almost perfunctory sentences. Expenditure will be a little higher than last year, but the revenue will slightly more than keep pace. More than half the expenditure is being raised by taxes, and that is a satisfactory achievement. There is no need to interfere with the present rates of taxation, and so let us talk of other things.

THE POINT OF STABILITY

THE truth is that, in its economic aspects, the present war has reached the point that the last war never reached—the point of stability. In 1918 the process of economic mobilization was still going on when it was stopped and reversed by the Armistice. This time it has proceeded to the utmost. For some time now the economic resources of the British community have been fully mobilized and employed to the full. There is no more expansion possible—or so little that it is barely perceptible. To judge by the rough criterion of Exchequer outgoings, the plateau was reached last summer. War expenditure in both the December quarter and the March quarter was below that of the corresponding quarters a year previously, and in the whole financial year 1944-45 it is estimated to be only 2 per cent more than in 1943-44.

If a war lasts long enough, the time must inevitably come when the physical measure of the effort put out cannot rise any further. To reach that point is not, in itself, an achievement. But to achieve stability in the financial measure of a war is more praiseworthy. For it is only a very sound financial policy that can be a stable one. One that relies too heavily on borrowing and the creation of credit will lead to a steadily rising price level, and, though the physical effort may reach stability, it will be multiplied by an ever increasing financial quotient. Moreover, in such a process, it is almost inevitable that expenditure should outrun revenue, and the harassed Minister of Finance in such a case has to make some hard fiscal and financial running to stay in the same physical place. As will be argued in a later paragraph, it cannot be maintained that the value of money has remained unchanged in Great Britain during the war, or that there has

not been, and is not now, some element of inflation. But that the element is small, and that it exercises no evil influence on the State finances is best shown by Sir John Anderson's estimates for the coming year. The expenditure is expected to be £181 million more than the budget estimate of a year ago. The revenue is expected to produce £194 million more than was budgeted for last year. Though there is certainly no slackening in the war effort, and no more than purely technical changes in the rates of taxation are proposed, the budget estimate of the deficit is actually lower than a year ago. (This comparison of one budget with another is fairer than the comparison of estimates for one year, which properly have an element of conservatism in them, with the actual results of another year. Even so, the *estimated* deficit for the coming year is only £86 million more than the *actual* deficit for last year.)

This is an achievement of some magnitude, in which it is right that pride should be taken. Next to defeat in the field, financial mismanagement has been the most frequent cause of the collapse of governments, particularly of popular governments. That the British democracy, under the supreme test of the present war, has solved its financial problems is not only an observation of interest to the economist but a witness of continuing political genius. Next, again, to the successful military resistance in 1940, it is the most encouraging achievement of the British people in these awful years.

REVENUE AND EXPENDITURE

THE proportion that revenue bears to expenditure is by no means the ultimate criterion of the soundness of a country's financial policy; but it serves well enough as a *prima facie* test, and it has the virtue of simplicity. Judged by this test, the record in this war is far better than in the last, as the following figures show:

	1914-15	1915-16	1916-17	1917-18	1918-19	1919-20
Expenditure (£mn.)	450	1,559	2,198	2,696	2,579	1,666
Revenue (£mn.)	227	338	573	707	889	1,340
Revenue as per cent of Expenditure	50.4	21.7	26.1	26.2	34.4	80.4

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45 (est.)
Expenditure (£mn.)	1,810	3,867	4,776	5,623	5,788	5,937
Revenue (£mn.)	1,049	1,409	2,074	2,820	3,039	3,102
Revenue as per cent of Expenditure	58.0	36.4	43.4	50.1	52.5	52.3

The British record in this war compares well not only with the British record in the last war (itself at that time the best of the belligerents) but also with other countries in the present war. This would, perhaps, be an invidious comparison for an Englishman to make. But he can fall back upon quotation from an authoritative article in the issue for January 1944 of the American *Federal Reserve Bulletin* in which the tax efforts of the United

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States, the United Kingdom and Canada were compared. In 1942-43, the last year for which the comparison was given, the percentage of taxes to government expenditure in the United Kingdom was equal to that of Canada and nearly double that of the United States. The percentage of tax revenue to national income was 42 per cent in the United Kingdom, 36 per cent in Canada and 24 per cent in the United States. It is safe to assert that this leadership would not be upset if others of the United Nations were brought into the comparison.

II

THIS financial soundness would not have been achieved without the silent revolution that has taken place since 1941 in the Treasury's conception of its rôle. As Sir John Anderson said, the budget is not now "an occasion merely for balancing the revenue and the expenditure of the Exchequer, but an occasion when the financial and economic health of the country as a whole can be reviewed". To-day this seems a remark so commonplace as to be almost banal; but it is revolutionary nevertheless. Until Sir Kingsley Wood, no Chancellor had ever considered himself in this place as to be almost banal; but it is revolutionary nevertheless. Until Sir Kingsley Wood, no Chancellor had ever considered himself in this light, and it was not until Sir John Anderson's speech this year that the new orthodoxy could be considered to be firmly established. Now there can hardly be any departing from it. If very little of the Chancellor's speech was devoted to the matters that used to make up the whole substance of a budget speech—the minutiae of the public accounts—very much of it was devoted to the theme of the public finances in the framework of the national economy. The modern Chancellor concerns himself less with whether his expenditure can be met out of income tax, customs, excise and the rest, than he does with whether there is a sufficient margin between private incomes and private expenditure to enable the State's requirements to be covered without inflation. This wider horizon is an enormous advance in the technique of financial policy. Sir Kingsley Wood deserves the public credit for having initiated it, but perhaps it is not fanciful to see in it the influence of Lord Keynes.

THE NATIONAL INCOME

THE White Paper which, for four years now, has been issued on Budget Day contains the official estimates of the national income. Valued at market price, the total has gone up from £5,225 million in 1938 to £9,455 million in 1943. This does not, however, mean that the physical volume of the goods and services produced by the British community has increased by 80 per cent in five years. There has been some rise in the average level of prices which has had the effect of swelling the financial measures of physical quantities. Unfortunately, though the official statisticians have estimated the rise in the prices of goods and services entering into the consumption of the people, they have not provided any means of converting the money expenditure of the Government into real terms. The missing factor has been estimated by *The Economist*, with the warning that the result must not be regarded as more than an approximation. As an aid to exposition, the figures—and the

warning—can be repeated here. In the following table the first two columns of figures are the official estimates, the third is very largely a private guess:

NATIONAL EXPENDITURE, 1938 AND 1943
(Valued at market price)

	1938	1943	1943 in pounds of 1938 purchasing power
		(£ million)	
Spent by the public on consumption	4,138	5,049	3,270
Spent by the Government on goods and services	837	5,187	3,840
Surplus (= net additions to capital) or deficit (= net drafts on capital)	250	—781	—580
Net national income	5,225	9,455	6,530

A comparison between the first and last columns of this brief table tells, in outline, the whole economic story of the war in Britain. For the purposes of fighting the war the Government has had to increase its command over goods and services—that is, over man-power and materials—from the £837 million that sufficed in peace-time to £3,840 million, valued in pounds of unchanging purchasing power. These resources that have been drafted into the public service, almost exactly £3,000 million of them, represent the economic cost of the war. They are the men and women, the machinery, the raw materials, the fuel and power, the shipping and transport, which are now being used for the war and could have been used, in peace-time, for other purposes.

Where have they all come from? Part has been provided by an increase in the national output. If the estimates in the table are correct, the British community was contriving, in 1943, to produce almost exactly a quarter more goods and services than it had done in 1938—£1,305 million worth. This was the result of more people working and working harder, of the more intensive use of machinery, and so forth. Compared with the enormous increases in total production in other countries, notably in the United States, a 25 per cent increase may seem small. But it has been achieved in a bombed and blacked-out island, which has had to manage on very much less than its usual volume of imports of food and raw materials. All things considered, the wonder is not that the increase in the total national output has been so small, but that there has been any increase at all.

The second source from which resources of goods and labour have been made available for the needs of the Government is from the reduced consumption of the people. In 1938 the individual citizens of Great Britain consumed, in satisfying their needs or desires, real resources of man-power and materials valued at £4,138 million. In 1943 this had fallen to £3,270 million—or, more accurately, it would have fallen to £3,270 million if the price-level had remained stable. The reduction, in physical terms, amounts to 21 per cent, and the resources thus set free, valued in 1938 pounds at £868 million,

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have gone to meet the Government's needs. To express the figures in another way, in 1938 the British public spent on their own consumption 79 per cent of all they produced; in 1943 they spent on themselves exactly half of what they produced.

LESS CONSUMPTION AND MORE PRODUCTION

In these two ways—consuming less and producing more—£2,173 million worth of goods and services has been provided towards the total required. More than seven-tenths of the cost of the war has been taken out of the hides of the generation that is fighting it, either in greater current effort or in lowered current standard of living. But there is still a final £830 million to be accounted for. In 1938, after providing for the consumption of the people and the needs of the Government, there was still a small margin left which could be used for increasing the capital wealth of the country—its productive equipment and its stocks of goods at home, its credits and investments abroad. In 1943 the national income was not enough to cover both consumption and government expenditure, and nearly £600 million worth of goods and services (still valued at 1938 prices) had to be provided by drafts on capital—by melting down the park railings, overworking the machinery and depleting the stocks at home, and by selling investments and raising loans abroad. Thus the final £830 million was provided by converting a surplus of £250 million into a deficit of £580 million. This is the part of the cost of the war that can fairly be said to be a charge on the future, for the capital resources of the future will be just that much smaller than they would otherwise be. (This is, of course, the effect of a single year. There have been similar deficits in earlier war years.) Much the most damaging of these drafts on capital is the heavy selling of overseas assets and raising of overseas credits which, by the time the war is over, will have converted the United Kingdom from the world's greatest creditor into hardly a creditor at all.

"We have parted with all this", said the Chancellor, "not to neutrals, but nearly all of it, some 90 per cent, to our Allies and associates, most of whom will emerge from this war with their overseas financial position greatly strengthened as a result, just as ours is greatly weakened. I make no complaint of this, for we are in this war with all we have got, but no one must suppose that a country can wage a war on this basis for several years and emerge at the end without a price to pay. We have not yet paid that price."

With all the inevitable arbitrariness of a generalization, and with some rounding of figures which are, in any case, only approximations, the economic cost to the British community of having to fight a war in 1943, as compared with its peace-time existence, can be represented thus:

(Millions of pounds of 1938 purchasing power)		
Cost of the War		
Met by:		
Greater Effort	3,000	100%
Reduced Consumption	1,300	43.3%
Drafts on Reserves	870	29.0%
	830	27.7%

III

To be able to dissect the economic anatomy of war in this way is one of the advantages of the new statistical technique. Thinking can be much clearer if it can be done in physical terms, with the money figures serving simply as convenient symbols for quantitative magnitudes. But when it comes to the execution of policy, it has to be done in money. The goods and services that the Government uses have to be paid for in money, and the Chancellor of the Exchequer has to raise the money. Neither to him nor to the individual taxpayer are pounds, shillings and pence "meaningless symbols". The figures in the last section show the measure of the transfers of resources that have taken place; it remains to show how the monetary side of these transactions has been handled.

£13,000,000 A DAY

In the four calendar years 1940 to 1943 the Exchequer has spent (irrespective of sinking funds and repayments of debt) a total of £18,858 million—an overall average of just short of £13,000,000 a day. Towards this gigantic sum revenue has provided £8,314 million, leaving a four-year deficit of £10,544 million. In war-time such social insurance funds as the Unemployment Fund, the National Health Insurance Fund, &c., pile up large surpluses, which are available for lending to the Exchequer. There are also new funds coming into existence, such as those that are fed by the war risks insurance and war damage schemes. The Canadian Government, before it began to provide supplies either free or on lend-lease terms, made large interest-free loans to the British Government. There was also a loan in 1941 from the American Reconstruction Finance Corporation. British local authorities have their surpluses to invest. In all these ways money comes into the hands of the Chancellor of the Exchequer. The total provided in the four years by these British and overseas government agencies was £1,186 million. The deficit to be borrowed from the public is thus reduced to £9,358 million.

The official figures make it possible to show in great detail how this sum has been raised. For example, £2,387 million has been raised by "small" savings, £3,660 in "large" savings, £647 million in tax reserve certificates and the remainder from the money market. Or, alternatively, it can be said that the savings of individuals have provided £4,157 million, the savings of business firms £795 million, that money set aside to meet future tax liabilities has amounted to £1,093 million and the rest, some £3,300 million odd, has been the re-lending to the Government of sums received by the public in payment of war risks and war damage claims or in payment for capital assets sold to the Government.

WHAT IS INFLATION?

NONE of these figures would serve to answer the important question: has this borrowing been inflationary? Unquestionably the value of money has fallen since the war began. The money value of the total national output is

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81 per cent higher but, if the estimate quoted above is correct, the real volume is only 25 per cent higher. The official figure for the rise in the price-level of consumption, even after the effect of heavier indirect taxation is removed, is 41 per cent. If any rise in prices is inflation, then there is certainly inflation in Great Britain to-day. But this would be an unnecessarily crude definition of inflation. Some part of the rise in prices is due to the increased cost of imports, some part to other rising real costs, some part merely to the effect of shortage of supplies in a market some corners of which are still competitive and uncontrolled. None of these come within the definition of inflation, properly so called. Only if a Government fails to cover its expenditure by taxes and by borrowing the genuine savings of the people, only if it has to fall back on the creation of credit, only if it has to go into the market with this created credit and use it to get hold of goods and services by bidding up their prices and choking off other buyers—only then is it strictly true to say that there is inflation. Only then, at least, is there a risk of a cumulative process starting. Inflation, in this strict sense, cannot be infallibly detected. But one almost infallible sign is a rapid and cumulative increase in the Government's borrowings from the banks and the money market. Of that there is, in the British record, no evidence at all. Though the total of borrowings from the money market varies from year to year, the sum in the last two years has been almost exactly the same as in the first two years.

It is very difficult for a country waging total war to avoid any reliance at all on credit-creation. What can be said about the British experience is that the volume of inflationary finance has been very small and that it is not increasing. One of the reasons for this comparative stability is to be found in the Government's policy of stabilizing the cost of living by means of subsidies. The Chancellor found it necessary in his speech to issue a warning that the condition on which the policy was based—an equivalent stability of wage rates—was not being observed, and that it might accordingly be necessary to allow the cost of living to rise above its present rather artificial level. The reasoning is impeccable; but economic policies are to be judged by their effects, and the reaction of the trade unions has already made it apparent that the effect of a rise in the cost of living may merely be a fresh crop of wage demands. It may be, therefore, that some of the fine standards of British war-time finance are beginning to crumble. In any event it will be difficult to maintain them through the period immediately after the German armistice, when the necessity for the strictest abstinence will be nearly as great and the willingness to practise it much smaller. The four-year period that has been surveyed in this article may turn out to be an example rather than a precedent. But that does not prevent it from being, in Sir John Anderson's words, "an achievement which deserves to be made known to the whole world as a distinguished performance".

NEW ERA IN THE WEST INDIES

THE ROYAL COMMISSION AND AFTER

IN June 1937 serious disturbances broke out in Trinidad, and in the following month Barbados, not usually susceptible to Trinidadian influences, caught the infection. During the winter the germs of trouble spread over the Caribbean, acquiring additional virulence as they travelled until, for a few days in the following May, they spread anarchy throughout Jamaica. After order had been restored the British Government appointed a Royal Commission—last and strongest of a series that goes back to Joseph Chamberlain's day. Working with thoroughness and energy the Commission submitted a unanimous report within eighteen months of its appointment. By that time the war had broken out, and the fact that the Government decided not to publish the report is evidence that it contained reflections on the administration which would have supplied material for hostile propaganda. In place of the report, a detailed list of recommendations, drawn up by the Commissioners themselves, was issued early in 1940.

Chief among these recommendations was the proposal that an experienced official with the title of Comptroller of West Indian Welfare and Development, independent of the local Governments, responsible to the British Colonial Secretary, and reporting annually to the British Parliament, should advise on the expenditure of £1,000,000 a year for 20 years, provided by the British Exchequer for the inauguration of those policies of general betterment which in Britain are grouped under the name of social services. The Commission also made far-reaching recommendations with regard to education, public health, housing, labour and trade unionism. It proposed to reform existing systems of agriculture and outlined a policy of land settlement—first advised by the Royal Commission of 40 years before, but largely neglected until the riots opened official eyes to the menace of a landless proletariat. Although appointed primarily to consider social and economic conditions, it recommended political changes based on the grant of universal suffrage; and in words indicating the breadth and depth of the gulf separating governors and governed, it urged that local governments should adopt "a much more positive policy of bringing their point of view before the mass of the people".

A BOLD PROGRAMME

THE execution of so bold a programme of constructive reforms—and much of it has in fact been put into operation—was bound to have great and cumulative effect on conditions of life throughout the British West Indies. But before the programme had been so much as announced, the outbreak of war had begun to provide another powerful impulse towards change. Its economic effects were immediate. It deprived the West Indies of their market for bananas and citrus fruits and, by interfering with their imports

of wheat, salt fish and other foodstuffs, compelled them to turn to subsistence agriculture. Social consequences of equal, perhaps indeed of graver, import followed the lease of the West Indian bases to the United States. That stroke of policy brought to the islands men who by upbringing and temperament were suspicious of the British colonial system and unrestrained both in their criticism of what they found and in their eulogy of what they introduced. The coming of the Americans brought home to West Indian minds a truth of which they had been dimly aware ever since West Indian labourers had worked in the Panama Canal—that Britain was no longer the dominant Power in the Caribbean. If there had been no Royal Commission, if British administration had still stood firm in the old Victorian ways, bidding West Indians grow sugar, bananas and cocoa for the British market and improve themselves at their own expense, there would doubtless have been a swift response to the new American slogans of progress and self-determination. Conversely, if there had been no war and therefore no American bases, the resolve of the Colonial Office to attack West Indian evils at their roots and to inaugurate the new policies advised by the Royal Commission would have evoked a fresh and striking outburst of West Indian loyalty. As it is, the war and the Commission's report, coming together and interacting with one another, have produced uncertainty and flux in every department of West Indian life and thought. There are those, and they are a majority, who still look for guidance to London; there are others, most numerous in Trinidad, whose hopes are centred in Washington; and there are a few, including, however, men of the highest influence with their fellows, who proclaim that now, when all landmarks have been submerged and all bulwarks swept away, West Indians should set their own hands to the shaping of the uncertain future. In such circumstances observers of the West Indian scene are likely enough to find themselves agreed on nothing except the bewildering rapidity of the changes in progress.

SIR FRANK STOCKDALE'S WORK

IN so far as these changes can be assigned to definite causes, the most powerful factor at work has been the appointment of the Comptroller of West Indian Welfare and Development. The exact intentions of the Commission with regard to this officer will not be known until the full text of its report is made available; but some departure from its recommendations inevitably occurred through the passage by Parliament of the Colonial Welfare and Development Act, which extends to the whole of the dependent Empire principles of policy which the Royal Commission considered in their West Indian setting only. In place of the Caribbean excrescence on the Colonial system contemplated by the Commission, an entirely new branch of administration has been developed in Whitehall. Like the West Indies the Colonial Office is in transition, with new functional activities existing side by side with the old geographical division of departments. How it will all work out is probably as speculative an issue in London as it is in Kingston or Bridgetown; from the West Indian standpoint it appears

that British Colonial administration will take whatever stamp a vigorous and clear-minded Secretary of State imposes upon it. Certainly the scope and scale of the activities of West Indian Welfare and Development have been determined by the personality of the first Comptroller, Sir Frank Stockdale.

The West Indies have cause to congratulate themselves on this appointment. Sir Frank has the virtues of the first-class official—caution, foresight and patience. To them he adds his individual qualities—an imperturbable temper, a co-operative attitude, and confidence in his advisers. His department is growing as its work develops and the emphasis of its activities will shift as its record of achievement grows; but since, when the Comptroller took office, the three mutually linked departments of agriculture, social policy and education were loudest in their call for new brooms that would sweep very clean, it is to his advisers in these three subjects that he looked for the first instalment of his reforms. He did not look in vain, and the plans of three able men working in complete harmony with one another have begun to leave their mark on West Indian life.

Mr. Wakefield, the agricultural adviser who, in accordance with the Commission's recommendation, is also Inspector-General of Agriculture in the British West Indies, is a perfect example of that rare type—the expert who has remained entirely human. If ideas of agricultural progress are to be translated from the office desk into the fields they must be understood and welcomed by the workers on the soil. In colonies the bulk of whose rural labour is illiterate and lacking in initiative, the temptation to issue orders must be considerable. Mr. Wakefield has resisted it and has appealed instead to such degree of public opinion as exists. His methods have evoked a co-operative zeal which few can have anticipated. In Trinidad, for example, he was chairman of an agricultural committee which included representatives of such diverse interests as the island's leading sugar estate and its rising labour movement. That the committee should have produced a unanimous report is a tribute to its chairman's success in lifting the minds of its members to the level from which agriculture could be viewed not as a means of livelihood but as a way of life.

Only from this level can there be any true vision of the social implications of land settlement. Its consideration has been bound up too long with theories about the magic of property—the sense of ownership long held to be capable of turning a desert into a garden. The Royal Commission was sceptical of freeholds, and Mr. Wakefield, following up its line, has urged that a successful land settlement policy must be communal, not individual, and has thus made a promising appeal to the team spirit so congenial to African thought but hitherto so little fostered by the circumstances of West Indian life. The change from a plantation economy producing crops for export, to a small-holdings economy producing crops for food, is taking place under the irresistible pressure of war. If it is to maintain itself when that pressure is removed, there must be a change in men's minds as well as in the methods of cultivation; and then will come the testing time for Mr. Wakefield's work.

Even more than Mr. Wakefield, Mr. Hammond, the Comptroller's educational adviser, has found his path littered with obsolete practices. British education as shaped by the Act of 1870 was a series of little tips for getting on, and this conception continues to prevail in the West Indies, which are still waiting for their equivalent of the liberating British Act of 1902. It is easy to determine to what extent the little tips have been mastered; the answers to a set of examination questions will settle whether the pupil is able to get on. What is called in Britain the tyranny of the examination system is a mild authority compared with the ruthless despotism which the system exercises over education, and especially secondary education, in the West Indies. A boy's whole future depends on his possession of a School Leaving Certificate, on his success, that is, in answering questions set and corrected in England according to a syllabus of English origin. The needs of this examination go far to determine the curriculum of those schools, partly government and partly denominational, which are not commercial enterprises and are therefore eligible for grants from public funds; they completely determine the curriculum of schools which are conducted for private profit and which attract or lose pupils according as the number of their examination successes goes up or down.

REFORM OF EDUCATION

To the superficial observer it appears that the whole educational effort of the British West Indies is put into the two years' work preceding the School Leaving Certificate exam. That is an unfair judgment in that it does grave injustice to the devotion and enthusiasm of the teachers in the elementary schools, but at least it calls attention to the conditions under which elementary education has been carried on. There could not be a more glaring example of a coat cut according to a standard British pattern without regard to the size and quality of the local cloth. At its best the curriculum fits children for work in shops and offices—a statement which still largely holds, in spite of recent efforts to adapt the subjects taught to the conditions of life on the soil—because it is only in the towns that education is compulsory. Even in the towns attendance is low and irregular, reaching its peak in the middle of the week. Overcrowded though the schools are—and it is common to find several classes going on simultaneously in the one big room which constitutes the school premises—it would be impossible to find places for all the children on the roll were there ever to be a full attendance. It is not surprising that a high proportion, possibly a majority, of the pupils in the elementary schools have lapsed back into the illiteracy from which they never really emerged, by the time they are men and women. What is surprising is that a minority should have developed a thirst for knowledge and a taste for literature which libraries and junior centres are at last beginning to satisfy.

To the cleansing of this educational Augean stable Mr. Hammond has brought great knowledge and a clear mind. A former Director of Education in Jamaica and subsequently adviser to the Carnegie Corporation, he is

completely familiar with local conditions and has given his best thought to ways of escape from the dilemma with which his work has confronted him. Education is a fit subject for local control, but in so far as the cost of West Indian education is met from the British Exchequer its ultimate control must rest with the House of Commons. To complicate the matter further, the West Indian colonies cannot afford to educate their children according to British standards, and, though the reforms now in progress will bring them new prosperity, that will hardly suffice to keep pace with the needs of a population increasing at the rate of 2 per cent per annum. Hence the dilemma: without education there can be no progress, but dependence on the British Exchequer for education will bar the way to the self-government which is the token of progress.

Mr. Hammond has dealt with this problem partly by making the Home Exchequer responsible for capital expenditure, leaving the cost of upkeep to be defrayed locally, partly by reliance on the pupil-teacher system. This educational device has fallen into discredit in Britain now, but it was employed with good effect when education at home was in about the same stage as that through which it is now passing in the West Indies, and Mr. Hammond's careful arrangements for the instruction and supervision of pupil-teachers have been devised to meet the system's principal drawbacks—the more effectively because tropical youth matures so early. But the most urgent need is for adequate school buildings, and to satisfy it Mr. Hammond has devised a building programme under which each school will have a life of 30 years. This arrangement makes for the economy possible in structures not meant to stand for centuries and is suited to an age of rapidly changing educational method. Planned both to make good arrears and to allow for increase in population, it was originally devised for Jamaica only; but it is applicable, with local modifications, to all the other colonies except Barbados, which is a coral island with abundance of stone but scarcity of timber. The which is a coral island with abundance of stone but scarcity of timber. The main obstacle to the realization of the whole programme of reform is a religious difficulty of the kind which has for so long obstructed educational progress in England. The intensity with which it is felt varies from colony to colony; it is most acute in British Guiana. Secondary education has not been taken seriously in hand in any colony except Jamaica where, at Mr. Hammond's instigation, a committee was set up under the chairmanship of Professor Kendal of Columbia University with local representatives, official and unofficial, as his colleagues. The Committee's report which condemned the existing system root and branch was issued at the end of last year. Higher education is the concern of a British Royal Commission, a delegation of whose members is now (April 1944) taking evidence in the West Indies.

THE SOCIAL SERVICES

UNLIKE Mr. Wakefield and Mr. Hammond, Professor Simey, the Comptroller's social adviser, was called upon to break entirely new ground. His tenure of the Chair of Social Science at Liverpool University had familiarized him with the issues summed up in the words—to West Indian ears still too

good to be true—Social Security; and he had the special advantage of knowing all the difficulties which confront local authorities charged with the administration of new departures in policy. He has thus brought to his work a mind at once broad and sympathetic; and he has had the wisdom to attempt nothing spectacular, but has set himself to build up a body of opinion capable of appreciating social objectives and of working for their gradual enlargement. The most glaring need in the West Indies is that of youth which, at the close of such education as it has received, finds itself entering into an outside world with no communal life except that of the tavern and—in the towns—the cinema theatre. Youth movements are now developing in all the major colonies, and as they develop are acquiring features suited to their various local circumstances. In so far, however, as they have a common model it is to be found in Jamaica, because there and there only Professor Simey found what every social service must have if it is to possess real vitality—a local foundation on which to build.

The remarkable enterprise known as Jamaica Welfare Limited is about to receive a substantial grant—£30,000 a year for five years—and will become an organ of the administration. In its earlier phase, however, it was an independent undertaking financed by a cess of $\frac{1}{4}$ d. on every stem of bananas exported, and owing its origin and inspiration to the most distinguished Jamaican now living, Mr. N. W. Manley. It was a pioneer movement and it did heroic work, ever ready to make experiments and to profit by its mistakes. Concerned primarily with the poor cultivator, its main aim was to brighten village life, or rather to give the villages a communal life hitherto altogether lacking, and in the process it has done something to close the gulf between town and country which yawns as widely in the West Indies—though for different reasons—as it did in Victorian Britain. The community centres which Jamaica Welfare has opened are outwardly the most conspicuous of its achievements, but its real victories have lain in the promotion of the communal spirit, particularly among the young, whose natural unit is the gang. Jamaica Welfare gangs are called 4-H clubs and there are now upwards of 200 in the island. The name and the idea come from the United States—the 4-H's standing for head, heart, hand and health—but the clubs themselves are the tropical equivalent of the British Young Farmers' Clubs with which they may one day seek some form of affiliation. Their work exactly meets the needs of young people who will pass their lives on the soil, and their rapid progress is of excellent promise for the future. For the slightly older generation of young married men Jamaica Welfare has built up an organization of Pioneer Clubs and it has acquainted village communities in general with the idea and practice of co-operation. Professor Simey has carried the principles of Jamaica Welfare to the other colonies, and has made Jamaica itself the scene of the first inter-colonial course of social study to be held in the Caribbean. On him more than on any one of the Comptroller's staff falls the responsibility for bringing about that change in mental outlook which is essential if reform is to mean something more than spoon feeding, and here quick results are not to be looked for. But it is because of the work that Professor Simey had developed in

Jamaica and inaugurated elsewhere, at least as much as because of the pressure of external circumstances, that the West Indies have entered upon this present transitional phase.

All this constitutes a remarkable record, and not the least remarkable feature of it is the extent and warmth of American co-operation. The generally critical and occasionally supercilious attitude towards all things British to be found among Americans engaged in the construction of the bases is not shared by responsible men in Washington, whose own experiences in the Virgin Islands and Porto Rico have brought home to them the difficulties of West Indian Government. In the Caribbean and elsewhere British and American affairs and interests are getting mixed up together, and out of their mixture has sprung a desire to view their common problems as a whole. This is a revolutionary change of attitude for the Caribbean, where history and geography have combined to promote a local outlook and have made insular prejudice a dominant characteristic. The new temper expressed itself in the formation of the Anglo-American Caribbean Commission, with which both the Dutch and the Canadians have begun to associate themselves. The purpose of the Commission was to forward the general advancement of the whole Caribbean region, but, as it had scarcely been formed when German submarines appeared in local waters, it was at once confronted with an urgent practical issue—the provision of food for islands cut off from their regular sources of supply. How the emergency was dealt with is told in detail in the Commission's first report published last year and need not be repeated here. What is significant for the future is that common need compelled common action.

COMMON NEED AND COMMON ACTION

It was first manifested in a conference of supply officers held in Jamaica in 1942. Its success paved the way for a bolder scheme, nothing less than the promotion of regular conferences, to be held under the Caribbean Commission's auspices, and attended by delegates from every British and American possession in the area. The first of these conferences is in session as this article is being written. It is being held in Barbados, the only West Indian island that never changed hands during what the text-books still call the Great War Period, and therefore the most intensely British of all these colonies. As their speeches show, the delegates were greatly impressed by the comprehensiveness of the membership. Men who had never previously met one another in their lives have been meeting round a table in a Barbadian school of the English public school pattern and have been surprised to find how much that was mutually profitable they had to say to one another. Food, employment and health constituted the staple of the seven committees into which the Conference resolved itself in order to get through its agenda paper. Its conclusion will provide new matter for the most important of the Caribbean Commission's organs—the Research Council, which may contain the germ of the Conference's permanent secretariat.

CONSTITUTIONAL DEVELOPMENT

It is against this background of change shot with hope that the prospects of constitutional development must be viewed. Up to the present only Jamaica can point to radical advance. There, after proposals from London had been rejected by the elected members of the Legislative Council, representations put forward by the island's political leaders led to the project of a new constitution holding the promise of responsible government. The constitution is based on universal suffrage. It provides for an elected Lower House, a nominated Upper House, an Executive Council drawn equally from both Houses and the association of its elected members with the administrative departments as a prelude to the inauguration of a Ministerial system which, as the Constitution is to be revised after five years, need not be unduly delayed. In the other colonies there has been, as yet, no organic change, though both Trinidad and British Guiana have seen an unofficial substituted for an official majority in their Legislative Councils. But the Jamaican example has forced all the major colonies to consider their franchise laws. In Trinidad and British Guiana the issue has been referred to committees both of which are finding their principal difficulty in the presence of a large and imperfectly assimilated East Indian element. Barbados must sooner or later attempt the revision of its constitution which, being upwards of three centuries old and being based upon that of England in the time of Charles I, knows nothing either of Cabinet Government or of Ministerial responsibility. For the present Barbados, too, is confining its attention to the franchise, and a Reform Bill has for some time been making its slow way through the legislature. Its provisions stop well short of universal suffrage, but the lowering of the property qualification will admit to the register the small-holders, whose numbers have been greatly increased by the conversion, under the stress of war, of more than a third of the island's cultivable area to the production of food for local consumption. Thus everywhere, except in Jamaica, political change lingers, but everywhere coming political change is casting its shadow.

It is not yet possible to evaluate the developments of the last few years, many of them still in process of translation from planning to practice. But it is already clear that the Royal Commission of 1938, whose membership was announced almost exactly 100 years after emancipation, opened a new era in West Indian history. To its recommendations, to the agricultural reforms which are substituting small-holders for labourers, to the educational reforms which are paying the way to an attack on illiteracy, to the social reforms which are not merely raising the standard of life but are giving life new meaning, and above all to the influence of new ideas, British and American, upon government officials and the educated public, much more than to the transient exigencies of the war, is due the conviction now general throughout the British West Indian colonies that they are moving, and moving to a growing extent in concert, towards a future which will be as different from the past since emancipation as was that past itself from the slave economy which emancipation abolished.

STRATEGY OF THE WAR. XIX

PRELIMINARIES TO INVASION

A STRATEGIC review of the war at this moment is a matter of extreme difficulty. All that has happened during the past few months up to the end of April is strategically insignificant compared with what is about to happen. It is hard to introduce into a recital of events the imponderables, such as the extent of the terrific strain on the *Wehrmacht*, which will make all the difference to the speed of future developments, though not to their nature. It cannot be said for certain in advance how much of the *Luftwaffe* or how many of their U-boats the Germans are holding back to throw into the scales upon the day of invasion; except that the amount will be as much as they can manage since their only remaining hope—and it is in any case a slender hope—is to hold the Russians while they defeat the invasion and then turn upon the Russians and defeat them before a new wave of invasion is ready. The next few months will therefore decide whether the war will be long or short. It will contain the moment for which an enslaved Continent has waited for four long years, and towards creating which two elaborate years of planning have been directed. Until that moment comes, all that can be done is to show how the preliminaries are working up towards it.

THE CAMPAIGN IN ITALY

In these notes it has always been emphasized that the Italian campaign is essentially a side-show in the strategic sense. From the moment the Germans decided to offer serious resistance to our advance, local stalemate was always probable. That has proved to be the case. Two considerable attempts have been made to loosen the deadlock. The first was the landing at Anzio, whose purpose was to get astride the German communications on the Cassino front, and to cause at worst a withdrawal and at best the wiping out of the enemy's southern army. It failed to do more than attract most of the enemy's reserves from Northern Italy. Perhaps it was hoped to keep off these reserves by air attack for long enough to enable the landing force to do its job. If so, this was a miscalculation; and the surprising thing has been that the enemy, whose forces have outnumbered ours at the beachhead by at least two to one, did not succeed in driving our men into the sea. The second attempt was a frontal attack on Cassino, preceded by a concentrated air bombardment of the town. Here again the effect of air action was disappointing. General Freyberg, who commanded the infantry assault, has reported that the damage caused reacted more unfavourably on the Allies than on the enemy, since it prevented any rapid deployment of armour. The experiment therefore failed. It has perhaps no general bearing, because the enemy had excellent protection against bombing; but the Cassino battle certainly supports the view that air power is not everywhere a complete recipe for victory.

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In spite of these disappointments, the balance sheet of the Italian campaign is not wholly unfavourable. About 25 good German divisions have been tied down to what (from the enemy point of view) was an irrelevant battle-front and may at any moment become a very expensive one. In the military sense it would have been far cheaper for the enemy to stand farther north; and this is important at a time when he is already short of troops and likely to become much shorter. Moreover the Allies have got admirable airfields in Italy from which, early in April, they began strategic heavy bombing of enemy communications in the Balkans; and this possessed also a tactical value thanks to the astonishing Russian victories. These have exposed a basic miscalculation in the enemy's strategy, which has been the very reverse of that attributed to him in the idle gossip that he would let the Western Allies into Europe because he preferred them to the Russians. On the contrary, he has staked heavily on repelling the Allied invasion, and in order to do so has been quite ready to yield ground on the Eastern front. But undoubtedly he hoped that the forces left there would be enough to make Russian progress slow and innocuous. That is where his strategy has broken down. Nothing, not even the spring mud, has been able to prevent spectacular Russian progress. Here, in outline, is its record.

SPECTACULAR RUSSIAN VICTORIES

In the far north, except for a few air attacks, the Finns and a group of half a dozen German divisions have been left severely alone during surprisingly protracted negotiations for an armistice. Without entering into the political side of this affair, it is pretty clear that in the military sense the Russians are in no hurry here. The distracted Finns and the isolated Germans are a pretty ripe military fruit. If it falls of its own volition, so much the better; but if not, it can be plucked at any time.

South of the Gulf of Bothnia, the enemy was driven in rout from Leningrad back over the Estonian border at Narva during winter conditions. There was no particular point in trying to overcome spring conditions in this sector by a further full-scale offensive along the Baltic coast; so at Narva the Russians halted. North of the Pripet marshes, they got far enough for a summer offensive to outflank the Baltic States and open up a road to East Prussia, and then halted here also. South of the Pripet a tremendous drive was launched. Between here and the Carpathians is the direct road through Poland into Germany. The Russians pressed along it to within 60 miles of Lvov, where they met the reserves which the enemy was bound to pour into this vital sector. But, at a guess, this was always intended to be a holding offensive, designed to clear the flank of the main drive farther south. The really doubtful point was whether the Russians would here maintain the initiative or would have to meet a really heavy enemy counter-offensive. At the moment of writing it looks as if the Germans were too shaken and too short of men to do more than hold on. They have certainly been kept busy enough elsewhere. Immediately to the south they have been forced right back to the Carpathians, and the Russian armies, appropriately headed by a Czechoslovak Brigade, have reached

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the Ruthenian tip of Czechoslovakia. Establishing here a continuation of their offensive-defensive flank, the Russians have swept down the Sereth and the Pruth to within a few miles of Jassy. This movement was helped by a direct east to west advance which carried another Army across the Upper Pruth into Rumania proper. Next, the Second and Third Ukrainian Armies, clearing the stubbornly defended Dnieper bend, took Nikolaiev, then Odessa, and by mid-April had reached Ovidiopol on the Dniester estuary. Next, the Fourth Ukrainian Army, in a whirlwind campaign, cleared the whole of the Crimea in ten days, and practically exterminated the Germano-Rumanian garrison except for a rearguard clinging to Sevastopol. The great port itself was stormed under cover of an unprecedented barrage on May 10.

SECRETS OF SUCCESS

How have these extraordinary victories been won? The first cause is superiority of numbers. It will probably be found that the Russians have a superiority of 3 to 1 on an average along the whole front, and a local superiority of 5 to 1 on the sectors where they are attacking. This does not detract from the credit due to their powers of organization and of generalship. It is an extra tribute to both that they can maintain at the front and so rapidly concentrate where they like such vastly superior numbers. Indeed the second cause of their victories is the crop of fine soldiers they have produced—Zukhov, Koniev, Malinovsky, Tolbukhin, Vatutin, Rokossovsky, and so on. One must not forget Marshal Stalin himself and his Chief of Staff Vasilievsky, said to be the ablest of all. There has been no such sudden efflorescence of great commanders since the armies of the French Revolution. Thirdly, there is the galvanic hatred of the invader, whose filthy work every Russian soldier has seen. Those who think that Russia might grant terms to Hitler or even to the *Wehrmacht* should remember that for a space 1,000 miles long and 500 miles deep hardly a Russian house has been left standing or a Russian family left undisturbed. The devastation of the Western front in 1914-18 was comparatively speaking a mere scratch. Fourthly, there is the massive superiority in equipment, to which the Allies have substantially contributed; and ingenuity in new tactical uses of it. Lastly, there has been the diversion of German strength elsewhere. It is slowly being realized that about one-third of the German Army and nearly three-quarters of the *Luftwaffe* are kept outside Russia already by Allied operations or the threat of them.

ALLIED AIR OFFENSIVES

At the moment of writing these operations, apart from the Italian campaign, are still confined to the air offensive. But what an offensive it has become! Alone among the belligerents, the Anglo-Americans conceived and are now using air power as an offensive weapon *sui generis*, and not as an adjunct only to armies or navies. The Americans by day and the British by night have set out to destroy German air power in its every form from the machines that fly in the air to the factories which make their component parts. Our

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official estimate is that German aircraft production has been reduced to below the 1942 level, instead of being quadrupled according to Goering's plan; and that the *Luftwaffe's* losses for four consecutive months have been greater than the output of new machines. The enemy declares that in spite of everything he has amassed a big air reserve against the day of invasion. The two statements are not necessarily contradictory. The enemy is most certainly deliberately economizing his air force, often at the cost of not defending really important targets except by A.A. fire. This means that he will be able to fight at least one big air battle when invasion starts; but it means also that, fighting without reserves and after a long demoralizing experience of having to shirk battle, he is certain to lose it. Analysing his experiences in North Africa, General Montgomery once expressed his determination that the air battle should be won before fighting the sea and land battle. He will undoubtedly have his wish in Europe as he had it in Africa.

The Allied Air Forces have also begun another preliminary task, namely the cutting of enemy communications. Favourite targets have been railway centres of lines leading to the Atlantic, from North to South Italy, and to the Carpathian-Rumanian front. In these days of motor and air transport the cutting of railway lines is not a decisive event, but it is, of course, extremely irksome. Suppose, for example, the rapid switching of divisions to and fro between East and West be part of the enemy's strategy. If he can use his railways freely he might be able to move four divisions simultaneously from Lemberg to Amiens in a week. But if his railways are cut, both the speed and the scale of his movements will be reduced—by how much depends upon where they are cut and how thoroughly. There remains the psychological effect of bombing. It is considerable. Bombing is the main topic of prisoners taken on all fronts, and therefore of people inside Germany. But targets are so many and so dispersed that bombing is not yet unendurable, even on the scale reached this spring when, on many occasions, 2,000 heavy bombers, without counting other types of aircraft, have attacked German targets within 24 hours. There is no reason to reverse the conclusions either that bombing brings an inestimable contribution to victory or that it cannot achieve victory by itself. One unpleasant consequence of the bombing of "enemy occupied territory" must not be overlooked. It causes civilian casualties, sometimes heavy, among populations whose co-operation with Allied invading armies must necessarily form part of our strategic and tactical plans. The question is whether this bombing will cause any damaging revulsion of feeling. The answer is most probably "No", provided invasion is not too long delayed.

PROGRESS IN THE FAR EAST

It is fortunate that the German war is taking on such a favourable aspect, for otherwise it might have been possible to suspect that the Allies had committed the strategically unpardonable crime of allocating too much of their resources to the Japanese war. Whatever the attractions of any other view—and they can easily be many—it was in fact decided two years ago to

polish off the Germans first before going all out against the Japanese. Nothing could therefore better reflect the colossal power of the Allies than that it should have been found possible, consistently with this overriding decision, to make such progress in the Far East. Developments in the Pacific have been really dramatic. The Allied naval resources have become so tremendous that, on the eve of the invasion of Europe, enough landing craft and transports can be found to land scores of thousands of Americans and Australians hundreds of miles from the most westerly point formerly reached on the north coast of New Guinea. Enough surplus air power has been found to reduce to impotence in these regions Japanese air and sea-power. Thus in the fringe of islands nearest to Australia at least a dozen Japanese divisions are doomed to live on their own fat; and they are not very fat to start with. The Japanese Empire has also lost the first of its pre-war possessions by the successful American attack on and occupation of the Marshalls. This brings the Carolines within striking range, and Truk, the big Japanese base in these islands, has been struck. A picture is emerging of a converging attack from the east and the south upon the Philippines. That is one road to Tokio.

OVERLAND TO CHINA

THERE is another, through China, and in the light of that fact the Burma campaign must be considered. It is not an attempt to reconquer Burma—any attempt to do so overland would be insane. It is an attempt to clear a new overland route from India to China. An offensive in the extreme south—in ill-omened Arakan—provoked the required alarm among the Japanese. They were moved to a counter-offensive, which, if things had been as they were in the early days, might have scored a considerable success. For it surrounded the Seventh Indian Division which, by all the rules of war, ought to have surrendered. Instead, supplied by air, it held on until relieved. Fighting on this sector then died down. But in the extreme north, where the bid was to be made to clear the road to China, Chinese and American troops opened a sustained offensive which is carrying them slowly closer to Mogaung and Myitkyina. In support, the remarkable operation was undertaken of landing a picked British air-borne force 159 miles behind the centre of the Japanese lines. Unhappily this force lost in an aeroplane accident its legendary leader, General Wingate; but it has since been reinforced by another wave and is pursuing its necessarily unspecified but devastating work on Japanese communications. The enemy's reply was to launch a dangerously powerful offensive towards Imphal, capital of Manipur State, through which runs a good south to north road and a railway.

If the enemy had succeeded in cutting these lines and capturing the stores accumulated at various points—Imphal, Kohima, and Dimapur, it would have been extremely awkward; and the whole purpose of opening an overland route to China would have been thwarted. The road was cut in several places north and south of Kohima, and for a week the garrison of that place had to be supplied by air. Stiff fighting finally cleared the road blocks; and prevented the enemy from debouching in force on to the Manipur plain.

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At the moment of writing therefore it looks as if the Japanese have been foiled; and if so they are in great peril. They risk being caught by the monsoon in the jungle and starving to death. Quite small forces are all that can be employed at any time in these regions—the Japanese force which has been giving so much trouble is not larger than three divisions; but the campaign is of considerable significance. It marks a complete psychological change from the spirit and the tactics which prevailed during the early disastrous campaigns in the Far East. Both the stuff and the stuffing are there now. For example, Allied air power is practically unchallenged; and a naval raid on the island of Sabang, just west of Sumatra, was carried through almost without air interference.

WHERE IS THE JAPANESE FLEET?

It is a remarkable fact that in neither the Pacific nor the Indian Ocean has the main Japanese Fleet put in an appearance. The enemy seems practically to have given up even attempts to convoy supplies and reinforcements by sea. The reason, of course, is that so far the Allies are dealing only with enemy outposts which it is unpleasant but not disastrous for him to lose. He is therefore not going to risk more of his already depleted shipping and sea power in trying to hold them. Sooner or later we shall get far enough to force him to fight with all he has got, and it is interesting to speculate upon what these really sensitive spots will be. He must try to keep us as far as possible from effective bombing range of Japan itself. He must keep open communications with his main armies in China. One would say, therefore, that the Kurile Islands, the Philippines and Formosa for certain, and the Carolines, Malaya, Indo-China and the Dutch East Indies probably, are prizes for which he must fight with all his strength.

TENSION IN AMERICA

THE WAR AND THE ELECTION

NO small measure of the same tension which gripped Britain and the Continent as they awaited the hour of invasion made itself felt throughout the United States during these anxious months. And yet of course it could not be quite the same. In Washington and other political circles a state of pre-invasion nerves could be detected. But elsewhere, it is fair to say, people went ahead with their day-to-day tasks constructively and calmly, knowing that moments of great uncertainty and change lie ahead both in foreign and domestic policy, but not seeing anything in particular to do about it. In sum American morale was sound, although not yet so unified and fused as that of nations which have stood in the valley of the shadow, and American production and organization of the war effort continued to be efficient and strong. The tremendous future uncertainties are in everybody's thinking, but they have not deterred adequate action. As has been often observed, our state of mind is distinctly not exhilarated, and this is undoubtedly a good thing: it is one of the principal differences between 1944 and 1917 or 1918. It will probably help to produce a realistic peace, based on a practical working-out of problems from day to day.

Americans are, however, beginning to feel the absence of any very definite world-political program or policy in Washington. Secretary Hull's compilation of sound and constructive observations, published on March 21 as a summary of policy, met with the demand for more definite information. The demand is reasonable and understandable, but it is equally clear that any specific blue print today runs into enormous hazards and lacunae. Though we all feel the need for definite planning and policy-making, most of us appreciate that the events of the next few months will be more important in determining what policy can be than any amount of advance talk. And, equally relevant, the presidential election in November—as an indication of the state of public opinion—will have a vital bearing on the blue print. However, it is wrong to assume that the election is likely to result in a grave set-back in American world co-operation. Even if an erstwhile isolationist were nominated and elected, we are not in the mood or climate of 1940. America now has commitments which no President or Congress could evade. The nation is in the grip of international circumstance. It will make a great deal of difference who is President, but whoever it is will find himself faced by certain imperatives which will force a degree of co-operation willy-nilly. This review will be divided into three sections—the domestic political situation, the American war effort, the general outlook.

I. THE DOMESTIC POLITICAL SITUATION

THERE are two prime uncertainties concerning our domestic political situation. They are: "Will President Roosevelt run again?" and "Who will be the Republican nominee?"

It is odd that there is doubt about the President's intentions, since up to a few weeks ago it was assumed that he would inevitably run to succeed himself. It was felt that he would certainly wish to see the war through, and have a large hand in the immediate planning of the peace. And, in practical politics, it was realized that if he did not run the Democrats could not hope to elect any other candidate. But in recent days more and more doubt has obscured President Roosevelt's plans. His health has been increasingly troubled. Nothing serious, as far as the public knows, but an increasing susceptibility to minor ailments and growing signs of strain. When old friends come to see the President, who have not observed him for months or years, they nearly always say afterward that they have been shocked by the marks of strain that have been left on him. There is reason to believe that members of his family would prefer to see him retire, with whatever continuing relationship to high policy might be possible, and gain time for relaxation, detachment, rest and recuperation.

WILL MR. ROOSEVELT RUN?

MR. ROOSEVELT has not only served years longer than any other American President, but he has done so in years of greatest stress. To look ahead to 16 years in the White House is truly herculean. Of course Mr. Roosevelt's temperament and character happily enable him to bear responsibility without being crushed beneath it, as several Presidents have been in four years or less. But it is readily to be understood if he and his friends and family are thinking soberly of the future. His sense of duty and responsibility is extremely high, and personal considerations will scarcely be considered in the same breath with national and world imperatives; but when the whole situation is analyzed there may indeed be reasons for thinking the President might step aside. Among those reasons, of course, are the obscured prospects for his re-election. It is far from being a foregone conclusion that the President will win. Reaction has been running high of late, and the Republicans have won 8 out of 11 recent by-elections. The opposition to Mr. Roosevelt, including Republicans and opposition Democrats, have a working majority in the House of Representatives and often control the Senate. After the November elections, it is a practical certainty that the Republicans will have a clear majority in the House and almost as free a hand in the Senate. Thus, at worst, Mr. Roosevelt himself might be defeated at the polls. That would mean a constant difficulty, frustration, compromise. It would not be a happy period for the President, and scarcely a tolerable one. It might well approximate the last months of Woodrow Wilson's tenure in the White House, and Mr. Roosevelt—who observed the events of 1920 as a participant—has long wished to avoid that political fate at all costs.

If the President decides not to run, there are several Democrats who would be interesting and impressive candidates, but none of them is likely to win. When the pendulum swings, it invariably swings over to the opposition. There would certainly be no chance for a New Dealer. Just possibly a

conservative Democrat, if he were opposed by a Republican of extremely unenlightened views on foreign policy, might retain liberal Democratic votes and gain enough Republicans who are anti-isolationist to give him a majority. Such a candidate would be Senator Harry Flood Byrd of Virginia. Senator Byrd, like most other Southerners, is no isolationist but is a sturdy conservative, and there has even been speculation—unlikely of fulfillment—that he might receive the Republican or a kind of coalition nomination. Other possible Democratic nominees, if the President is out, would include former Senator and Supreme Court Justice James F. Byrnes, who is now "assistant President" as head of the War Mobilization Commission. Or Senator Alben W. Barkley of Kentucky, majority leader in the Senate. Or Sam Rayburn, Speaker of the House. Or just possibly Paul V. McNutt, War Man-power Commissioner. But Vice-President Wallace is a most unlikely prospect. He has made himself spokesman for an extreme presentation of the New Deal, and the tide is obviously running strongly against that point of view. This discussion of the President's fourth term plans, and of alternative candidates, should by no means be read as assuming he will surely not run. Although all these things are being seriously discussed, the chances are strong that he will have to be a candidate. Like Winston Churchill and millions of others, he is enlisted for the duration, has a keen and urgent sense of his historical mission, and is no political coward. The President will probably conclude that his tasks are not completed when, in July, the Democratic National Convention must select the nominee, and he will probably be "drafted" for the fourth term. One of the other possible candidates named above will very likely be the Vice-Presidential nominee.

MR. WENDELL WILLKIE'S WITHDRAWAL

ON the Republican side Wendell Willkie's failure to win any delegates in the Wisconsin primary election led to his dramatic withdrawal from the race. Apparently, but not quite certainly, this means that Mr. Willkie will not be nominated in June. It appears that Governor Thomas E. Dewey of New York may win the nomination without difficulty. However, Mr. Willkie's forthright withdrawal once the votes in Wisconsin were counted has been widely praised as a sportsmanlike and courageous act. Should the other candidates become involved in deadlock, there is a remote possibility that the convention might turn again to Mr. Willkie. But it is virtually out of the question. This sudden departure from the Republican stage of its most prominent occupant was a strange political accident. However, it had a long background. The party organization and its local wheelhorses had never liked Mr. Willkie from the days of his nomination and campaign in 1940 up to the present. Most of them had opposed him at every turn. His only hope lay in proving to these leaders that he had popular support. With typical venturesomeness he attempted to elicit such popular support in the State of Wisconsin, which was perhaps the most difficult of all 48 States for him, but conversely would have led to his greatest triumph. But the difficulties were too great—as might have been expected. The Republican Party in

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Wisconsin is ultra-conservative, somewhat isolationist, organization-controlled. Mr. Willkie's defeat has led to much praise for him and his ideas and undoubtedly his influence in American public life is far from ended. There are many who feel he would have been the strongest candidate against President Roosevelt and that the likelihood of Governor Dewey's nomination means that the President can be more easily re-elected in November. Be this as it may, the ideas for which Mr. Willkie fought have made an impression on the national thinking and it would be very false to assume that because of the Wisconsin vote the entire Republican Party, much less the entire United States, is trending in an isolationist direction. Our local elections are very rarely accurate national indicators, and, as in Wisconsin, are almost always predominantly controlled by local factors.

OTHER POSSIBLE CANDIDATES

GOVERNOR THOMAS E. DEWEY of New York has maintained at considerable effort the fiction that he is not a candidate. This means that he has forbidden delegates to run in state primaries in his name, but the prohibition does not prevent delegates from running who are "understood" to be favorable to him. It is, in short, nothing but a political gesture or cloak. It does not mean that Governor Dewey would not accept the nomination. And it is considered to be a possibly effective method of gaining attention and support without standing in the exposed and vulnerable posture of an avowed candidate. This attitude has been severely criticized. Yet Governor Dewey remains the leading candidate in the Republican ranks, due to his success with the professional politicians in his party and his record as an administrator in New York State. He almost got the nomination in 1940, and has grown greatly since that time. His views on domestic and foreign affairs have not been clearly and fully articulated. It will be remembered that just before Mr. Churchill's reference to an Anglo-American alliance at Harvard University last summer, Governor Dewey announced himself in favor of such an alliance. That is virtually his only specific expression on world policy. His record as Governor shows himself to be somewhat of a conservative, a careful administrator, particularly apt in selecting and trusting able associates and subordinates. Yet his promise remains greater than his achievement, and there are still grave questions about his real views. His temperament is rather that of the prosecutor at the bar, in which capacity he made his early reputation only a few years ago. Governor Dewey is but 42 years of age, very youthful for an American President. He is also a talented baritone and had training in grand opera. There is no doubt that he would be a very vigorous and effective campaigner.

Next in line, aside from Mr. Willkie, is Governor John W. Bricker of Ohio. Governor Bricker, who formerly passed for an isolationist, recently denied that there was any such thing as isolationism. He may be described as a complete conservative, and his own word for his foreign policy attitude is "nationalist". Even in this framework Governor Bricker makes numerous concessions to the need for world co-operation, and some kind of post-war

organization. And, vividly illustrating the commitment which he and any other President would face, it is interesting to recall that one of his closest political and personal associates is now commanding general of a division in the South Pacific, where Ohio boys are involved in tasks not likely to end soon, and which they will not want to repeat for themselves or their sons. If Governor Dewey and some other should be deadlocked at the top of the aspirant candidates, it is conceivable that Governor Bricker could gain many second-choice votes and hence win the nomination. Yet few Willkie supporters would follow him, for their views on domestic and world affairs are almost antithetic. Governor Bricker is a very handsome man, of vigorous personality, high character and religious convictions, and firm conservative principles. He might be described as a typical American conservative, rooted in the midlands, respectful toward business and financial achievement, knowledgeable in practical politics, and firmly loyal to "the American way" which to him seems to mean the "good old days". But there is much sturdy virtue in him, his word could be counted on, and in the grip of circumstances, events, commitments, he might make a President whom the rest of the world could understand and respect.

REPUBLICAN DARK HORSES

THERE are several Republican "dark horses", and space does not permit much examination of their interesting attributes. General Douglas MacArthur is most widely discussed among them, but many Americans seem to resist a political general's candidature. The most extreme anti-Rooseveltians support General MacArthur. If he were nominated, the campaign would certainly not be mild and gentle. The overtones of military bitterness and resentment would certainly do no good for the war effort.

Former Governor Harold Stassen of Minnesota, now a Lieutenant-Commander in the United States Navy, is a fine and able administrator, a Republican liberal, and most deeply committed to plans of world government of any potential candidates. But it is very unlikely that a service man will be nominated. Lt.-Comdr. Stassen will be heard from in the future.

Governors Saltonstall of Massachusetts and Warren of California are potential dark horses. Senator Robert A. Taft of Ohio, a leading candidate in 1940, is now obscured by his fellow Ohioan, Governor Bricker, but if anything happened to the latter's chances—and in the event of a deadlock in the convention—there is real likelihood that Senator Taft might be nominated. He, too, is a forthright conservative and was formerly a type of isolationist. He resisted many of the Roosevelt Administration's early war measures. But Senator Taft is a sound man at heart, and has recently committed himself to a post-war organization like the League of Nations. He too, in the grip of conditions certain to exist in the coming years, would bring America along the road toward world co-operation.

This survey must end, as it began, in uncertainty. We cannot confidently forecast which candidate will be nominated in either party. Of one thing only can we speak surely: Congress, rather than the President, will doubtless

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be the stronger factor in the coming four years. In any event it will be a somewhat conservative Congress on domestic affairs. Its world views cannot be forecast. As of today, they are divided between a number of die-hard and incredibly short-visioned old isolationists, and a promising group of new men and women who see world needs very clearly, much in the manner of Mr. Willkie. But what will be the prevailing sentiment of the next Congress, and to what end it will shape the whole Administration, will depend upon the evolution of events and their effect on national opinion.

II. THE AMERICAN WAR EFFORT

It is not necessary to repeat statistics. The facts simply are that our production of the tools of war remains at top speed, that large surpluses have been piled up in many lines, and that the shortages are few where production emergencies exist. They are mostly in types of special weapons or vehicles, which proved unexpectedly valuable. Already production is being cut back in many lines. There is no reason to doubt that our industrial machine will maintain and supply all forthcoming needs of the war, in whatever part of the world, and that the transport problem—though continuously vital—is also solved. That does not mean that it is any less difficult to allocate transport, and supply this area or that, but it does mean that the mechanical side of the war is in adequate shape. Adequate, that is, provided we keep up with technical improvements and research. The present danger could be that we will become over-confident. There is little sign of such lethargy, however, and numerous indications exist that our laboratories—and those of our allies—are just as vigorous and active as our factories.

MAN-POWER AND FOOD

THE man-power situation is more acute and difficult. The problem is this: can industry and agriculture spare 240,000 men from a deferred man-power pool of 4,893,000 to help make up the Army and Navy of 11,300,000 which is demanded by July 1? These 240,000 occupationally deferred men represent less than one-fourth of the men needed by the armed forces between February 1 and July 1. The others to be drafted are already earmarked for induction (call-up) from men now classified 1-A, from the 17-year-olds becoming 18, and from able-bodied fathers now being reclassified from 3-A. The Army is getting really "tough" with the draft boards, disappointed that inductions are lagging 500,000 behind draft calls. Moreover it has watched with concern the age of its men rise to an average of more than 27, while the Navy has built a force averaging 22 years and the Marine Corps a force averaging 20½ years. To meet this disparity, the Army is now demanding young men from previously protected groups of workers. To fill the gaps they will leave, men previously physically disqualified for military service are being shunted into vital civilian work. The farms may feel the heaviest drain, but since the food situation is strong, they will have to bear the sacrifice. The man-power problem is likely to ease by late summer, when not only will the

cadres have been filled but cut-backs in industrial production will release other vital man-power. It may be, too, that the invasion will be then proceeding at a pace to ease present demands for expansion. If it is not, and if casualties have been heavy, the nation will undoubtedly respond to the call for man-power vigorously and make the resultant sacrifices in the domestic framework.

The United States is now fairly confident that the war-time battle of food has been won. The weather has again come to our aid, and a threatened drought—which might have broken the seven-year cycle of good crops—has been removed by timely rains. Agricultural experts now say that there is faint likelihood of a really severe drought in 1944. Acreage is expected to be 13,000,000 over 1943, or 372,000,000. This is almost an all-time record. It is reflected, according to the crop forecasters, in record yields or near-records, in maize, wheat, potatoes, rice, &c. Fresh vegetables produced a bigger winter crop than expected. All in all there seems to be enough food to win the war; but stocks are being consumed rapidly, storage facilities—while jammed—are still not adequate, and it is not yet safe to say that there will be nearly enough food to win the peace. Inflation is still being kept under control far more closely than during the last war, and its effects have not yet become acutely painful. Other war-time strains and restrictions continue to pass relatively lightly over the American scene. There is not much grumbling, although black markets are altogether too prevalent and damaging. The people in general have adjusted themselves to our pattern of war-time life. Wear and tear has not yet become acutely apparent. War weariness is more talked about than actual. There is still no need to ration such things as clothing, and many foodstuffs are exempt from time to time. Recreational facilities function in full swing. All in all, the picture is stable and healthy at bottom. The abuses may catch up with us later on, and there are plenty of them, but they are not now so glaring as to threaten our war effort itself.

III. THE GENERAL OUTLOOK

WHEN the American people seek to gaze ahead, however, the landscape is obscure. They can see plenty of unsolved problems ahead—problems that are not being solved now, and for which no solutions are in hand. Some of them cannot possibly be worked out at present; in fact, it is necessary to postpone even advance planning in many fields because we do not know what conditions will govern their treatment in the days to come.

The greatest problem of all, of course, is the prevention of World War III. That must be the aim, Americans know, of their sacrifice in helping to win World War II, and of the arrangements which follow this war. But, short of seeing the steps to be taken today and tomorrow in striving to win the present war, Americans remain in doubt and perplexity. It is likely that this uncertainty will be reflected in their selection of presidential candidates, and perhaps in their vote in November. Yet there is broad agreement on the objective itself, and on the assumption that some international organization will be needed to try to attain it. Scarcely anybody opposes American

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participation in such an organization, although there is complete lack of agreement over its nature. There are many current studies of the problem, and the advocates of this or that approach are busily spreading their gospel. But such studies have not really gripped the imagination of the public. The nearest approach to that stimulus of late was the Teheran Declarations, although the Atlantic Charter in its time also dominated thinking. There is plainly a yawning void in world statecraft today—a void forced, no doubt, as much as anything by American political uncertainties.

Nevertheless much could be done to set before the world the things on which Americans are agreed, and in which they would co-operate. It should be possible to articulate the Teheran Declarations in terms Americans would gratefully accept. In all probability President Roosevelt and Secretary Hull are considering this task as their next big job. Quite possibly before the political campaign is over, and especially if Mr. Roosevelt decides he has to run, he will turn to the American people and seek to unite them behind proposals which few could deny but which are not being put into sufficiently explicit words today.

IMPORTANCE OF EMPLOYMENT

EVEN after this broad task of winning the peace is begun, there will still remain plenty of problems within the United States. Most of them are contingent on a sound world settlement, and most of them add up to one big imperative: employment. It is generally felt that at some time, perhaps after war production has its first serious cut-back, and after the first flush of the expected boom in consumer goods has paled, unemployment will begin to mount severely in the United States. Because of technological improvements, it is forecast that the United States will be able to produce in 1945 as many goods as we produced in 1940 with 20 per cent fewer workers. In addition, we have increased our labor resources by the introduction of many millions of women in industry. Service men will be coming back for their jobs in increasing numbers. And everybody knows that, if an adequate level of employment is not maintained, we can expect political consequences of grave scope.

In addition, there will be the multiplicity of problems—related to unemployment—in the reconversion of industry, disposal of war stocks, and war plants. Each of these matters is of great magnitude. Several blue prints have been drafted for these tasks, and plans—such as the Baruch-Hancock proposals—are under careful study. But in no sense are Americans confident that they know the answers for their war-ending and post-war problems. The cockiness of 1918 does not exist today. There is a sober and complete certainty that we have much to do: much thinking, much acting, much planning, much praying. And this awareness is undoubtedly the most hopeful fact that can be recorded from the United States today.

United States of America,
April 1944.

INDIA—THE JAPANESE THREAT

I. MILITARY—ADMIRAL MOUNTBATTEN'S COMMAND

THE Allied military forces based on India were late in getting under way this campaigning season, but during the past two and a half months their aggressive activities—and the enemy's—have made northern Burma, the Assam-Burma frontier and Arakan peninsula lively enough theatres of war.

Allied operations are under the direction of Admiral Lord Louis Mountbatten's South-East Asia Command, which is understood to be responsible for a front of some 2,000 miles. It is a front which, in a large part, is vulnerable only to seaborne attack, while even Burma, although it has a land frontier with India, is, owing to the tenuous nature of land communications, to some extent a naval problem. President Roosevelt and Mr. Churchill doubtless had this in mind when, at Quebec last autumn, they decided to appoint Admiral Mountbatten, then Chief of British Combined Operations, as supreme Allied Commander. At that time they doubtless envisaged also rather more ambitious undertakings for Admiral Mountbatten this winter than he has been able to undertake. Global strategy is subject to modifications in the light of developments in other theatres of war, and in the interval since the Quebec Conference these have evidently worked out in such a way as to delay the release from Europe of naval and air material which Admiral Mountbatten needs in order to launch amphibious enterprises. So, except for an occasional air raid farther afield, Admiral Mountbatten has had to content himself with a land campaign, supported by what is now quite a formidable air force, across the Indo-Burman frontier. The scale of the operations is necessarily limited. The railway, road and river communications of Assam cannot transport supplies for many divisions. Between Assam and Burma there is only one road capable of carrying heavy transport—the two-way metalled highway which runs from Dimapur up to the Bengal-Assam railway, some 200 miles across the mountains through Kohima, Imphal and Palel to Tamu in the Kabaw valley. It is a good road, but, apart from being for most of its length vulnerable to raids from across the frontier, it is incapable of carrying the supplies required for the maintenance in Burma of an army large enough to inflict a decisive defeat on the Japanese. The Japanese have not many divisions there—although they did reinforce their garrison when the establishment of the South-East Asia Command was announced—but they operate at the end of excellent railway, river and road communications running through the whole length of central Burma to Rangoon and into Siam.

Nevertheless, with a fleet of air transport at their disposal to help out with the supply problem, the South-East Asia Command embarked on a series of operations which, it was hoped, would engage and account for a good many Japanese troops and aircraft, and at the same time achieve something more useful than in and out raids.

GENERAL STILWELL'S SCHEME

THE scheme as outlined by Air Marshal Sir Philip Joubert, Admiral Mountbatten's chief of civil relations, was, in brief, to clear as much of northern Burma as would allow the construction of a road from India to China to proceed. This road project—or to define it more broadly, the re-establishment of land communications between blockaded China and her allies across Burma—is the product of the enthusiasm and energy of General Joseph Stilwell, who commands the American forces in China, Burma and India, and is Admiral Mountbatten's Deputy Supreme Commander. General Stilwell operates the American Air Force in China, which is kept going by supplies flown over the giant Himalayan spur that projects itself from Tibet into northern Burma. Flying at a height of 16,000 feet over what American pilots have named "the Hump", those air transports carry more goods all China than ever the well-known Burma Road did, but they do not solve all the problems—more particularly the fuel problem—involved by the American Air Force in China. Nor can they solve the supply problems of another project which General Stilwell has in mind—the equipment and training of Chinese divisions to assist, at one stage or another of the United Nations' Far East offensive, in disposing of Japan's very large army.

Here it requires to be stated, however, that there is considerable difference of opinion, both engineering and military, as to the practical value and tactical soundness of what is called the Ledo Road (Ledo in north-eastern Assam is its starting-point). It is doubted, to begin with, whether it is practicable to build in haste, across hundreds of miles of mountainous and jungle country, a road which will stand up to the monsoon. Tacticians point out that the construction of the road not only opens up the route into Burma from India, but turns the Hukawng valley into what it never was before—a feasible route for the invasion of India. Again, it is hoped and believed that long before the Ledo Road can be completed the South-East Asia Command will be able to forge a sea route to China, in which case one tramp steamer in a Chinese port will unload in a day as much material as could be carried over the Ledo Road in weeks. There is accordingly a large section of military opinion—American as well as British—which is disposed to support the Ledo Road project only to the extent that it does not involve the employment, for the purpose of its defence, of too large a proportion of the military and air resources available to the United Nations for operations in South-East Asia. That is probably the background of the controversy over the strategy of South-East Asia which has recently been waged, with somewhat careless regard for the security of future operations, in certain American journals.

Whatever the differences of opinion, the operational plan for this winter was, as already indicated, built round General Stilwell's idea of clearing the Japanese out of northern Burma. Its main feature in the opening stages was the descent by General Stilwell at the head of two Chinese divisions and a column of American infantry into the Hukawng valley. Armour-plated bulldozers and army road-builders followed close on his heels. Supplies

were brought to him by air. In support, Admiral Mountbatten's Eastern air command laid on a non-stop offensive against Japanese railway, road and river communications through the length and breadth of Burma. Whether their depredations deterred the Japanese from sending reinforcements to their eighteenth division opposing General Stilwell is not known; but the air command claim, on the evidence of the half-starved condition of prisoners, that they at least rendered the supply position of the eighteenth Japanese division unhappy.

THE WINGATE EXPEDITION

THE next phase was a long-range penetration of central Burma, partly on foot but mainly airborne, by the late Major-General Wingate's special force. They were successfully landed and as successfully maintained in the midst, as General Wingate said, of the Japanese divisions by a fleet of gliders, air transports and light aircraft which General Arnold, Chief of the United States Air Forces, had put at Admiral Mountbatten's disposal for the purpose. They have been heard of at Mawlu on the Mandalay-Myitkyina railway—that is to say, across the whole breadth of Burma. It is assumed that their mission is to do as much damage as possible to every road and railway connexion between central and upper Burma. They are to all appearances operating too deep in the rear of the eighteenth Japanese division for their activities to be of much immediate assistance to General Stilwell. On the assumption, however, that General Stilwell succeeds—which seems likely—in liquidating Japanese military resistance in northern Burma, special forces for demolition on the roads and railways may deter the Japanese from attempting its reoccupation, at least during the coming monsoon. By the time that is over, many things may have happened.

Reference should now be made to Arakan—that desolation of jungle, hill and tidal waterways on the Bay of Bengal just south of the Indian frontier. Here early in the year one corps began pressing in on the Japanese positions at Maungdaw and Buthidaung. Arakan has no value except as an approach to the Akyab island air base, possession of which would be valuable as part of a major plan for the invasion of Burma. The corps have not got near Akyab, but they can take great credit for the decisive defeat of a strong Japanese counter-offensive aimed at the capture of Chittagong in Bengal, possession of which would be highly valuable to the enemy as part of a plan for the invasion of India. That, however, was not to be Japan's only essay in the offensive. While General Stilwell was delving into the Hukawng valley and General Wingate was preparing to launch his special force, the enemy was massing along the Chindwin, to the Indian frontier, a force that probably consisted of about opposite the Indian frontier, a force that probably consisted of about one-third of all his troops in Burma. It was thought that, when the Japanese learnt of the arrival of the special force in central Burma, they might turn these divisions round and dispatch them east against the enemy in their rear. Instead they launched them westwards across the Indian frontier against the British and Indian forces guarding the passage across the wide and high mountain barrier which separates Burma from

Assam. The Japanese objective was probably the capture of Imphal, the capital of Manipur State, which is surrounded by an extensive plain that constitutes an oasis of flatness and paddy-fields in a wilderness of mountain and jungle. With Imphal as a base, they could have developed major operations against the British and American communications in Assam which, if successful, would have throttled all Allied operations on the Burma front.

FIGHTING IN THE HILLS

THE Japanese advanced on a very broad front stretching some 180 miles from the Chin Hills in the south to the Somra Hills in the north. The British and Indian forward units fought gallant and—to the Japanese—costly delaying actions at various points in the hills. They could not be everywhere at once, however, and the reaction of the Fourteenth Army command to the Japanese offensive was to concentrate their troops at vital points—particularly Imphal—and to do this in strength sufficient not only for defence but for counter-attack when the whereabouts of the Japanese formations had been definitely established. That policy denied the Imphal base to the Japanese and preserved for the Fourteenth Army the airfields from which close support can be given to the ground troops in any part of the battle-field. It has also denied to the Japanese the two-way metalled road which runs from Tamu in the Kabaw valley in Burma through Palal, Imphal and Kohima to Dimapur, the Fourteenth Army's railhead in Assam, which is the only route by which field artillery, tanks and heavy transport can be brought from Burma into Assam. Accordingly the Japanese, although they have by-passed Imphal and are operating round Kohima, which is only some 44 miles from Dimapur, must remain lightly equipped and dependent, for food partly, and for ammunition wholly, on lines of communication by tracks up to 80 miles in length—a situation which considerably limits their capacity for mischief. The British and Indian forces, on the other hand, have at their backs road, river and railway communications in Assam and, at those points where they have accepted encirclement, the air.

Thus, while nobody is disposed to underestimate the Japanese capacity for maintaining substantial forces at the end of a primitive line of communications, it is hoped that the Fourteenth Army's dispositions will keep them out of any objective of importance, and that, once the enemy has been worn down or has worn himself down somewhat, counter-attacks will succeed in sending the survivors back whence they came. But it may be a long business. From the foregoing it will be evident that the time for drawing up a balance sheet on this season's campaigning has not yet come. What may be said now, however, is that Admiral Mountbatten's air forces have engaged quite a large proportion of Japan's attenuated air strength. Enemy losses in the past two and half months have been between 200 and 300 machines. This is doubtless helpful to the Allied forces operating in the Pacific theatres. As for the Allied ground forces, General Stilwell has reduced the eighteenth Japanese division to a fragment—though it is a fragment with a good deal of fight in it still. In Manipur the Japanese

offensive has cost them to date at least 4,000 killed alone, while our corps in Arakan has accounted for 3,000 or more. The British and Indian forces have shown themselves more experienced and confident in the jungle, their leaders possess new tactical ideas and are able to apply their newly acquired air power in such a way as to turn to their advantage those awkward tactical situations which the Japanese, with their great mobility in the jungle, can so easily bring about. A great loss to the Fourteenth Army was the death, in an air accident behind our own lines, of Major-General Wingate, the creator of the special force of long-range penetration troops, and its leader in both last year's and this year's expeditions behind the enemy lines.

FROM DELHI TO CEYLON

AFTER a stay of about five months in Delhi, during which he infiltrated into the control of operations—hitherto under the direction of General-Headquarters-India—and completed the physical organization of his headquarters, Admiral Mountbatten, with his British and American staff, has moved to Ceylon. Here the Supreme Commander will be more centrally placed for the conduct of the operations of the South-East Asia front as a whole. That is to say, an arc drawn at a radius of 1,000 miles from Ceylon takes in a good deal more of South-East Asia than is within the same radius from Delhi. Added to this, in Ceylon Admiral Mountbatten is nearer his naval bases and is on territory which, unlike India—except for parts of Assam and Bengal east of the Brahmaputra and Meghan rivers—is within the operational theatre of his command.

II. POLITICAL—WHERE LORD WAVELL STANDS

THE political situation is unchanged except that, since his first address to the Central Legislature in February, India knows where the new Viceroy stands. Lord Wavell's speech was sympathetic and friendly in tone and, while quite frank and direct as to what is not possible during, or after, the war—namely, the fulfilment of the policy of Congress in the "quit India" war—was helpful in hints as to the lines of political activity that might assist to advance the day of ordered self-government for India. The immediate reactions to the speech were, of course, not by any means universally favourable—the Viceroy stepped too heavily on the toes of the communal politicians—but moderate opinion was certainly impressed by the reasonableness, as well as by the generosity, of the speech, and in the long run it may be that the speech will be found to have had an influence for good upon the difficult political situation.

All that can be said at the moment, however, is that the tendency among Congressmen who are not in gaol to backslide, at least in their day to day political activity, from the full practice of non-co-operation has gained some momentum since the Viceroy spoke. Against that, the political exchanges prompted by the speech have confirmed that there is no political leader in the country who, in the absence of specific authority from Mr. Gandhi, can persuade the Congress followers to identify themselves with any policy that

runs counter to, or modifies that laid down in the "quit India" resolution, and Mr. Gandhi remains silent. On the Muslim side, also, the going is very sticky. Mr. Rajagopalachariar, who is indefatigable in his search for Hindu-Muslim accord, has just approached Mr. Jinnah again, this time on the basis of the Viceroy's speech and on subsequent interviews which Lord Wavell gave Mr. Rajagopalachariar in Madras. It is suspected, though not definitely known, that Mr. Rajagopalachariar went this time fortified also—or handicapped—by information as to the mind of Mr. Gandhi on the subject of Hindu-Muslim relations. However that may be, there was a storm from the Hindu camp, so that Mr. Rajagopalachariar found Mr. Jinnah less disposed than ever to negotiate. His terms for co-operation in a national government were, it is stated, the absolute acceptance by the Hindus of Pakistan, the definition of which is to be left to Mr. Jinnah's future convenience and to the contingencies of the Muslim League's party politics. Mr. Rajagopalachariar does not easily weary in the search for a political formula, but he is quoted as having now written off Mr. Jinnah.

NO NEW OFFERS

THIS state of affairs does not offer a fruitful field for government initiative, and Lord Wavell, in his speech, refrained from new offers. Participation in the Government on the basis of the Cripps proposals remained open, he said, to those who desired to further the prosecution of the war and the welfare of India. If Indians could devise something more suitable on which they could more readily agree, then so much the better. In that connection the Viceroy reminded them of the geographical unity of India, and that coalition Governments were not an impossible ideal—as witness the success with which a Muslim-Hindu-Sikh Government had administered, and preserved communal peace in, the Punjab for seven years. He suggested that an authoritative body of Indians should conduct a preliminary investigation into the constitutional problem; the Government would give them every facility. He recognized that there were high-minded men on the other side of the fence. The Government did not ask for repentance in sackcloth and ashes. On the other hand, the demand for the release of Congress leaders was, in the absence of any sign of their willingness to co-operate, a barren policy.

Hindu India noticed mainly the Viceroy's refusal to release the Congress leaders, which means—so much is Congress in thrall to Mr. Gandhi—the continued paralysis of their party politics. They took some consolation from the Viceroy's references to the unity of India, which various Hindu commentators—forgetting that the Cripps offer remains open—interpreted as the death-knell of Pakistan. The Muslim League were with the Viceroy on the subject of the "quit India" resolution—until that is withdrawn or modified to meet Muslim claims, the Congress leaders, for all Mr. Jinnah cares, may remain in gaol—but they disliked the Viceroy's implied criticism of Pakistan, and Mr. Jinnah in particular was offended by the Viceroy's praise of the Punjab Government. His reaction has been to redouble his

effort to bring about the conversion of the unionist Ministry based on the parliamentary party representation of the Muslim, Hindu and Sikh agriculturist interests into a Muslim League coalition Ministry subject to the orders of the High Command of the All-India Muslim League. As the Muslims in the Punjab have only a small majority over the other communities, the success of Mr. Jinnah's campaign might have serious reactions on the tranquility of the Province which is the backbone of the Indian Army. At the time of writing, however, Mr. Jinnah's conversations with the Punjab Premier had not been concluded.

III. ECONOMIC—THE BUDGET SESSION

THE Budget session of the Central Legislature gave the political parties the opportunity to take it out of the Government for its refusal to meet their conflicting political demands. The Congress members thought this was a cause in which they would be justified in defying their party's policy and, being anxious also to focus public attention on their party, they attended the session in fair strength. Mr. Bulahbai Desai, the leader of the parliamentary group, took his seat for the first time in three and a half years to help in throwing out the Finance Bill. Congress found the Muslim League party, ruffled by the Viceroy's speech and anxious to show themselves not a whit less anti-government than the Congress, very ready to go with them into the division lobbies and thus demonstrate, in language which would be understood abroad as well as at home, that Britain, although claiming to be engaged in a war for freedom and democracy, maintained a Government in India which was not representative of the elected representatives of the people. As a moderate member of the Assembly remarked, however, so long as Congress and the Muslim League could not agree on a basis for a representative Government, there was little point in their complaining about the unrepresentative nature of the present Government of India. The only alternative to the present or a similar Government was, in present circumstances, civil war.

RAILWAY FINANCE

FILIBUSTERING began in the debates on the railway budget, which brought the Government three defeats. These were prompted, however, not so much by political considerations as by the Government's proposal to increase railway fares by 25 per cent. There was no disputing the unpopularity of this measure in the country at large, and the Government eventually abandoned it. Its chief merit in the Government's eyes was that it promised to immobilize £7½ million—the proceeds of the increase which were to be placed in a reserve fund earmarked for post-war improvement in third-class travel amenities—and in the Finance Member's struggle against our serious inflationary situation every little counts. The non-unitary structure of India does not prevent war expenditure from spreading purchasing power throughout the whole of the country. When it comes to mopping up the excess, however, the States are bolt-holes for taxable funds, while, owing to the objections which would be raised by the self-governing Provinces, the

INDIA

whole of the agricultural income has to be left untaxed. It may be added that the Finance Department has to work with a very exiguous income-tax staff—which cannot easily be increased—while price control, the keystone of anti-inflationary measures, is operated in India with one-fiftieth of the staff which the Finance Member estimates is required to make it really effective. In the course of one of his speeches Sir Jeremy Raisman remarked that the greater part of the inflationary rise in prices following the diversion of goods to war purposes had been caused, not so much by the scarcity, as by “such merciless exploitation” on the part of the Indian trading and commercial classes “as has rarely been seen in this or any other country”. This indictment illustrates not only the need for an adequate price control staff in India, but also the difficulty experienced in finding personnel of the requisite moral quality.

Sir Jeremy Raisman presented a budget for 1944-45 of £272 million, of which £207 million—six times the pre-war figure—are for defence purposes. To meet the estimated revenue deficit of £69 million he proposed to raise £28 million by additional direct and indirect taxes, and to cover the rest by borrowing. The general opinion was that his additions to direct taxation were, in the circumstances, very moderate, but they were accompanied by the introduction of the “pay as you go” system for income tax, and in the case of super tax an increase in the existing compulsory deposit from one-fifth to nineteen sixty-fourths. The effect of this will be to immobilize the whole of the excess profits after the excess profits tax has been paid on them, and income tax and super tax paid on the balance. For anti-inflationary purposes Sir Jeremy Raisman estimated the total effect of the new measures of taxation and compulsory deposit, including the increase (later abandoned) in railway fares, at approximately £75 million. This, with other remedial measures already undertaken, would, he hoped, close the gap between the total incomings and the total outgoings.

The Opposition complained bitterly about the size of the defence bill, although, as Sir Jeremy Raisman pointed out, India was not paying even the full cost of her local defence. They were also sensitive on the subject of India's large sterling balances—the product of a system of financing the war which, as they said, was not unconnected with inflation and the hardships it had brought to India—but nobody was able to suggest a satisfactory alternative method. On the whole, the reception of the budget in the country at large has been good, and its rejection by one vote in the Assembly was a demonstration not against the Government's finance, but against its constitution.

India,
April 1944.

GREAT BRITAIN

MONTHS OF WAITING

THE early months of 1944 recalled those of 1940. Both were dominated by the still atmosphere of suspense before terrific events. But there was a difference. This year it was not the unknown and immeasurable that lay ahead. “It is a time for preparation, effort and resolve,” said Mr. Churchill in his periodic report to the House of Commons at the end of February. But he went on, in a passage which the British civilian with his personal experience of war from the air could vividly appreciate:

“Our production of aircraft, fighters and bombers, judged by every possible test, already far exceeds that of the Germans. The Russian production is about equal to ours. The American production alone is double or treble the German production. . . . What the experiences of Germany will be when her fighter defence has been almost completely eliminated, and aircraft can go all over the country, by day or night, with nothing to fear but the flak—the anti-aircraft defences—has yet to be seen.”

It can never be as easy for civilians to picture all that is implied in the successful waging of modern war at sea. For this reason the Navy has hardly yet received in public estimation the full credit which it deserves for winning victory in the Battle of the Atlantic over the direst assault of all against our survival. But there could be no mistaking the limitations which our armed strength has imposed upon the capacity of the enemy to attack us by air, despite the recrudescence of short, sharp raids on London and coastal towns. Unpleasant while they lasted, these raids regularly involved the attackers in heavy percentage losses out of small forces sent over. Their propaganda value for the German home front may have been substantial, but their military value appeared non-existent. The manifest contrast between them and the massive blows struck at Germany by the British and American air forces acted as an encouraging harbinger throughout the months of waiting.

MR. CHURCHILL'S BROADCAST

WAITING in war-time is never easy, and this was no exception. The Prime Minister must have been moved in part by awareness of that, when he decided to make a Sunday evening broadcast to the nation on March 26. He was breaking a year's radio silence, for over twelve months had passed since the Sunday evening when he had outlined his idea for a Four Year Plan after the war, on which men of all parties might agree. This time he divided his theme, allotting twenty minutes to one of his masterly surveys of military operations, and the next twenty to an account of his Government's domestic preparations for peace. As a broadcast performance, it was held by most people to be not one of his most successful. It sounded as if his heart was much more in the military actions present and pending (and why not?) than in legislative and administrative plans for the future. He cease-

lessly recognizes what many forget, that the only road to the fruition of those plans lies through ordeal by battle. Political skirmishers and bright young journalists of the redder sort encourage this forgetfulness with gusto, although the responsible leaders of the Labour party are under no such illusion, and make no such mistake.

Mr. Churchill claimed that progress had been so swift and solid that already a good part of his Four Year Plan was being translated into action. There is substance in this claim, but it would have been more sympathetically heard if the general public had not cherished a strong suspicion—sedulously fostered by the skirmishers and journalists aforesaid—that unnecessary delays were holding up decisions. Did the Government really mean to do anything to carry out the Beveridge report on social security? When was it going to announce its policy on the Uthwatt report (dealing with the whole question of land development, compensation and betterment) and on the Barlow report (recommending a policy for influencing the location of industry), both of which seemed fundamental to an active post-war housing policy?

It might be that postponement of decisions on these large issues was wholly due to Cabinet absorption in the conduct of the war, but it was enticing to ascribe it to inability to agree and obstruction by reactionaries. The latter was the popular view, at any rate among those who dubbed themselves progressive. People closest to Whitehall and Westminster named as the three true reasons, first, the inherent difficulty of reaching agreement in an all-party Cabinet on questions affecting controversial issues which divided parties before the war, and would do so again; second, the unwillingness of the Prime Minister to turn aside from planning the war to resolving differences among his colleagues; third, the influence exercised over affairs at the very centre by Lord Beaverbrook, now a member of the Government again but not of the War Cabinet, and a (some would say) lively or (others would say) sinister opponent of any proposal suggestive of State planning.

HOMES AND PEOPLE

THE nuisance arising from all these genuine doubts or fostered suspicions was much in evidence when the new Minister of Health, Mr. Willink, made his first speech on post-war housing policy in Parliament. He described a workmanlike plan for producing 100,000 houses in the first year after the end of hostilities and 200,000 in the second year. These would be houses of permanent construction, but in addition, to meet the first rush of demand, he announced a decision to provide temporary prefabricated houses, which would be publicly owned, and licensed for a limited period only. The House of Commons wasted its opportunity to examine usefully this important statement of short-term policy, by spending the rest of the day's debate in echoing the names of Uthwatt and Barlow and upbraiding Mr. Willink's colleagues for not having settled on their long-term policies. The short-term plan, so far as can be judged at this stage, looks really good, the more so when it is remembered that in the first 16 months after the last war the total number of houses built was under 14,000 of all kinds. A specimen temporary

house of pressed steel lined internally with plywood was put on view in London at the beginning of May, and won favourable comment. Among its notable features was a standard type of equipment and fittings for kitchen and bathroom, all constructed of one steel unit. This is a field where the application of modern engineering skill and mass-production to domestic needs is much overdue. There should be not only a vast market at home for economical household fittings of that kind, but also export possibilities.

Lord Woolton, the Minister of Reconstruction, is believed to hold the firm view that the provision of homes is the heart of his job. Success there will certainly ease every other reconstruction measure; for failure there no accomplishment elsewhere in the reconstruction field will compensate. The latest authoritative estimates are one million new houses needed immediately when the war ends, and four million over a period of ten or twelve years. Realization is growing keener among public men that we are essaying to act as a Great Power in the post-war world despite the material handicap of a population that will be small in relation to the other Great Powers; and therefore we can afford no downward drag, such as lack of homes, on its quality. As to quantity, a powerful Royal Commission has lately been appointed under the chairmanship of the Lord Chancellor, Lord Simon,

"to examine the facts relating to the present population trends in Great Britain: to investigate the causes of these trends and their probable consequences: and to consider what measures, if any, should be taken in the national interest to influence the future trend of population."

EDUCATION BILL ALARMS

EDUCATION and health are the other two aspects of the emerging, though uncoordinated, purpose of helping this island to breed generations worthy of their ever vaster responsibilities. Mr. Butler has steered his Education Bill faultlessly through all the dangerous shoals; it awaits now only the final stages in the House of Lords before reaching the statute book. The proceedings on it in the Commons vividly illustrated the unforeseeable nature of politics. It was universally accepted that the crisis of the Bill would come on a late clause providing an Exchequer grant of 50 per cent towards the maintenance and repair of schools built and owned by the churches. The Roman Catholic community, in particular, was profoundly dissatisfied and demanded a larger figure, to lighten the financial burden which its members would have to shoulder if they were to have their children educated according to their own faith.

The day before this clause was due to be reached, a member of the Tory Reform Committee—a body of younger Conservatives whose friends say that they are reinterpreting Conservative principles dynamically in relation to modern needs, while their enemies accuse them of enjoying overmuch the reputation of *enfants terribles*—moved an amendment to abolish differences of pay between men and women teachers. Mr. Butler pointed out that this should be a matter of free negotiation between the representatives of the teachers and their employers (the local authorities) under well-established

machinery, and that he could not accept an amendment applying compulsorily to the teaching profession a principle not operative in Government employment generally. At the close of his speech the Labour party dramatically declared for the amendment. The mover pressed it to a division. The House was sitting late, and many members had gone home. The Government was defeated by 117 votes to 116.

It was not a vote directed against Mr. Butler personally, nor against the intrinsic purposes of his Bill. It simply indicated that a considerable body of members regarded the Government, and particularly the Treasury, as tortoise-like in its approach to the modern issue of "the rate for the job", irrespective of sex. It had no ulterior political significance whatever. Had wiser counsels prevailed, the Conservative instigators of the amendment would have stopped short of insisting on a division. Had the Whips been more active, they could have ensured the presence of enough members to give the Government a comfortable majority. Within Parliament the incident was not without salutary effects, but in the world at large the defeat of the British Government on the eve of the Second Front could do nothing but harm. Mr. Churchill picked up the sledge-hammer to make certain that the harm abroad was minimized. The removal of the clause with the offending amendment he made a vote of confidence. This was granted him by 423 votes to 23. The stability of his Government was put beyond question. The reputation of Parliament was not enhanced. No one came out of the affair with credit and dignity wholly untarnished, except Mr. Butler; but the sense of anti-climax was so strong that the long-awaited Roman Catholic amendment to the grants clause was withdrawn, after a frank but restrained debate, without a division. The episode ended with Mr. Churchill announcing the Government's decision to set up a Royal Commission on all aspects of equal pay.

NATIONAL HEALTH SERVICE

ALONGSIDE the Education Bill, in permanent importance, should rank the White Paper on a national health service which has been accepted in principle by both Houses of Parliament. Its object is "to ensure that everybody in the country—irrespective of means, age, sex or occupation—shall have equal opportunity to benefit from the best and most up-to-date medical and allied services available". Since 1911 we have had compulsory health insurance for all employed persons below a fixed level of earnings—but not for their wives or families, nor for self-employed persons, nor for those with earnings above that level. The new scheme is to cover everybody, and to include ultimately all forms of treatment required. Payment will be made through national taxes, local rates and flat-rate weekly contributions, in almost equal proportions. Every person will have free choice of doctor. Doctors will be under contract jointly with a Central Medical Board and their local authority, and will be remunerated either by capitation fee or by salary according to circumstances. No obstacle will prevent private practice continuing outside the national scheme, if a patient wishes to be treated on the old fee-paying basis.

If the hospital system of the country is to be made adequate and comprehensive, the well-established voluntary hospitals will have to be preserved, and also the provision of municipal hospitals (a recent growth) enlarged. Because the areas of existing local authorities are too small for the purpose, new joint authorities are proposed. Each will cover perhaps a million people, and have full responsibility for seeing that proper hospital facilities are available in its area, as well as a general duty to plan and supervise the other health services, though the latter will be actually administered by the existing smaller authorities. On condition of raising a limited part of their funds by appeal to the public, the voluntary hospitals will retain their treasured freedom of administration, though they will normally enter into area plans and receive substantial payments from rates and taxes, in return for the service they must render in providing beds and treatment free for all patients in need of it.

The Labour party would be ready to see the voluntary hospitals municipalized. Others, who set store by the assurance of professional freedom enjoyed by medical staffs under the voluntary hospital system and indeed believe this to be the real safeguard for the future of British medicine, are asking anxiously whether the financial terms offered to these hospitals are generous enough. The general practitioners are on the alert lest the White Paper may bring them under bureaucratic control by the Ministry of Health or the local authorities, both of which they distrust. In working out the details of the scheme with all the bodies whose goodwill must be ensured, Mr. Willink will find that he has many genuine fears to allay. Its total estimated cost is £148 million a year, compared with about £60 million a year for the restricted pre-war service. The plan will go through, but its success will depend primarily on the degree of enlightenment which the Ministry of Health displays in administering it. Remarkably little public interest has so far been aroused for or against it; and yet it offers the prospect of a more far-reaching contribution to national well-being than any plan of social security cash benefits, such as caught the popular imagination when the Beveridge report appeared.

WAR RECORD

ONE may well ask how a nation with victory still to win, and the enemy 100 miles from its capital, can afford to give its mind to these visions of the future, or can encourage its Legislature to discuss them. One reason is that for they have filled the time of waiting and preparation. Another is that, for the past 18 months at least, we have been fully stripped for war; the process of adaptation of our economy and hardening of our lives was completed, and the nation was settled at its new level. Our man-power, we believe, and our woman-power, we know, are more completely and efficiently organized for meeting the needs of war than those of any other belligerent. The Combined Food Board has issued an authoritative report on food consumption levels which proves that we are not living luxuriously.

● "From the point of view of variety, acceptability to the consumer and culinary convenience (it says), the United Kingdom diet is inferior to those of the United

GREAT BRITAIN

States and Canada. . . . Further appreciable changes of an unfavourable character in the United Kingdom diet would give rise to apprehension about their possible effects on the work, output, health and morale of the civilian population."

From the outbreak of war to the end of 1943 we produced in this island for the Army alone 83,000 tanks, armoured cars and carriers, 115,000 guns, and 5,500,000 machine guns, rifles, sub-machine guns and automatic pistols. We made 90,000 aircraft, and our naval construction more than replaced all our losses. In the first four years of war the armed forces of the Commonwealth lost 159,000 killed; 120,000 of those were from the United Kingdom, and in addition we had 50,000 civilians killed here by enemy action. The price has been heavy. Yet, in comparison with Russia and some of the countries which have been wholly overrun, our fortune has been so great that many of us can barely imagine their sufferings.

STRIKES AND THE UNIONS

No wonder that a series of local strikes in March and April evoked amazement and general disgust. Yorkshire miners, Manchester gas-workers and some London Transport Board workers were affected. All the strikes were illegal; the men ignored the recognized negotiating machinery, and flouted the advice of their union leaders. The Government, sensing that this was no normal industrial use of the strike weapon, but that small and frankly seditious groups were working behind the scenes, brought in a new Defence Regulation making it an offence under certain conditions to incite to strike. When challenged in the Commons by a group of members from the extreme Left, the Regulation was upheld by 314 votes to 23. The debate served at least to demonstrate the real solidity of the established trade union movement behind the war. The bitterest reproaches against the rebels in the House and the mischief-makers out of it came from Mr. Arthur Greenwood, the senior member of the Labour party not in the Government, who spoke bitingly of "trouble promoted by men whose names we do not know, men who will not carry the responsibility for that trouble", and said that he would regard himself as unworthy of membership of the House if he took any action which, in any way, could imperil supplies to the men who are fighting. It was not the first time that Mr. Greenwood had spoken with the voice of England.

Great Britain,
May 1944.

IRELAND

AXIS LEGATIONS IN EIRE

ON February 27 Mr. de Valera uttered one of his frequent and characteristic warnings about the dangers threatening Eire's continued peace and security. He said:

"The danger becomes greater as the theatre of war moves more in our direction and the efforts of the belligerents against each other reach their climax. . . . At any moment this war may come upon us and we may be called upon to defend our rights and our freedom with our lives."

For the past two years the admonitions of government spokesmen, however salutary, have been heavily discounted; but on this occasion Mr. de Valera's comments, more solemn even than those which he has recently uttered, received the most careful attention because of the atmosphere of impending crisis which prevailed. For the same reason his reaffirmation of the fact that a policy of neutrality is not the policy of any one party, but the policy of the people as a whole, received the whole-hearted endorsement of all political parties.

The text of the American Note, which was responsible for the gravity of Mr. de Valera's language, was not published for a fortnight after the delivery of the speech. Since the *démarche* had been made on February 21 an interval of nearly three weeks had elapsed between its presentation and its publication—an interval which had afforded unrivalled opportunities to those whose chief delight was the purveying of sensational rumours. As a result, the general reaction when the facts were known was one of relief, the more so since the partial mobilization that had taken place had both given substance to the stories which were circulated, and had suggested a situation far more critical than, in fact, had existed.

THE AMERICAN INITIATIVE

THE American Note requesting as "an absolute minimum" the recall of the Axis diplomats to the Eire Government came as something of a surprise to people here. These legations have been in Dublin for the whole of the war, and until the fall of Mussolini the Italian Minister had been numbered with them. The staff attached both to the German Minister and to the Japanese Consul is very small, and it is fair to say that the activities of these diplomatic missions are evidently viewed more seriously outside Eire than they are in this country. In the early days of the war attention was from time to time focused upon the personality of the German or Italian Ministers and comment on the degree of assistance which they could render to their respective Governments was comparatively frequent. But as the danger of Nazi invasion of the British Isles receded their presence in Dublin attracted less and less attention. To most people the existence of a Japanese representative was

unknown until comparatively recently when he was raised to the status of a Consul. At the same time, it is true that more thoughtful people were disturbed to learn early this year that two parachutists had been dropped by a German plane in County Clare. Both were Irishmen who had been working in the Channel Islands when the German forces occupied them in 1940. The intervening period had been spent in Germany, and, as Mr. Dillon observed in the Dail, it appears unlikely that concern on the part of the Nazi authorities about the men's health and anxiety to "restore them to their native air" was responsible for their sudden descent upon this country. Both men have been interned.

The gravamen of the charge contained in the American Note lies in the statement that the

"neutrality of the Irish Government operated and, in fact, continues to operate in favour of the Axis Powers and against the United Nations on whom your security and the maintenance of your national economy depend".

This general complaint is supplemented by the particular charge that

"the gravest and most inequitable result of this situation is the opportunity for highly organized espionage which the geographical position of Eire affords to the Axis and denies to the United Nations".

Because the American Note requested the recall of the Axis representatives in Eire, attention was naturally focused on the latter, though certainly not to the exclusion of the former whose implications are more far-reaching.

NEUTRALITY AND ESPIONAGE

THE justice both of the general and of the particular complaint is hotly denied in this country. While public opinion has noted with some satisfaction that the American Note made it absolutely clear that the good faith of the Irish Government in its effort to suppress Axis espionage was not questioned, and while it was also prepared to concede that the German and Japanese diplomatic missions obviously exploit the possibilities of espionage to the best of their ability, it is, rightly or wrongly, sincerely convinced that with existing precautions the opportunities of espionage are so limited as to be virtually non-existent. It is pointed out that the American Note allows by implication that the radio transmitting set was no longer in the possession of the German Minister, and emphasis is placed on the extreme difficulty of communication between the Axis representatives and their respective Governments. This incredulity, well or ill founded though it may be, is in some degree responsible for the contrast in the reactions of the United Nations and of public opinion in this country to the contents of the American Note.

While the initiative in these representations was taken by the Government of the United States it had the full concurrence of the British Government. Mr. Churchill stated in the House of Commons that the British Government were consulted throughout by the United States Government and gave "the

American approach full support". Evidently the sentiments of Dominion Governments were not known in Dublin, since Mr. de Valera sought to persuade first the Canadian and then the Australian Prime Minister to intervene, to secure the withdrawal of the Note in the interests of Eire's relations with the United Nations. In these attempts he was notably unsuccessful.

The Irish reply, in which it was observed that the terms of the American Note seemed to be out of harmony with the traditional friendship between the two countries, gave the most emphatic assurance that every means had been taken to prevent the leakage of information and declared that not a single instance of neglect on the part of the Eire Government was alleged. Britain's concurrence in the American initiative provoked the comment that

"it is perhaps not known to the American Government that the feelings of the Irish people towards Britain during the war have undergone a considerable change, precisely because Britain has not attempted to violate our neutrality".

IRISH REACTIONS

THE reaction of the Irish people to this exchange of notes was unmistakable. Support for Mr. de Valera's rejection of the American Note was forthcoming from all parties and shades of opinion. Its source is to be found in the belief that Eire's neutrality in this war is the final vindication of her sovereign status. Neutrality which began as a policy has thus ended by becoming a symbol. Viewed in this context the American representations were interpreted as a request not merely for the modification of Eire's attitude to the war, but even as an attempt to deprive her of hard-won rights. To this sensitiveness must also be attributed the welcome modification of this country's traditional views towards Great Britain to which the Irish reply alluded. For this the fact that in the most critical moment in her history Britain forbore to challenge Eire's right to the free exercise of her national sovereignty is mainly responsible. Sympathy alone might indeed have dictated a rather different reply to the American representations; but since the issue was inextricably involved with the maintenance of national rights, no answer was possible politically or could be contemplated other than that which, in fact, was given. It is a paradoxical fact that the continued existence of two unpopular Axis legations in Dublin should have come to be regarded as symbolic of unfettered national sovereignty; but so it has, and the only relevant fact is that public opinion in Eire takes this view. The reaction was instinctive and, just because it was instinctive, means that arguments suggesting that a different conclusion might reasonably have been reached now that the potential threat to Eire from the Axis has virtually disappeared are altogether beside the mark.

TENSION RELAXED

THE aftermath to the incident has done much to dispel the atmosphere of tension for which the measures taken by the Eire Government were largely responsible. The British imposition of the travel restrictions bore at

first the appearance of a restriction imposed because of the unfavourable response of the Irish Government to the American request, but this misunderstanding was removed when it was appreciated, both that these new and stringent travel regulations were in any event to have been enforced, and that they applied with equal force to Northern Ireland and to Eire. Mr. Churchill's speech in the House of Commons stating that the decision to isolate Eire from the rest of the world was dictated by security considerations has been accepted as a sober statement of fact and, it may be added in parenthesis, that his warm tribute to the Irish volunteers serving in the British forces afforded considerable pleasure to their relatives who sometimes feel that their contribution is forgotten. In practice the restriction on travel imposes not inconsiderable hardships, since a very large number of Irish people are now either serving in H.M. Forces or working in munition factories in Great Britain. Hitherto it has been possible for those in the Forces to visit their homes whenever leave was granted and it has been possible for the workers to return to their homes twice each year. Under the regulations imposed in March and reinforced in April by the imposition of a total ban, these visits will necessarily cease, though Mr. Herbert Morrison's prediction that their full stringency would be modified as soon as possible was a very welcome reassurance.

ECONOMIC RESTRICTIONS

THE economic restrictions, which have followed spasmodically as the war needs of the United Kingdom dictated, will in sum undoubtedly affect the economic situation in Eire seriously. The total ban on the export of coal from the United Kingdom to all neutral countries, which has since been somewhat modified, has hit Eire with particular severity. For some time past the fuel situation here has been extremely serious and a drastic reduction in the use of fuel for private, commercial and transport purposes has long been enforced. As a result of the ban on the export of coal from the United Kingdom the small supplies now in stock here have to be most rigorously conserved. One immediate effect has been the further curtailment of the train service. On the main Dublin to Cork line only two passenger trains now run each way in the week. The internal transport difficulties have been supplemented by the even more severe reduction in cross-Channel services. The air service has ceased to operate and only a skeleton cross-Channel shipping service remains. Every attempt is being made to ensure that the export of all available livestock to the United Kingdom market will not be seriously affected. Though in certain respects the supply situation in Eire causes great dislocation, on the long-term view the economy of the country is not likely to be seriously disturbed unless the restrictions remain in force for a comparatively long time. It is worth recording that the financial position remains strong and that once again the revenue returns show remarkable buoyancy. While it is true that financial strength does not ease the immediate supply difficulties in any way, it should serve to cushion the country against the stringencies of the post-war period.

The events of the past few months have shown, more clearly than at any

time during the war, the gulf that separates this country from the other member States of the British Commonwealth of Nations and from the United Nations, but it would be a mistake to place them in an over-tragic setting. Indeed it may be of benefit to the future of Irish-American and Anglo-Irish relations that the views of the United Nations should have been placed on record. Many of the illusions which until recently prevailed about the post-war position of this country have now been partly dispelled. This at least is all to the good, since neutrality has shielded people here from those facts which make it inevitable that the texture of the post-war world will be very different from that of the world of 1939. The unreasoning assumption that the world will resume its normal activity more or less as though nothing had happened is readily entertained in a neutral, isolated State, and anything that serves to bring home the truth that is so different serves a useful purpose.

SYMPATHY BEHIND NEUTRALITY

MOREOVER spokesmen in Eire, however united in their refusal to accept any modification of the policy of strict neutrality, are at the same time at pains to underline the sympathy which is felt for the United Nations and to make it clear that neutrality, and the isolation which it involves, constitute a purely war-time policy. General Mulcahy, the new leader of the *Fine Gael* party, has made membership of the Commonwealth a plank in his party's platform and on the government side the clearest expression of this view has been given by the Minister of Industry and Economy, Mr. Lemass, who said early in March that

"neutrality is a policy for the war only, and this nation will desire to play its part in re-establishing normal good relations with other States and, within the limits of its resources, in assisting world reconstruction in co-operating in the rehabilitation of the devastated countries and particularly in forwarding any international plan for the prevention of future wars".

Whatever the long-term effects of the American *démarche* on Eire's relations with the United Nations, its short-term consequence at home has certainly been to enhance Mr. de Valera's reputation. Of this no doubt he was fully conscious when early in May he decided, following the first government defeat in the Dail since the elections last summer, to appeal to the country in an attempt to secure a clear majority over all other parties and groups. Mr. de Valera is a political tactician who chooses his moment well and his prospects of achieving his object would seem bright.

Eire,

April 1944.

CANADA

DISCUSSION OF COMMONWEALTH RELATIONS

IN the discussion of Commonwealth relations in Canada during the past three months Lord Halifax's speech to the Toronto Board of Trade on January 24 takes a place of central importance, not only because of what was said, but because of the repercussions—and lack of repercussions—which followed it. Toronto, rightly or wrongly, is still regarded elsewhere in Canada as a centre of emotional imperialism, and, in the minds of a great many Canadians at least, the setting could scarcely fail to add implications to what was said. The occasion was the centenary dinner of the Board; the large audience consisted mainly of the financial, commercial and industrial leaders of the city; and the speech was reported very widely not only in Canada but in other countries.

LORD HALIFAX'S TORONTO SPEECH

LORD HALIFAX spoke,* in the beginning, of the development which in less than a century, from Durham's Report to the Statute of Westminster, had changed Colonies into Dominions and created the Commonwealth. He had no thought, he said, of undoing this development, and the war had indeed proved the "essential unity" of the Commonwealth. While equality of status had been achieved, however, equality of function had lagged behind. Unity had "found little expression in outward form", and responsibility for action had not been "visibly shared by all". It would, he suggested, be "an immeasurable gain if on vital issues we can achieve a common foreign policy expressed not by a single voice but by the unison of many". In 1939, for the second time in 25 years, he pointed out, the Dominions were "faced with a dilemma of which the whole world was aware. Either they must confirm a policy which they had had only a partial share in framing, or they must stand aside and see the unity of the Commonwealth broken, perhaps fatally and for ever."

Broadly speaking, Lord Halifax went on, two roads were open to the Dominions. The first was that of national isolation. "They can say—and who should attempt to gainsay them?—that their foreign policy will be unconcerned with any but their own immediate national interests; . . . that they will neither defend others, nor expect others to defend them." The other road would be towards a strengthening of the Commonwealth "partnership", and this for the reason above all that "we believe that the British Empire has proved, not once or twice, but many times, a powerful and beneficent world force". "In all fields—foreign policy, defence, economic affairs, colonial questions and communications—we should leave nothing undone to bring our people into unity of thought and action." In spite of

* The text of the speech is printed in the *Toronto Board of Trade Journal* for February, 1944.

statements to the contrary by both critics and supporters, Lord Halifax made no specific proposals, beyond observing that "it may be that we shall find it desirable to maintain and extend our present war-time procedure of planning and consultation". But in closing he did emphasize most strongly the view put forward by Field-Marshal Smuts on November 25 last to the Empire Parliamentary Association. Britain, he urged, must be strong enough to claim "equal partnership" in world affairs with Russia, the United States and China.

"If Britain is to play her part without assuming burdens greater than she can support, she must have with her in peace the same strength that has sustained her in this war. Not Great Britain only but the British Commonwealth and Empire must be the fourth Power in that group upon which, under Providence, the peace of the world will henceforth depend."

THE SUBSEQUENT CONTROVERSY

A SPEECH of this kind, though bound to provoke debate, could scarcely be expected to clarify discussion in Canada or elsewhere, for, while Lord Halifax deprecated suggestions of constitutional change, he also in the last-quoted sentence apparently pointed to the desirability of centralization. Critics and supporters were thus able to read into his argument whatever implications they pleased. To anyone familiar with the pattern of Canadian politics the course of discussion which followed provides material of no small interest. Even before the speech was delivered there were signs that certain elements, both among supporters and opponents of closer relations within the Commonwealth, would not be at all averse to precipitating a contentious argument of a type all too common in Canadian politics. The results of such a conflict between extremists would have been unpredictable, and, almost inevitably, serious. Nevertheless, many political observers fully expected it, and the press did, in fact, report an immediate demand that Lord Halifax's "proposals" be debated in Parliament. Contrary to many past precedents, however, the issue did not develop. The first evidence of this restraint came within a few hours of the speech, when Mr. Bracken, the leader of the Progressive Conservative party, stated his opposition to a debate of the kind proposed. The whole question, he believed, should be left until

"given the most thoughtful consideration by the leaders of the Commonwealth when they meet in London. . . . It is a matter of such wide import for the future of our nation within the whole world structure that I would hope it will not become the subject of small political discussion."

The initiative was thus left to Prime Minister King, and a few days later, on January 31, he made a careful statement to the House of Commons which had the effect of discouraging debate, especially as it was followed on the next day by a statement of Mr. Churchill in the House of Commons in London to the effect that Lord Halifax's speech did not represent the voice of the Government of the United Kingdom, although it was "like those of

other distinguished figures on this subject, a valuable contribution" to the study of the subject of relations within the Commonwealth.

Mr. King placed himself on record very positively with regard to the desirability of "full consultation, co-operation and co-ordination, where possible" of the policies of the members of the Commonwealth. He outlined at some length the means of consultation and said that consultation and co-operation had grown steadily during the past couple of decades, although he believed that the methods were "capable in certain particulars of further development". As for Lord Halifax's speech, Mr. King observed, while he felt it was "unfortunate" that it had been delivered at this particular time, he was not disposed to read into it the sinister interpretations which some had placed upon it. "I believe a close reading . . . will show that in many particulars it has not been understood as he would wish to have it understood." Nevertheless, to the argument advanced by Lord Halifax and Field-Marshal Smuts he took sharp exception.

MR. KING'S STATEMENT

He took the unusual course of reading his statement on this point. The following is an essential part of it:

"It is indeed true beyond question that the peace of the world depends on preserving on the side of peace a large superiority of power, so that those who wish to disturb the peace can have no chance of success. But I must ask whether the best way of attaining this is to seek a balance of strength between three or four great Powers. Should we not, indeed must we not, aim at attaining the necessary superiority of power by creating an effective international system inside which the co-operation of all peace-loving countries is freely sought and given. . . . The Moscow declaration on general security forecast a system which would involve for its effectiveness firm commitments by all peace-loving States to do their share in preserving peace. What would seem now to be suggested is that the prime Canadian commitment should be to pursue in all matters of international relations—in foreign policy, defence, economic affairs, colonial questions and communications, to cite Lord Halifax's words—a common policy to be framed and executed by all the Governments of the Commonwealth.

"I maintain that apart from all questions as to how that common policy is to be reached, or enforced, such a conception runs counter to the establishment of effective world security, and therefore is opposed to the true interests of the Commonwealth itself. We are certainly determined to see the closest collaboration continue between Canada, the United Kingdom, and other Commonwealth countries. . . . Collaboration inside the British Commonwealth has, and will continue to have, a special degree of intimacy.

"When, however, it comes to dealing with the great issues which determine peace or war, prosperity or depression, it must not, in aim or method, be exclusive. In meeting world issues of security, employment and social standards we must join not only with Commonwealth countries but with all like-minded States, if our purposes and ideals are to prevail. Our commitments on these great issues must be part of a general scheme, whether they be on a world basis or regional in nature."

To suggest, as has been done, that Mr. King's statement was a "blunt negative" of the idea of co-operation within the Commonwealth is to do it not only a serious, but a mischievous, injustice.

Predictions had been freely made in certain quarters immediately after Lord Halifax's speech that an election might be precipitated on the issue of the desirability of promoting a centralized control of policy for the Commonwealth, but with the statement by Mr. King this possibility faded into the background. Mr. Coldwell, the leader of the C.C.F. party, had already stated his opposition to centralization, and Mr. Bracken's prior statement had made it clear that he would not make an issue of Lord Halifax's rather vague suggestions. The leaders of the three principal political parties were thus on record. As for the press, the discussion was much more restrained than might have been anticipated. The *Toronto Globe and Mail*, which had been expected by some to take a rather extreme attitude in support of centralizing tendencies, urged that the questions raised by Lord Halifax be given careful study, but that they be not made the subject of partisan dispute.

"He prescribes no line of policy," it stated in its editorial of January 26, "he merely suggests an examination of the existing structure, an analysis of its weakness and the consideration of remedies. If that structure can be strengthened to provide greater security against war, surely even in the narrow interests of Canada, it is the duty of our Government to examine dispassionately all sane and reasonable proposals for strengthening it. . . . The issue is a far-reaching one and fraught with profound implications for Canada as well as the Commonwealth, and, indeed, the whole world."

COMMENTS IN THE PRESS

PRESS comments on the whole showed a recognition of the gravity of the issues involved, and there was little serious disposition in English-speaking Canada to discuss the question in terms of status. The *Winnipeg Free Press* was very persistent, however, in emphasizing this aspect of the question. It had been aroused by what it felt to be evidence in certain quarters of a desire to undo the developments of 20 and 25 years ago, and for weeks it carried on an extremely sharp campaign against the implications which had been read by many observers into the statements of Premier Curtin and Field-Marshal Smuts. More typical in tone, though no less clear on the matter of status, was the comment of the *Toronto Star*, following Lord Halifax's speech:

"This need for consultation among the units which comprise the British partnership has always been recognized, and in these days of instantaneous long-distance communication, consultation is easily and rapidly achieved. But to establish some type of central government in London, with the idea that each empire unit should be prepared to subordinate its policies to the wishes of the majority, is another matter altogether."

In Quebec the all too familiar practice of making Commonwealth relations a football in domestic politics emerged in the unanimous adoption by the

Legislative Assembly of a motion condemning "Lord Halifax's new imperialism and dangerous tendencies". It should be observed, however, that a provincial election is probable in the near future and that the Liberal Government of Premier Godbout is under very heavy pressure from the Union-Nationale and Bloc-Populaire extremist elements which took the initiative in forcing the issue. Opinion in Quebec is, in fact, in a very fluid condition, and unqualified importance should not be attached to extreme expressions of opinion. An interesting, and indeed significant, comment on the situation is that, only two weeks after the Assembly's motion, Mr. Bracken made his first formal visit to Quebec as leader of the Progressive Conservative party, and in a speech which was begun by the remark that "In speaking to the people of Quebec in their . . . capital, I shall express exactly the same views as I would in any other part of Canada", he said with regard to Commonwealth relations:

"The matter of Commonwealth relations is one which, if wisely developed, could favourably affect the future peace and security of the world. . . . It would be folly to shatter so inspiring an example of international collaboration (of sister nations). By the same token, its virtue would disappear were it to depend for its cohesion on any form of coercion. There will be no reversion to colonialism; we shall preserve our autonomy; we shall take a positive stand for increased trade and peace in the world; and we shall co-operate fully with the Commonwealth to meet these ends."

Two other press comments more favourable to Lord Halifax's statement may be cited. The first is from the *Canadian Unionist*, the official organ of the Canadian Congress of Labour which supports the C.C.F.:

"There may be a feeling on the part of some Canadian citizens that closer ties with Great Britain involve subservience and domination, but certainly nothing in this address justifies such apprehension. The interests of Canada as well as the sentiments of her people are more closely allied to those of Great Britain than of any other country, and they have been strengthened by the experiences of the war. . . . What is wanted is a Commonwealth policy in which all sections of the Commonwealth are adequately represented rather than a policy reached by the British Government alone. Furthermore, the 'partnership' will be able to exert far greater influence as a unit in dealing with post-war problems than would otherwise be possible. The problems involved, as Lord Halifax admits, are quite difficult, but there is no reason why, if the genius and spirit of the Empire and Commonwealth are preserved, these problems should not be solved."

The other is a reasoned editorial of the *Halifax Chronicle* of February 18. On reflection, it observed, Lord Halifax's statement "had more reference to the wider problem of attaining world security" than to the status of the Dominions. Contrasting the British with the German conception of power and domination it went on to say that Britain's interest, and what British spokesmen were really trying to emphasize, is not domination but world security, the future welfare of the British people included. This also seemed to be the concern of Mr. King.

"A refusal" [it continued] "on the part of Canada to enter into what may appear

to some to be too much of an old imperial grouping cannot excuse this Dominion from having any external policy at all, except one based on vague generalities expressive of general good-will to all men and commitments with none. The very fact that Canada lies on the direct air route between Russia and the United States brings its liabilities as well as its conveniences. . . ."

PUBLIC OPINION POLLS

IN concluding this brief survey of opinion mention may be made of three Public Opinion Polls which illustrate the very great difficulty of framing questions to test Canadian opinion accurately. The first, in August 1942, posed the question, "Do you think of Canada as an independent country or as still dependent on Great Britain?" to which a majority of French-speaking Canadians answered "still dependent", while a majority of English-speaking Canadians replied "an independent country". The result illustrates the confusion of definitions and ideas which may appear even in answer to what seem to be simple questions, and this should be kept clearly in mind in examining the replies to the other two Polls. That released in June 1943 asked,

"Which of these things would you like to see Canada do after the war?"

1. Continue as a member of the British Commonwealth as at present?
2. Leave the British Commonwealth and become part of the United States?
3. Leave the British Commonwealth and become a completely independent nation?"

To which the replies, in percentages, were:

	Commonwealth	U.S.	Independent	Undecided
National	49	21	24	6
By Racial Origin				
British	66	19	11	4
French	22	19	50	9
Other	34	37	18	11

It is only necessary to remark that such a poll is misleading and extremely unsatisfactory, since the ideas clumsily suggested by the questions are not in the minds of most Canadians mutually exclusive. There is, for instance, no definite body of opinion in favour of annexation to the United States such as the poll appears to indicate. Canadians want a truly Canadian policy which will also harmonize their relations with both Britain and the United States. This is in line with their historic attitude, and to ask them to choose between questions such as the above is merely to confuse the issue.

The third poll, released on March 25, 1944, asked two questions, which again were neither so definite nor mutually exclusive as they may appear to be:

"Which of these would you like to see Canada do after the war:

1. Decide for herself how she will deal with other countries in the world, or
2. Join with the other Dominions and Britain in deciding one foreign policy for the whole Empire?"

CANADA

To which the replies were:

	Total (per cent.)	Quebec (per cent.)	Rest of Canada (per cent.)
Decide for herself	47	70	39
Join with Dominions	46	21	55
Undecided	7	9	6

AGREEMENT ON FUNDAMENTALS

In conclusion, are there any general statements which can be put forward? In the view of the writer one should be strongly emphasized. It is that throughout the country there is far more agreement on fundamental principles than is commonly realized either by outside observers or by Canadians themselves. Such evidence as that of the polls is not proof to the contrary, since, as has been pointed out, questions like those cited above produce artificial conflicts which are not representative of opinion. The differences in opinion, important as they are, are far more differences in emphasis than in principle. Much confusion arises from the use of such phrases as a "common" or "single" foreign policy, or a "unison" of voices. Such phrases are understood in different senses by different people, and there is as a result a great deal of shadow-boxing which is mistaken for genuine difference of opinion. The fact that Lord Halifax's vague suggestions did not do more to recreate contentious and confused cross-currents of debate than they did is welcome evidence of a growing maturity and agreement on fundamentals in Canadian discussion of Commonwealth relations. In order to avoid misunderstanding as to what Canadian policy is likely to be, it should be stated quite flatly that there is no organized opinion in favour of a common foreign policy in the full and literal sense of that term, nor is there any prospect of it. Proposals for the transformation of the Commonwealth into a British bloc will not be supported in the long run by those who appear to pay lip service to them. It is not conceivable that the United Kingdom itself would consent to be put into such a strait jacket. What pro-Commonwealth Canadians want is not consolidation, but assurance that the fullest possible measure of consultation and genuine co-operation is being and will be achieved. The principle of co-operation can be, and should be, applied to new problems and in new ways, but any attempt to substitute for it the principle of centralization will weaken not strengthen the Commonwealth.

The Orange Free State paper *Friend of Bloemfontein* is reported in Canadian papers of February 3 to have said:

"We believe that when the issues are narrowed down and the problem of Commonwealth unity is examined in the light of larger unity, it will be found that no unbridgeable gulf divided Mr. King, General Smuts, and Lord Halifax. Dominion freedom, and Commonwealth unity, and world co-operation, are not irreconcilable, and the task of the next Empire Conference will be to prove that they can and will be reconciled."

Canada,

April 1944.

AUSTRALIA

MAN-POWER POLICY

IN recent months Australian opinion has, not unnaturally, turned optimistically to active consideration of post-war problems. The invasion of the Marshall and Admiralty islands and the raids deep into Japanese waters, coupled with the dramatic advance of the Russians into Rumania, have convinced many Australians that, while the war is not yet won, its issue is clear enough, and post-war problems are presenting themselves as really near. There has been a growing concentration on domestic matters.

Nevertheless it would be wrong to see in this growing awareness of the problems of peace any relaxation of our war effort. The Prime Minister in January stated the Government's policy firmly:

"There is a limit", he said, "to the man-power resources of this country and all demands cannot be met. The Government is trying to find the men for transport, the coal mines and food processing. The question of the army being a reservoir to maintain the economic life of the nation is a generalization which does not 'run'. I simply cannot accept it."

Such major changes in man-power policy as have occurred have been dictated by the changing needs of the war. The munitions programme reached its peak in March 1943, and production has since been tapered off. In part this is the result of the large output of certain basic weapons achieved in 1942, but the main cause has been the acceptance by Australia of a revised division of labour between the Allies; it is made possible now by the safety of the lines of supply, particularly across the Pacific. In the earlier stages of the war, especially just after Pearl Harbour, it seemed that Australia would have to rely heavily on her own production for a wide range of munitions. Accordingly production was planned on these lines. But, once the supply lines were assured, it became a question whether such a varied output, with its pressure on limited equipment and skilled labour, was not wasteful, and could not be more effectively replaced by munitions from abroad, particularly from the United States. That view has been accepted, together with the obverse that, in addition to a munitions programme of reduced size and scope, Australia should expand her production of food-stuffs to supply Britain and the Allied forces in the South-West Pacific.

FOOD PRODUCTION AND THE ARMY

In April the Minister for the Army made the bald announcement that the Army was to be reduced by 90,000 without explaining the significance of this figure, or the reasons behind the policy. The adverse comment abroad, especially in the United States, was based on a misunderstanding. The figure of 90,000 was arrived at by adding the normal wastage from the

services, which now total over 800,000 men enlisted from the male population of military age of 2,400,000, to the 20,000 referred to below, released or to be released for essential food production; it did not refer to the discharges only. In any case there is no question of a relaxation in the war effort, merely one of a change of form. Australian mobilization has, on a population basis, gone beyond that of other Allied countries, whereas the changed strategic position means that her maximum contribution will be achieved by a greater concentration on the local production of supplies. The propaganda of the producers' organizations, aimed at securing more labour, would suggest that the output of foodstuffs had fallen; but in fact the production of meat, eggs, potatoes, vegetables and fruit is higher than before the war. The most important industry to suffer a decline has been dairying, although even there the fall in milk production has not as yet been great. The output will certainly be below requirements, the industry having suffered to a greater degree from the difficulties facing all primary industries, except perhaps wheat, although even here it is possible that the 1943-44 output will all be absorbed locally or by export. Bad seasons have intensified shortages, especially in milk. In the early years of the war the Army was recruited rather heavily from the rural industries; and rural labour, which has always had relatively low wages and poor living conditions, moved readily into munitions and similar industries. That movement has only now been reversed, although it was halted by the policy of the Directorate of Man-power and by the Government's action in raising wages in the dairying industry. In rural industries the labour shortage, coupled with a serious scarcity of fertilizers, which shows its full effects only after the lapse of time, is complicating the efforts to raise production to the high levels set by the targets.

The total demand for meat in 1944, for instance, is 45 per cent in excess of pre-war production, the increased demand being chiefly for Britain and the Allied forces. To achieve such an increase was not practicable, and the target was set at a level of 25 per cent below the demand. The gap is being filled partly by reducing the scale of consumption for the services and the amount for export, but to a larger extent by rationing civilians. Meat thus joins butter and sugar as officially rationed foods, although many others are unofficially rationed by sellers. The system introduced in mid-January differs from the British by being based on the weight of the meat calculated so as to permit an average consumption of $2\frac{1}{4}$ lb. a week per head ("average" because meat is classified in four groups with different coupon ratings). To provide the labour needed for production, the processing of foodstuffs and other essential industries a major re-allocation of man-power has been made. Some men have been released from government factories and annexes, and a total release of 20,000 workers was planned. In addition, the gradual release from the Army of 20,000 men was approved primarily for rural industry, resources which were supplemented by the increased use of prisoners of war, and by more temporary releases of men from the Army for seasonal work. Many women in relatively non-essential work have been directed to canneries and food-processing plants.

THE PROBLEM OF COAL

IN the maintenance of essential production coal has been a major problem in recent months. Mr. Curtin said bluntly in January:

"Unless the production of coal in New South Wales is increased very considerably compared with the 1943 output, the whole war capacity of this country will be less than in 1943. . . . In 1943 too much coal was lost through strikes and absenteeism."

The Australian coal industry is not unique either in the frequency or the nature of disputes, and the recurrence of petty and usually brief strikes for miscellaneous reasons is not, even in war-time, remarkable. As in England, the war has strengthened the bargaining position of the miners (along with that of other workers). There may have been some disposition to hope for more from a Labour Government, although the miners' organizations are not closely allied with the Parliamentary Labour party. Moreover a case could be made for the contrary view that only a Labour Government can effectively control organized Australian labour in war-time. The record of Mr. Curtin's Government—with its relatively heavy taxation of lower incomes, authoritarian control of man-power and military conscription—lends no support to unions which may believe that a Labour Government will be complaisant, even where concessions have been somewhat unreasonably demanded, and it can be argued that unyielding insistence would have cost more in losses in essential production.

For Australia the coal production of New South Wales is critical, for it is the only large source of black coal. Even Victoria with its large brown coal deposits, which provide extensively used electric power, must have New South Wales coal for gas making, railway transport and similar uses, while elsewhere local coal supplies are insufficient. The difficulties of those States have been increased by limitations of transport, the railways being too heavily burdened to carry much coal, while suitable shipping has been reduced by transfers elsewhere. For the last three years Victoria and South Australia in particular have maintained a precarious balance between supplies and consumption with the rationing of industrial consumers, and on several occasions restrictions on the domestic use of gas.

The important recent dispute centred around the methods of working in the Coalcliff colliery, a mine on the south coast of New South Wales with a bad dust record. The men struck and remained unmoved in the face of the Government's pleas, threats and "quiet words" from the Prime Minister. The effect of these was spoilt by the failure of the Government, a short time before, to avert a one-day strike of the Sydney tram and bus workers, who were working under some strain and wanted relief in shorter hours. On that occasion the Prime Minister unwisely intervened at the last moment personally to forbid the strike in accordance with the provision of the national security regulations. The workers went ahead and the subsequent settlement achieved substantially what they had demanded. (Later prosecutions against a number of them were quietly dropped.) In the case of the

Coalcliff strike, conferences between the Government and the miners' representatives and the somewhat half-hearted appeals by the unions having failed, the reservation of some 300 young workers was cancelled and they were called up for the army. The miners stayed firm, and were enabled to argue that their return to work was now useless, since the men called up, being young, were mainly wheelers and similar workers, without whom the face workers could not operate.

Meanwhile the dispute was the occasion for the hurried passage of legislation already planned for the comprehensive control of coal mining. This set up a Coal Commission with far-reaching powers over all the personnel of the industry, and over every aspect of its operations, including the power in certain circumstances to take over the operation of the mines. The Coalcliff colliery was promptly taken over and the dispute terminated, although within a fortnight there was a minor stoppage at the mine. The young miners called up are to be released. It remains to be seen how successful the new control will be not only in handling a single mine but in attaining and maintaining maximum production in the industry as a whole.

PAY-AS-YOU-GO TAXATION

ON the financial side important developments have been the introduction of pay-as-you-go system of income taxation and another large war loan. This "First Victory Loan" will be for £150 million, the short-term portion at 2½ per cent and the long-term at 3½ per cent. The tenth public loan since the outbreak of war, it will bring the total public loan for the financial year 1943-44 to £278 million, and since the outbreak of war to £700 million. The Government appears to believe that tax rates have reached their limit, indeed to fear their effect should any large group suffer a decline in income, as may easily happen with large transfers of workers out of munitions. This risk is being met in part by pay-as-you-go legislation. Total money incomes, however, continue to rise and, as in all countries at war, "excess spending power" is mounting. The note issue continues to expand: hoarding, tax evasion and the concealment of illegal transactions are in part the explanation. Bank accounts, especially those in savings banks and current accounts, have climbed steeply to unprecedented levels.

The Government had originally resisted the proposals for pay-as-you-go taxation when these were made during 1943. Apparently the chief reason was the difficulty of administration, particularly the complexity of the provisions that would have to be made during the transition period, although public discussion turned mainly on the question of the "lag" in the imposition of taxation. The federal income tax which, under the uniform taxation legislation, is now the only income tax, has been based on the income received during the preceding financial year (ending June 30). However, towards the end of last year propaganda in favour of "pay-as-you-earn" was intensified, possibly because in the tax assessments then being issued many taxpayers, who had forgotten that the tax rates had been substantially increased well before the last budget, had received unpleasant reminders. In February a parliamentary committee was appointed to investigate

"the advisability of basing liability to income tax in each financial year on the income of that year", and its recommendations were adopted by the Government.

RECONSTRUCTION PLANS

THE Government's emphasis on the maintenance of the maximum war effort has not prevented reconstruction taking a large place in its activities. The Loan Council has directed the National Works Council to prepare plans for £200 million of public works (including housing) for putting into operation in the two years following the war to the extent necessary to maintain employment. Several planning bodies connected with the Department of Post-war Reconstruction have presented proposals, and some of them have led to action so far as that is possible at present. Housing has taken a prominent place in the Government's post-war plans, and a clear indication has been given to the States that the Commonwealth will be ready to supply funds for building houses for the low income groups. Some of the States, particularly Victoria, have been guarded in their response, seeking a clearer statement of the terms. The policy of building "duration" homes for war workers has been abandoned and a small number of permanent houses are to be built immediately as a first step to relieving the acute and growing shortage. The first few trainees under the reconstruction training scheme for discharged service personnel have commenced training this year, including some who are doing university courses. The arrangements are generous both in the classes to which the scheme applies and in the benefits, which include maintenance of the trainee and his dependants. The first instalment of the national health scheme takes the form of an Act providing for the free supply of medicines prescribed by a medical practitioner.

CONSTITUTIONAL REFORM

THE most important reconstruction move, however, is the Bill to provide for a referendum on the constitutional alterations, which has been duly passed by both Houses, not without some touches of comic opera in the Senate where, until July when the Senators elected at the general election take their seats, the Government depended for the necessary absolute majority on the votes of two members who are not now attached to their respective parties. The Bill—with such minor verbal changes as were needed to convert the draft Bill of the State Parliaments into a Federal Bill—is identical with the compromise agreed on at the Canberra Convention in November 1942. The reasons for retaining the compromise may be clarified by reviewing the Government's campaign for constitutional change.

In October 1942 Dr. Evatt introduced into Parliament a Bill to provide for an amendment of the constitution in terms which were so sweeping that it could only be regarded as a campaign manifesto; he himself described them as "neither final nor definite". Instead of proceeding with the Bill the Government summoned a special Constitution Convention, representative not only of the Government and the Federal Opposition but also of the Government and Opposition of each of the States. At the last moment a

new Bill was submitted to the Convention, which was much more definite in its terms, but still very far-reaching; on a liberal interpretation there was little which the Commonwealth would not have been able to do. In the end that Bill too was withdrawn, the Government agreeing to try the alternative of the States' "referring" powers for a limited but fixed period (five years), subject to a post-war referendum. The draft Bill to provide for the reference of 14 specified powers (set out below) was carried, and the representatives of the State Parliaments undertook to press its passage through their respective States.

The result, however, was no happier than a similar move towards the end of the first world war. Two States only, New South Wales and Queensland, passed the Bill as drafted; the Tasmanian Upper House rejected it entirely; Victoria added a proviso making it inoperative until all the other States had passed substantially identical measures; South Australia and Western Australia passed it after making significant amendments. Dr. Evatt not unfairly described the position as "almost chaotic"; were the Commonwealth to exercise the powers variously referred to it by four of the States, very curious situations would arise.

NEW FEDERAL POWERS

ALTHOUGH the amendment to the constitution was referred to generally in the Government's election campaign last year, it was not a clear-cut issue, and not until the beginning of 1944 did the Government move to clear the way by introducing the Bill just passed. The powers it proposes to confer on the Federal Parliament fall far short of what many of its supporters would wish, but there is a great campaign advantage in retaining the terms of the Convention Bill. With varying degrees of enthusiasm all the representatives at that Convention agreed that new powers were necessary, the only significant opposition being to making the changes before the end of the war. The method of reference and the precise form of the powers in the 1942 Bill emerged as an agreed compromise, and much is likely to be made in the referendum campaign of that fact.

The new matters over which it is proposed to give the Federal Parliament legislative power are—the reinstatement and rehabilitation of service men and women in civilian life: employment and unemployment; the organized marketing of commodities; companies; trusts, combines and monopolies; profiteering; the production and distribution of primary products (with the consent of the State concerned); overseas exchange and investment; air transport; uniformity of railway gauges; national works; national health; social security; aboriginals. Comprehensive as the list is, there are some significant omissions, the most obvious being education. The new powers are in the first instance limited in time also to five years after the conclusion of hostilities, when it is proposed that a Convention should revise the constitution as a whole.

While the Bill was in the House of Representatives, criticism was based in part on the claim that it opened the way for a dictatorship by "bureaucrats" and the misuse by the executive of delegated legislative powers. But

Dr. Evatt took the opportunity to add three amendments: one is designed to facilitate a parliamentary review of delegated legislation, while the other two restore the guarantees which were in the original Canberra Convention Bill. In one freedom of speech and expression are protected against restriction by either the Commonwealth or the States, while the other extends the prohibition of restrictions on religious liberty by the Commonwealth (Section 116 of the Constitution) to legislation by any State.

INTER-DOMINION PROBLEMS

THERE has been more direct recognition of international problems, the outstanding case being the Australian and New Zealand Agreement signed in January and subsequently ratified by both Governments. The general thesis of the agreement is that the two countries regard themselves as having many common interests both as regards the terms of any armistice and peace settlement affecting the Pacific and also in the long-term future in the course of events in that area. Accordingly, there is a provision for continuous consultation with a permanent secretariat in each country, and for a joint presentation of policies. (The two countries have recently exchanged High Commissioners.) The striking feature of the agreement, however, is the directness with which their rights to be consulted and to take part in international decisions are asserted. The right to participate in any Armistice Commission is claimed—as is the right to a voice in the ultimate disposal of enemy territories in the Pacific, and a principal part in the proposed South Seas Regional Commission, which would have advisory power with regard to the welfare of the native peoples of the Pacific. It is declared that the war-time occupation of any territory by any Power "does not in itself afford any basis for territorial claims or rights of sovereignty or control after the conclusion of hostilities". The right of any country to control migration is asserted. The directness of the statement is as new as the self-conscious recognition of Australia as a Pacific Power with interests and responsibilities extending over the whole of the South Seas.

Australia,
April 1944.

SOUTH AFRICA

THE NEW PARLIAMENTARY SESSION

THE new Parliament, which began its first session in January, has been watched very closely by the country, and with some anxiety. One of the few Parliaments in the British Commonwealth to assume office in the middle of the war, it finds itself confronted with all the many difficulties, stresses, strains and anxieties born of four years of war, and in addition is the Parliament which must shoulder the formidable obligation of carrying this country into the peace. These twin burdens will try South Africa's resources and statesmanship to the utmost.

CHANGE OF PARTY GROUPINGS

THE personnel of the new House of Assembly and the party groupings have been largely changed. The main feature of the new Parliament is that it is dominated by a numerically very powerful United party, faced with a Nationalist Opposition which, although weaker in numbers than its predecessor, has gained in cohesion, discipline and party organization. The little discordant groups which have been such an unfailing cause of internecine warfare in the Opposition have disappeared, and Dr. Malan now disposes of a party which is probably capable of a resistance to the Government more serious and more successful than has been demonstrated this session. The difficulties and weaknesses of having to conduct a coalition parliamentary enterprise have now been faced by the Government, and it cannot be said that it has accomplished this task with entire success.

The two wings of the coalition—the Dominion party and the Labour party—have been markedly and publicly restive. The world-wide ~~state~~ of labour unrest has not passed this country by, and in particular the Labour party feels quite naturally that its long-range future is bound up with the traditions of the Left. It must be on its guard, therefore, against identifying itself too closely, or for too long, with the more conservative United party. The Labour party in this country was once swallowed and nearly permanently disabled by General Hertzog's party; it is reasonable that it should not want to risk being swallowed by General Smuts's party. These considerations have resulted in a fair amount of vigorous Labour criticism of the Government, its faith and its works, both from within and from without the House. Some of this criticism has been violent, and there have been inevitable rumours of more serious consequences in the form of a definite split in the structure of the coalition. Fundamentally, however, the position is healthy and there is good reason to believe that, in spite of sometimes very hearty differences of opinion, the alliance between the United party and Labour will at any rate see the war through. The Labour party's record in this war and its services to our war effort have been admirable, and its leader in the

Cabinet, Mr. Madeley, even though he may have been sorely tried, has succeeded in keeping before himself and his followers the overriding priority of the war.

THE INDIAN PROBLEM

THE slight trouble which has come from the Dominion party wing has less justification. Towards the end of the session the Dominionites became embarrassingly frank in the expression of their reactionary views towards the Indians. The South African Indian problem in general had been showing welcome signs of improvement. The new Minister of the Interior, Senator Clarkson, had been expressing in moderate conciliatory terms the Government's policy, which sincerely aims at promoting friendship and ultimate *rapprochement* between Europeans and Indians in Natal and elsewhere. There has even been some tentative talk of a gesture in the form of giving to Indians some form of parliamentary, provincial and municipal representation. From their side the Indians have tended to take a rather more friendly, and certainly more realistic, view. With the formal assurance from the Indians that they want to penetrate into European areas as little as the Europeans desire that penetration, the problem becomes less one of profound and irreconcilable principle than of finding a method. It has therefore been unfortunate, to say the least, that the Dominion party at this stage should choose to give offence to the Indians by a categorical attack on their presence in this country. The South African Indian problem is something of a test case of inter-imperial relations, and any widening of the gulf which still separates Indians and the South African Government will not make the proceedings at the Imperial Conference any smoother. Fortunately, in spite of these attacks, a *modus vivendi* has been found, and the pegging Bill is to be suspended. Consultative and voluntary machinery under the aegis of the Natal Provincial Council is to be substituted.

Generally speaking the United party has weathered the ordeal of its first session better than was at first expected. The changes brought about by the polls have reinforced the party with a number of very able young South Africans. Their influence must inevitably be towards a more vigorous, more liberal and more progressive party policy. The fear was that they would find the pace of the party and of the parliamentary machine too slow for their patience. But, while there have been murmurings of discontent from the more radical wing of the party, the cohesion which the party has been able to display has on the whole been impressive. There has been evidence at any rate of the intention of the Government to handle the heavy problems ahead of them on a scale and with the enlightenment which this country will sorely need in the trials which face it in the next few years. In the course of the session a definite beginning has been made under three major heads—social security, demobilization and that vitally important social problem connoted by the phrase "dual-medium education". These three matters are the main achievements of the session, but reasons of space make their adequate discussion at this stage impracticable. They must be left for later articles.

INTERNATIONAL RELATIONS

It is one of the curious features of this country that, in spite of the extent to which our local politics react to foreign affairs, it is almost impossible to stage anything like an adequate parliamentary discussion of the international situation. An attempt was made once or twice this session, but it was not very satisfactory. General Smuts was given the opportunity to discuss, chiefly to underline, the themes of his "explosive" London speech; but inevitably the proceedings almost immediately degenerated into the old familiar parading of the Communist bogey and the Nationalist preoccupation with their idea of an isolated republic; and before long Parliament was back to the unpleasant racial squabbles which always disfigure public discussion in South Africa. The Nationalists were parading for all they were worth the Goebblesque vision of the Russian bear striding over Europe and leaning out to interfere in the colour problems of South Africa. This invocation of Russia to put an edge on the old familiar weapon of colour hatred and fear makes any adequate parliamentary discussion of foreign affairs as such very difficult. Apart from some speeches by General Smuts and others on the desirability of pan-African co-operation and friendship, Parliament was most directly concerned with outside affairs when the Eire development was turned into the local controversy. Dr. Malan dispatched an encouraging cablegram to Mr. De Valera assuring Eire of the support of the Nationalist party of South Africa.

One of the unhappiest features of the session has been the vigour with which some sections of the House have peddled the most blatant racialism. The attitude of the Dominionites to the Indians has already been mentioned, but no less unpleasant has been the extent to which the Nationalists are wielding the weapon of anti-semitism. Throughout the session there have been the crudest attacks on the Jews, attacks which have mirrored the more sinister exploitation of the Jewish question outside the House by bodies such as the *Osseswabrandwag* and other organizations whose overt Nazism is a little more pious in degree but unchanged in kind as a result of the German reverses. There is evidence, unfortunately, that this use of race hatred is as capable of paying dividends to its exploiters in South Africa as it was to Hitler in Germany. To offset the unpleasant taste left by this resurgence of racialism can be put the rather happier spirit which is discernible towards the natives. There have been a number of moderate and useful discussions on native affairs, and from almost all sections in Parliament has come evidence indicating perhaps a more generally liberal attitude. To what extent this will be translated into action which will really influence native conditions for good cannot be guessed at now, but if there is ever to be any genuine improvement in the native situation it must be preceded by a considerable change of heart on the part of Europeans. It is going too far to say that this change of heart has actually come about, but with a little optimism it can be said that there is evidence that the old negro-phobia is fighting a losing battle. To some extent perhaps South Africa is growing up and growing out of its traditional tendency to look at the natives along the sights of a rifle.

THE BUDGET

THE financial results of 1943-44 are rather better than the Minister of Finance had expected. The revised estimates of revenue show a net increase of more than £7,500,000 over the original estimates. In addition there was an unexpected surplus of well over £2,000,000 brought forward as a balance from 1942-43. These amounts will cover, with £270,000 to spare, not only the £500,000 deficit for which Mr. Hofmeyr budgeted, but also both the first and the second additional estimates of expenditure. With the additional estimates, the total appropriations on loan account for 1943-44 have been brought up to £68,000,000; but once more savings in expenditure on certain votes and increased revenue from several items placed to the credit of loan account (which includes £4,500,000 farmers' indebtedness repaid), together with the previous year's balance, have brought the net additional borrowing needed to finance these appropriations down to £45,500,000.

So much for the past results. To turn to the coming year is to find that expenditure, though mounting less rapidly than in earlier years of the war, still continues to rise. Defence expenditure is estimated at £102,500,000, half of which, following the established custom, Mr. Hofmeyr will attempt to meet from revenue, while the other half is met by borrowing. Salaries to the public services, debt charges and pensions, all show a substantial increase. Native education is being given an additional £275,000 over and above the proceeds of the Native Poll Tax. There is a new £250,000 vote for Unrra. Old-age pensions, pensions and grants for the blind and invalidity grants are to be increased and extended to classes of the population—Coloured people, Asiatics and Natives—at present partially excluded. This scheme and schemes for establishing health centres in preparation for the national health service will only be partially realized in the coming year; but the first steps will absorb nearly £1,000,000. All told, the estimates of expenditure on revenue account for 1944-45 total nearly £112,300,000, while expenditure from loan funds is estimated to reach £68,500,000, which is practically the same as in previous years. It is too much to expect that existing sources of revenue will continue their past buoyancy and provide the necessary sum. The improved shipping position, which has permitted customs receipts for 1943-44 to be £850,000 in excess of the original estimates, will probably permit a still further increase in the yield of customs in 1944-45. This is estimated at about £600,000. But direct taxes, which form the main sources of revenue, may well fall short of the 1943-44 figures. In 1943-44, while normal income tax on individuals exceeded the estimates by very nearly £500,000, super tax on individuals by over £1,000,000 and excess profits duty by over £2,500,000, the normal tax on the gold mines and the gold mines' special contribution fell short by over £1,200,000, and the company tax (other than mining) by over £500,000.

DIMINUTION IN TAXATION RETURNS

MR. HOFMEYR is budgeting for a further diminution of £1,400,000 from the gold-mining taxation and special contribution during 1944-45. While the

yield from the diamond mines may be expected to increase, the less favourable position of gold mining may act as a brake on the mounting yield of income tax on individuals, of excess profits duty and of the trade profits special levy. The budget is in fact framed on the assumption of a slight falling off in their yield. It would be over-sanguine to expect the yield from death duties, which in 1943-44 practically doubled the original estimate of £1,600,000, to do more than maintain their 1943-44 yield. It is therefore placed at £3,000,000 for 1944-45.

On the existing basis of taxation, the aggregate revenue for 1944-45 has been estimated at £107,000,000, which is rather less than the revised estimates for 1943-44. The whole of the additional expenditure budgeted for 1944-45 must then be covered by fresh taxation. Mr. Hofmeyr does not propose to break fresh ground in imposing further taxation. Death and succession duties are to be increased. Super tax, which at present begins at incomes of £2,000, is to start at £1,775, and primary rebate is to be reduced, increasing the rate of tax by £30 for existing super-tax payers and bringing in a new class who will pay up to about £31 super tax for the first time. Changes are to be made in farmers' income tax, with the object of preventing the richer townsmen from taking advantage of the farmer's privilege of offsetting capital expenditure against income, in order to avoid super tax and excess profits duty as part-time farmers. No estimate is given of how this will affect the Exchequer. It may well be that this practice, which is rather confidently advanced in some quarters as a reason for the inflation of land values and live-stock prices, and also for the recent acute meat shortage, is much exaggerated. The removal of these anomalies is, however, to be welcomed in itself. A surcharge is to be imposed on transfer duties on the sale of immoveable property, to be paid into the Union Exchequer and not, like the transfer duty itself, to the Provinces. The stamp duty on stock exchange transactions is to be raised. Further demands in the form of a special contribution are to be made on the diamond mines. Additional excise is to be levied on cigarettes, tobacco and matches, and a new excise is to be levied on sweet wines which up to now have not been taxed. These expedients should enable Mr. Hofmeyr easily to balance his budget.

HOW WILL THE GOLD MINES REACT?

THE main uncertainty in fact is how far the gold mines will come up to even the modified expectations placed upon them. Since the introduction of the budget the Commission has reported on the wages of native mine employees, and has recommended an increase in wages of 5d. per shift, together with a cost-of-living allowance of 3d. per shift and the payment of time-and-a-half for overtime work. The Government has accepted this last proposal, but has modified the wage increase recommended by the Commission to 5d. for underground workers and 4d. for surface workers, without a cost-of-living allowance. Even this is estimated to lead to an increase of £1,850,000 per annum, or of more than 7d. per ton milled, in the cost of mining gold. To prevent increased costs leading to a serious contraction of mining

the Government has agreed to forgo the gold realization charge made for the disposal of the gold which the mines produce. Instead of accruing to the Treasury on loan account this is now to form a fund from which the mines may draw to meet their increased native wage obligation. The net burden of Government borrowing will thus be increased. There are, however, ominous threats of a strike of European miners to enforce demands for a 30 per cent. rise in wages, a demand which undoubtedly cannot be met without very serious budgetary repercussions.

In the past it seems that good luck, as well as management, has already attended South Africa's finance. Mr. Hofmeyr's previous budgets were unwittingly less well balanced than they appeared to be. Owing to the fact of separate accounting, our armies and air force in East and North Africa had to a considerable extent been armed and equipped at the expense of the British taxpayer. An agreement was reached last November when General Smuts was in London, by which past obligations were fixed at some £35,000,000, to be paid off in instalments, while current obligations were also compounded for a fixed payment of £1,000,000 a month. The Prime Minister has been extraordinarily reticent about divulging any details of these agreements to Parliament; but it appears that provision is made for them in the defence estimates for 1944-45, on which other savings must have been possible. If it is true that our forces outside the Union will have everything found by the British authorities for £1,000,000 a month, then, in view of the greatly increased cost of maintaining highly mechanized units, and in view of the growing proportional strength of the even more expensively equipped Air Force, it does not seem as if we had any cause for dissatisfaction with this arrangement.

South Africa,
April 1944.

NEW ZEALAND

PROBLEMS BEFORE PARLIAMENT

PLENTY of problems similar to those facing the other members of the British Commonwealth confronted the people of New Zealand when the new Parliament met on February 22. These were the shortage of coal, electric power, houses and school accommodation, the latter due in part to the taking over of school buildings for war purposes and in part to the raising of the school leaving age to 15; the reduction in the Dominion's dairy production; the need for revision of the licensing laws; industrial disturbances in the shape of strikes in the mines and on the waterfront (the go-slow methods and stop-work meetings were the effect of the Government's policy of appeasement towards the union leaders); and the man-power problem which is always with us and has never been solved. A new Speaker, Mr. F. W. Schramm, an Auckland lawyer, the Labour member for Auckland East, was elected, and he made a good start by severely discountenancing the interruptions which have been an unseemly feature of recent debates. One of the first measures mentioned in the Governor-General's speech was the adoption of the Statute of Westminster. This, he said, would bring New Zealand into line with the other self-governing Dominions, and would remove doubts among foreign Powers regarding her sovereign status and obviate existing legal drafting and administrative difficulties, both in New Zealand and in the United Kingdom. Consideration of the question was, however, adjourned until Parliament meets again. Listeners on the wireless to the address in reply and the debate found that Mr. Holland, the leader of the Nationalist party, had a strong debating team capable of stating their views clearly and temperately and of raising the standard of debate. They include several lawyers capable of revealing defects in the Bills submitted to the House.

REHABILITATION

MAJOR SKINNER, Minister of Rehabilitation, received a warm welcome when, on March 23, he detailed his policy for the re-establishment of ex-servicemen in civil life, and gave a review of what has been accomplished and what is proposed. His own career in the New Zealand Expeditionary Force* is a guarantee of his efficiency and of his practical sympathy with the returned soldiers. Colonel Baker, in whom, he said, he had complete confidence, had been appointed Director of Rehabilitation; 29 branches, each under a rehabilitation officer, were being established; and district executives would be set up having full power to grant loans for which a precedent existed. The number of men and women already discharged was 32,000. 18,000 of these had been oversea, and of the latter about half were in hospital or still receiving treatment. 9,000 service men had gone back to their old jobs, their

* See THE ROUND TABLE, No. 131, June 1943, p. 299.

farms or their businesses. Professor Tocker, Rector of Canterbury University College, in addressing the Wellington Chamber of Commerce, considered that the Government was working at the problem of rehabilitation from the wrong end. Since 80 or 90 per cent of the returned men would have to rehabilitate themselves, he advocated the maximum freedom for production and trade to expand and adjust themselves to post-war changes. The Returned Services Association has protested against the centralized control of rehabilitation in the state departments. It has called for decentralization and asked that authority should be given to experienced individuals nominated by the Association and similar organizations.

The session was notable for the silence of Ministers and their failure to disclose their policy on matters of importance to Parliament and the people, and in consequence largely for the failure of Parliament to concentrate on the vital problems of the day and to tackle them in earnest. Military policy and man-power were doubtless discussed in secret session, but John Citizen is getting tired of so much secrecy in the treatment of his affairs. The willingness of the Opposition to assist the Government in non-controversial legislation was shown by the rapid and smooth passage of the Bill entitling workers to an annual holiday on wages at current rates.

REFORM OF LOCAL GOVERNMENT

Two Bills, however, which the Nationalists considered breaches of the Prime Minister's "gentleman's agreement" to avoid the introduction of controversial measures, evoked fierce resistance both from the Opposition and from the interests concerned, as they were introduced and bludgeoned through at the eleventh hour. At the last triennial elections for local bodies Labour suffered a crushing defeat. The Government, when asked to postpone the date of some of the local elections, introduced under pressure from its supporters a Local Elections and Polls Amendment Bill, making revolutionary changes without giving the local authorities an adequate opportunity of expressing their views, and forced it through after stonewall tactics by the Nationalists. The usual reference to the Bills Committee of the House of Representatives was a farce, for the Committee could only meet during the sitting of the House. The question was essentially one calling for examination by those affected and by experts acquainted with the administration of local affairs. Seven years ago the Minister, Mr. Parry, who introduced the original Bill, had wisely contemplated a scheme for the reform of rural local government and county amalgamations. New Zealand suffers from the confusion arising from a multiplicity of county councils, town boards, drainage boards, road boards, river boards, and from a system of administration over fifty years out of date; but the provincial spirit still prevails, and every county refuses to relinquish a shred of its self-government. The system up to the passing of the Bill was that those who paid the rates should elect the body that fixes and levies them, so that the franchise of the counties was limited to owners or occupiers of land, who had a plural vote up to three votes according to the graduated value of their property. Another principle was the ineligibility for election to an adminis-

trative body of any person holding a place of profit under it or in contractual relation with it. Originally the Bill included all local bodies, and every employee was qualified for election to the local council excepting certain of the principal officers. The Bill as passed was confined to the counties and road boards, and all employees were made eligible for election to the council. The rural franchise was placed on the same footing as the urban, giving those with a residential qualification an equal right with the ratepayers to vote at elections. The Government refused the suggestion of the Leader of the Opposition for the withdrawal of the Bill and the reference of the whole question of the administration of rural areas to a Royal Commission under the presidency of a Judge of the Supreme Court assisted by associates familiar with local government administration in such areas. The reason for the haste in putting the Bill on the statute book was the hope of the Labour party at the coming local body elections in May of controlling not only the administration of the country at large, but also that of the local bodies, including Harbour Boards, a substantial proportion of whose members are elected by the electors of the counties. To ensure that, in every county and city, Labour should "bend up every spirit to his full height", enrolment was made compulsory.

THE LICENSING LAWS

SIMILAR haste in legislation which was criticized in several quarters as undemocratic was shown in the passing of the Invercargill Licensing Trust Bill. Our licensing laws are over half a century out of date, and it is high time they were overhauled by a Royal Commission, as promised in the Governor-General's speech, but a difficult position had arisen from the last licensing poll at Invercargill. At every triennial general election a licensing poll is held, the electors voting for the continuance of the sale of liquor by private enterprise, or for national prohibition, or for state purchase and control. In recent years the votes for the continuance of the present system have substantially exceeded those for prohibition, while a comparative handful of the voters support state purchase. The country's mandate to the Government is therefore the continuance of the sale of liquor by private enterprise. At the same election those licensing districts which have gone dry, and where no licence can be issued for the sale of liquor, have an additional poll, the issues at which are the restoration of licences or the continuance of no licences. At the last general election Invercargill, after 38 dry years, carried the restoration of licences by the necessary three-fifths majority. This raised a problem, since it appeared that few of the former hotels would comply with modern requirements, while a substantial number of the citizens of Invercargill favoured municipal control of the city's liquor traffic. According to the then existing law a licensing committee should have been elected to control the issue of licences. Some delay seemed inevitable, and two petitions were presented to Parliament, one asking that the licensing committee be elected before June 30, and the other advocating municipal control and ownership of the hotels within the area, the profits being devoted to the establishment of further public amenities within the

constituency. The petitioners also asked that the Invercargill electors should have the right to elect a licensing board to manage the hotels under the jurisdiction of Invercargill city and the borough of South Invercargill. At a meeting of the Councils of those two bodies it was decided that a referendum should be taken on the issue of private or community control. Invercargill City Council was to carry on the sale of liquor temporarily pending the result of the referendum.

A NEW TRUST BILL

THE Government passed a Bill postponing the election of the licensing committee until September 12, and then jumped the claim of the municipality and sprang a surprise on the drouthy people of Invercargill by hurrying through its Trust Bill despite the protests of numerous local organizations, including the Southland Law Society, which declared the principle of the Bill unconstitutional as disregarding the declared mandate of the electors. The new Act provides for the establishment in the Invercargill licensing area of a licensing trust to conduct the hotels and distribute the profits within the Southland district for a wide variety of such public cultural, recreational and philanthropic purposes as the Minister of Justice may approve. The Trust will consist of six persons of whom two will be nominated by the Invercargill City Council, one by the South Invercargill Borough Council and three by the Minister. One of the latter will be appointed by the Governor-General in Council as Chairman with both a deliberative and a casting vote. The functions of the Trust will be to provide accommodation and other facilities for the travelling public, to establish and maintain hotels, described in the preamble as model hotels for the supply of intoxicating liquor, and suitable places for the supply of refreshments. From the information given to the House of Representatives by the Attorney General and the Prime Minister, the Trust will apparently operate on the lines of the Carlisle Trust in Britain, and will be financed, as long as necessary, by the State. Neither the State nor the local bodies, however, will have any interest in the Trust's profits. In spite of the Prime Minister's suggestion that the predominant control is to be local, it is clear that the Government can and will dominate the Trust. It is to pay the piper and will call the tune.

THE CANBERRA PACT

THE Canberra Pact was discussed in both Houses of Parliament, and the speakers mainly approved, while suggesting that it would have been more satisfactory if it had been submitted to Parliament for approval. One Nationalist member thought that the people of New Zealand should know how far the Dominion was committed in the policy of policing the islands and in the greater humanitarian programme for the Pacific, while a member of the Upper House thought that the Pact, together with the statement in the Speech from the Throne that the adoption of the Statute of Westminster would remove doubts among foreign Powers regarding the sovereign status of New Zealand, seemed to indicate that the Government, while emphasizing

New Zealand's sovereign status, was not prepared to accept any sacrifice of her sovereignty that might be required by the new order, and that Clauses 32 and 33 of the Pact, referring to migration, might make it more difficult for New Zealand to keep the friendship of India and China. There was general agreement with the Prime Minister's statement that nothing in the Pact was directed against the United States or calculated to sever the close relations with that great republic, to which New Zealand owed so much. Referring to the installation of war-time bases Mr. Fraser said this did not impair the sovereignty of the countries in which the bases were established. New Zealand, in common with the United States, the United Kingdom and the other Dominions, had set up and maintained military establishments in territory other than its own.

IMMIGRATION AND COLOURED RACES

REFERRING to immigration, Mr. Fraser hoped the reference to coloured races would be dropped. Their admission was an economic question. In the provision dealing with immigration there was no antagonism to any country of colour, but there would be a lowering of the standard of living if people of different races were allowed to come in in unlimited numbers. That would be disastrous both to our own people and to the immigrants. He did not anticipate difficulties. Every country had the right to control its own nationals, and the question of ingress to and egress from its own country. Along the lines of the provisions in the agreement he saw the basis for racial and world understanding and peace. Before New Zealand adopted a regular and generous immigration scheme our debt to our own fighting forces must be discharged. Mr. Doidge, the spokesman for the Nationalist party, declared that that party welcomed the Pact. Referring to our obligations under the Atlantic Charter, he said that, if New Zealand was going to subscribe to those terms, conditions and principles, it meant forgoing many of our rights, and that we would not have complete freedom, for instance, to determine tariffs and immigration policies. These and other rights would have to be exchanged to some extent for safety and freedom from aggression. He considered that the Canberra Conference betokened an unshaken faith in the British Empire.

THE DAIRYING INDUSTRY

THE Governor-General's speech stated that shortage of labour, lack of fertilizers, and adverse climatic conditions had unfortunately tended to reduce the Dominion's dairy production. Further light was thrown on that reduction and the point of view of the dairy farmers was put by Mr. J. T. Martin, Chairman and Director of Wright, Stephenson & Company, a large stock and station company who, in an article printed in some leading newspapers on March 29, maintained that the Government's policy had been to "keep the farmers' prices down to the bone in spite of rising costs". He advocated higher export prices for New Zealand's foodstuffs. The fixing of prices for meat, wool, butter and cheese in 1939 for the duration of the war, without any relation to costs, instead of a yearly revision, had, he said,

landed the Dominion in an economic dilemma, and was also seriously retarding production when Britain was appealing for an increase in our supply of butter, cheese and meat. He pointed out that, instead of being in the fortunate position of the producers in Canada, South Africa and Australia, where the Governments had protected their producers against rising costs, New Zealand farmers have permitted the reduction of 70,000 in the number of their milking cows in two years and have allowed 7,000 cows in the South Island to be sold for canning purposes. Mr. Sullivan, the Acting Prime Minister, replied that, in making comparisons with other countries, the variation in farmers' costs must be considered; that an increase of 0.61d. per pound of butter fat was given for the 1942-43 season, and that certain cost allowances, totalling slightly more than 1d. per lb. of butter fat, were made payable from the beginning of the 1943-44 season. These latter allowances, he stated, offset the increases in farm and dairy factory costs not otherwise provided for between 1939 and the stabilization date. The situation is serious, for the production of butter fat has declined by 30 million pounds and is the lowest, excepting one year, since 1931-32. The number of suppliers has declined in six years by 11,514. Mr. Bankes Amery's vigorous campaign throughout the Dominion, urging Britain's pressing requirements in dairy produce and meat, has had a very stimulating effect on producers.

In the Governor-General's speech a new and comprehensive programme was promised, but it was not until April 7, after the adjournment of Parliament, that Mr. Fraser, on the eve of his departure for London, announced it as having been decided upon as the result of consultation between members of the Dairy Industry Council and the National Council of Primary Production and the Minister of Agriculture and the War Cabinet. The measures proposed include the withdrawal of more men from the armed forces, particularly those with farming experience, the institution of a rural housing scheme, the payment of a wage cost allowance to increase the labour reward to workers and others, a subsidy for the rearing of heifer calves, priority to dairy farmers in the allocation of additional supplies of fertilizers, an increase in the schedule rates for all pig meats, and a subsidy on approved pig feed crops and the setting aside of a certain amount of the dairy farmers' income for maintenance purposes. When labour and material become available, such portion of their income is to be left in any financial year with the Government for war purposes and not to be included in that year's taxable income. Consideration is to be given to the provision whereby dairy farmers may not change to other forms of farming, and dairy farmers who have so changed during the past three years may be required to revert to dairy farming; but the question is to be discussed with representatives of the industry before regulations are brought down.

CENTRAL CONTROL OF MILK

A FURTHER stage in the Government's policy in a new field is the plan for the reorganization of the milk industry and the creation of a central authority. The voluminous report of the Milk Commission appointed a year ago was released, and a summary was published on February 21. The main long-term

NEW ZEALAND

recommendation, which has been adopted by the Government and will be carried out by legislation, is the creation of a central authority "to guide and control the conduct and development of the liquid milk industry", and to reorganize that industry, as the Minister of Agriculture says, on the basis of providing fair and equitable treatment for all sections of the industry, and with the objective of making always available to the people of the Dominion an adequate quantity of high quality milk at reasonable prices. The most important of the short-term recommendations relates to the higher payment to producers in Dunedin, Christchurch and Auckland. The increases will be met by a government subsidy and will not involve any alteration in the price of milk to consumers at present. No short-term increase for producers is recommended in the case of Wellington, as it is considered that the position in this centre is relatively more satisfactory. Already a government town milk office has been set up and is functioning in Wellington and a town milk officer and a technical officer have been appointed.

DIPLOMATIC CHANGES

CHANGES have been announced in the diplomatic representation of New Zealand overseas. Mr. Nash is to return to the Dominion. Mr. Berendsen, at present High Commissioner in Australia,* will take his place in Washington, and he will be succeeded at Canberra, where he has done good work, by Mr. J. G. Barclay, a former Minister of Agriculture, a farmer by occupation, who was defeated in the last election. The Minister appointed to the Presidium of the Supreme Soviet of the Union of Soviet Republics is Mr. C. W. Boswell, who was the Labour member for the Bay of Oie Islands and was also defeated in the last election. He is 38 and headmaster of a school. Mr. D. Wilson, Leader of the Legislative Council, is to be High Commissioner in Canada.

New Zealand,
April 1944.

* See THE ROUND TABLE, No. 131, June 1943, p. 299.

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

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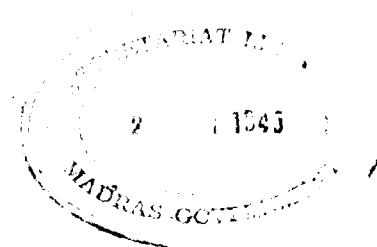
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INDEX AND TITLE-PAGE

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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GEOFFREY DAWSON
1874 1944

GEOFFREY DAWSON

GEOFFREY DAWSON, who for two years after his retirement from the Editorship of *The Times* in 1941 was Editor of *THE ROUND TABLE*, died on November 7, 1944, at the age of 70.

He may fairly be described, in a word, as the fine flower of the culture of his time and generation. He gave lifelong service to the British Empire, but his roots were deep in the soil of England and of his native county of Yorkshire. There he was born in 1874, the eldest son of George Robinson of Skipton-in-Craven and nephew of William Mosley Dawson of Langcliffe Hall, Settle, whose property, with his name and arms, he was to inherit in 1917 as successor in a long line of Yorkshire squires.

He was educated at Eton, as a King's Scholar, and at Magdalen College, Oxford, as a Demy. There he won first-class honours in Classical Moderations and in the School of Literae Humaniores, and was elected in 1898 to a Fellowship in History at All Souls College which he retained till the day of his death. Like so much else about him, his scholarship was not so much brilliant or spectacular as sound, sane and rich in common sense. It was of the essence of the man; and faithful in this, as in all things, he was destined in later life to serve his school as a member of the Governing Body, to become a D.C.L. of Oxford and an Honorary Fellow of Magdalen; and in the intimate society of All Souls to live to be one of the senior and certainly one of the best beloved of the brethren of Chichele's House.

After taking his degree Dawson entered the British Civil Service; and, by one of the happy accidents of that profession, was taken into the South African department of the Colonial Office, then, long years before the separation of the Colonial and Dominions Offices, under Joseph Chamberlain, about a year before the outbreak of the South African War. This bending of a twig was to determine the whole growth of his career.

So good was the promise of his early work that he was sent out in 1901 to serve as assistant Private Secretary to Lord Milner, who, with the war still raging, was transferring his seat of government from Cape Town to Johannesburg in the Transvaal.

Dawson ("Robin" as he was then nicknamed) was thus one of the earlier recruits to that band of friends who were bound together in a common loyalty to Milner and were, under his hand, his most flexible instrument for the execution of his policy of post-war reconstruction in South Africa. The solid burgesses of Johannesburg may have bestowed upon them their sobriquet of the "Kindergarten" in tolerant derision of the inexperience, or even of the "viewiness", of a coterie of young men freshly imported from Oxford to set right a world out of joint; but time has vindicated Milner's belief in youth and brains, and membership of the Kindergarten has become a title of honour. The band has believed itself to have inherited Milner's tradition and has been the nucleus of the Round Table movement and the editorial

committee of its magazine. Its few survivors are now old and grey; but it has been bound together in a lifelong association of friendship which death alone has been able to sever.

Of all its members Dawson, as his Private Secretary, stood in the closest personal relation to Milner. He, at least, could not be called "viewy". His plain common sense was too strong, his humorous sympathy with ordinary human nature too keen, for that; and he could take unquestioningly the directions on policy of a master whom he loved with a filial devotion, paternally reciprocated by the older, and childless, man.

Milner's Imperialism was indeed the guiding light of Dawson's after life. The term "Imperialism", illegitimately degraded in later days into a synonym for vulgar greed and aggression than which nothing could be more foreign to Milner's thought and character, was held in honour at the beginning of the century. In Milner's mind it stood for the establishment and development of ordinary civilized government in each part of the British Empire, leading on ultimately to self-government as, but not before, each might become fit for it; and, above all, for the abiding union of the whole in a common loyalty to the Crown, as, in the political sphere, the greatest instrument for good in human affairs.

These, called by other names, are the orthodoxies of to-day. But it was Milner's fate, as Governor of the two newly annexed colonies of the Transvaal and Orange Free State, devastated by two and a half years of war, to be able to undertake only the first stage of the process, that of laying anew the foundation of an ordered and financially stable civil administration in which economic recovery should precede political advance. He laid the foundation well and truly, as his successor the late Lord Selborne never failed loyally to testify; but his task was rendered the more difficult by the part which it had been his duty to play in the prosecution of the war itself, with the inevitable bitterness of its aftermath; and early in 1903, three years after the restoration of peace, he felt that the time had come for him to entrust the continuance of his work for South Africa to other hands. But he arranged to leave some of his young men on whom he relied in key positions. Thus the late Patrick Duncan was Colonial Secretary, the late Lionel Hitchens Treasurer of the Transvaal, Robert Brand and Philip Kerr (the late Lord Lothian) Secretaries to the Railway Administration; and, what is more to our present purpose, Geoffrey Dawson became Editor of the Johannesburg *Star*, the principal newspaper in the main centre and focus of the British population.

Thus began Dawson's long association with journalism, which, save for one brief interval, was to last for 36 years during most of which he was to fill the highest post in the profession. But, though in 1906 he added to his other duties those of South African correspondent of *The Times*, no vision of Printing House Square danced before the eyes of the young Editor of the *Star*. He had quite enough to do without that. He had indeed undertaken a highly responsible task in a difficult place and at a difficult time. The politics of the Transvaal were almost purely racial. The natural leaders of the older population, such as Generals Botha and Smuts, though they were later to win undying honour in the service of the British Empire, were at this time

holding themselves aloof in dignified seclusion from participation in the work of Crown Colony government. Their people were suffering under the bitterness of defeat and of the loss of a treasured independence. They could not then foresee how soon that independence was to be transcended in a higher South African unity. Nor was a greater measure of foresight vouchsafed to the British population, on whom Milner had perforce mainly relied for support. They too had recent memories of "uitlander" grievances, and were very jealous for the fruits of victory. Such was the position when Lord Selborne came to carry on Milner's work, to heal, so far as he could, the wounds of war, and to help to guide South Africa to a brighter future.

In the racial politics of the time Dawson's *Star* was frankly the organ of the British or "Progressive" party. His courage did not shrink upon occasion from sharp criticism of authority; and in the light-hearted community of Johannesburg his gaiety might occasionally express itself in a *gaminerie* which the dignity of a great London journal would hardly have permitted. But young as he was Dawson was gifted with a judgment too mature, too level and too sane for the extremes of partisanship. His settled policy was to give steady support to the Colonial Government. He lent a friendly ear to all men, but could be relied upon to hold his own in controversy. His articles, always sensible, were eminently readable. So he passed equably through the excursions and alarms which preceded the establishment of responsible government in the Transvaal and Orange Free State in 1907, and, with his party in opposition, during the two or three years which followed until the Union of South Africa was achieved. With the movement for Union, with which the dynamic energy of his friend and Kindergarten colleague, Lionel Curtis, and the wisdom of Lord Selborne will always be associated, Dawson was in whole-hearted sympathy; and when the long labours of the Convention were crowned at last with success, thanks so largely to the magnanimity of General Botha on the one side and of Dr. Jameson on the other, and to the brilliant abilities of General Smuts, Dawson could feel that the seed which Milner had planted and Selborne watered, and the growth of which he himself with his friends had done so much to foster, had borne fruit with a rapidity which would have seemed impossible a few short years before.

After the final inauguration of the Union in 1910 Dawson returned to London and worked in *The Times* office in a close personal relation with Lord Northcliffe until in 1912, on the resignation of the late G. E. Buckle, he was appointed to succeed him as Editor of the greatest newspaper in the world.

Differences with Lord Northcliffe, which did not, however, affect the personal friendship of the two men, led to his resignation in 1919; but he was re-appointed in 1922, so that in all Dawson directed the policy of the paper for 26 years, a period which covers the whole of the first World War, all the most critical years which followed it, and the first two terrible years of the second.

To attempt to give a full account of Dawson's editorship during this period would almost be to essay to write a history of the modern world; for he was, of necessity, intimately associated with all the great events of his time, and he was in contact with all the leading personalities at least of his own country. Though he spent daily and nightly his full toll of long hours in

his office he found time, like his great predecessor Delane, to go everywhere and to know everybody. His physical vigour seemed inexhaustible, though the ultimate event was alas! to prove that it was not. His personal charm, his humour, and the solidity of his character won for him universal friendship and commanded a universal confidence which he was never known to abuse, though he would talk freely in the company of those whose discretion he trusted. With Mr. (now Lord) Baldwin he was specially intimate, and he stood closer than most people to his successor Neville Chamberlain.

The technical side of his Editorship has been ably dealt with elsewhere,* nor would the present writer be competent to appraise it. It must suffice here to say that he maintained a great tradition of *The Times* in giving consistent though not uncritical general support to the government of the day, and in refraining from opposition to it in matters of great moment unless and until the necessity for opposition should be demonstrably clear. His paper reflected the good sense of his people and of Parliament. His own prose style, keen, pungent, clear and free from all superfluous adornment, was in accord with his unruffled temperament, with his sane calm judgment always on a level keel. So he most amply fulfilled on a far wider stage the promise of his earlier youthful editorship; and those who, in the light of after events, would find fault with the support he gave in the pre-war years to the policy called "appeasement" would do well to reflect on the fate which premature pugnacity might have brought upon his country.

To the Milner tradition Dawson was always faithful. His interest in the overseas Empire was unflinching, as was his sympathy with the development of the great Dominions into full national status. South Africa was always in his memory and in his thoughts. He found time, amidst everything else, personally to attend the Ottawa Conference; and, at a critical moment in the history of India, to visit that country as the guest of his old friend and All Souls colleague Lord Irwin, now Lord Halifax. He combined with all his other work constant attention to his duties as a Rhodes Trustee; and his very last days were devoted to THE ROUND TABLE.

In his marriage with Cecilia, daughter of the late Lord Wenlock who, as Sir Arthur Lawley, had been Lieutenant Governor of the Transvaal under Milner and Selborne, he was supremely blessed. In his home on his Yorkshire property he was a dalesman among dalesmen, a neighbour among neighbours, a friend among friends—the young friends of his much loved children, the old friends of his own Eton, Oxford and more mature days, whom he delighted to gather round him. From that home there radiated upon those privileged for a while to share it the true warmth of kindly affection and unbroken happiness. His leisure was that of a scholar and a sportsman; and grouse-driving with him on stately Pen-y-ghent and its surrounding hills was an unforgettable experience. Among those hills at the last, after all his Odyssey of journeying amid great affairs, he set up his oar and now lies in peace, leaving behind him a gracious memory of unselfish devotion to his fellow men.

* *The Times*, November 8, 1944.

TASKS OF THE TRIUMVIRS

THE TESTING TIME OF THE UNITED NATIONS

THE heads of governments of the three principal allied Powers met at Yalta in the Crimea in February for the conference that had been so long awaited. At the date when THE ROUND TABLE goes to press no results of their consultations have been published. But the nature of what must have been their principal preoccupation is visibly determined by the rapid and imposing developments of the strategic situation. Any direct concern with the war in the Far East is outside the scope of a conference in which the Soviet Union, which is not at war with Japan, participates. Although the principals are accompanied by their strategical as well as other technical advisers, the time is manifestly past when fresh major decisions on military policy in the German war have to be taken. The master plan laid down at previous meetings is marching to its consummation; its final phases must have passed into the executive responsibility of the commanders in the field. As the conference meets, one group of Russian armies has deprived the enemy of his best remaining arsenal in Upper Silesia; another has almost completed the conquest of East Prussia; while between them the redoubtable Marshal Zhukov is marching on Berlin. In the West Rundstedt's Christmas offensive has been crushed—with heavy loss of armoured forces that might have been used to buttress the failing ramparts in the East—and British, American and French armies have gone over to the offensive along most of the fortified frontier of the Reich.

The end could come at any time; for on a purely strategic calculation the defeat of Germany is already more decisive than it was in November 1918. But even if the iron grip of the dictatorship can hold a dispirited people and a beaten army in the war until the last wall is breached and the last cartridge spent, it is evident that the process of European reconstruction has begun to supervene upon the closing stages of the struggle. Many of the countries enslaved by Germany, whether as conqueror or as ally, are painfully feeling their way back towards normal life under the shelter of the victorious armies; while already most of Germany east of the Oder, and some districts west of the Rhine, have become the administrative responsibility of the allied Powers. The area of their control may have extended to any degree even before these words are read. Few close observers of the German political scene expect hostilities to be terminated by any formal armistice resembling that of 26 years ago; for that would presuppose the existence of a Government capable at once of making its authority effective in Germany and of putting forward negotiators with whom the Allies would be willing to treat. The naïve feelers that are said to have been put out in Stockholm, to ascertain whether a transformation of the Nazi régime into a constitutional republic, investing Hitler with a Presidency akin to Hindenburg's, do but throw into clearer relief the utter impossibility of negotiating an

armistice with any of the present rulers of Germany; while after the purge that followed the failure of last year's plot, it is more than ever improbable that any alternative authority will emerge before the dissolution of the Nazi state has gone beyond control.

The most likely prospect, excellently formulated by Sir Walter Citrine at the World Trade Union Conference in London, is that the allied armies will advance from three sides across Germany, with increasing impetus and speed as opposition is beaten down, and that province by province the whole country will pass into their power. There may well be a last stand of desperate men, perhaps in the mountains of Bavaria; but the end is likely to be that the allied commanders will find themselves at last the only authority in the land, the *de facto* Government of Germany. This is the logical conclusion of the policy of unconditional surrender, a policy from which there is certainly no likelihood of withdrawal at this late stage; even though it is possible, as the enemy, interpreting a hint by Mr. Churchill in Parliament, seems to expect, that the three leaders may publish some intimation of the treatment to which the defeated may look forward after submission.

Thus plans have to be laid for a time during which the United Nations will be possessed of effective power over the whole of belligerent Europe—and for that matter, with very extensive influence over the future even of the few remaining neutrals. Their power will of course vary in degree from one country to another. As applied to a nation of the stature of France, it will consist in little more than the opportunity to render material help while a national government of her own sons undertakes the heroic task of raising her from the morass into which she has been thrust. In other countries, some friendly and newly liberated, others hostile and conquered, native government may for a time be too weak to sustain itself without the support of allied power, with arms in reserve. Finally in Germany the allied high command may at first be itself the government. But everywhere it is essential that the external power exercised, in whatever degree, shall derive its sanction from the authority of the United Nations, acting in mutual confidence and concert. Here lies the predominant task of the Black Sea conference. At Teheran Mr. Churchill, President Roosevelt and Marshal Stalin met as a council of war; now they are better regarded as *Triumviri Europae constituendae*.

THE PRACTICE OF UNITY

In this capacity they have to bring to the stage of practice the principle that has been affirmed with unanimous approval many times during the war, that the United Nations must carry their association into the era of peace, and take joint responsibility for the work that the conditions of an interdependent world impose upon power: that is for the guardianship of peace and the general guidance of the international community. No one who has learned the painful lessons of two world wars will challenge the principle; but the practice may be beset with difficulties. Several articles in this issue of THE ROUND TABLE illustrate the way in which some of the difficulties are now emerging into the light.

They may appear even in the prosecution of the war, although it is in the common determination to achieve unqualified victory that the United Nations are most united. The writer of the quarterly review of strategy refers to the question, which has indeed been widely discussed, whether the decision of the British Empire and the United States at Quebec henceforth to pursue the war in Europe and in the Far East with equal power was well advised. The suggestion is that a greater concentration of strength might have enabled last year's victorious campaign in France to sweep on over the Rhine without a pause, overthrown Germany before midwinter, and allowed the full strength of both nations to be deployed against Japan many months earlier than will now be possible. Strategically, it is the old problem of concentration *versus* dispersal of the striking force. But at the level where strategy and policy intermingle, the issue raised is whether we are engaged in one war or in two wars, one in Europe mainly concerning Great Britain, one in the Far East mainly concerning the United States. It is mentioned here simply to illustrate the kind of difficulties that may arise in the practical application of the idea of "United Nations"; although our correspondent sees no good reason to dissent from the strategy adopted. Whether the Quebec decision was in substance right or wrong, it was taken in the right way by the leaders of both nations after full discussion together; and both take equal responsibility for it.

One consequence, however, which lies on the border-line of strategy is not to be overlooked. Whether or not a different allocation of force would have hastened the defeat of Germany, or the end of the whole war, or both, it is undeniable that the diversion of supply to the Pacific has imposed additional hardship on the liberated peoples of western Europe, and incidentally delayed the revival of their fighting power. The work of U.N.R.R.A. has been slow in getting under way, and much economic misery, especially in France and the Low Countries, which it was created to alleviate, still goes unrelieved; for relief is first and foremost a matter of ships, and the first consequence of the Quebec decision was to take ships from the West for service in the East. It cannot be certainly said that the present distress was strategically avoidable; but it does impose upon the statesmen in conference, whose joint strategy helped to prolong it, a special joint obligation to provide a remedy.

While at Quebec two of the United Nations reached a decision by agreement, although it has been hotly criticized, the article on the Chicago Conference affords an instance in which, on the most crucial issue, they have as yet failed to agree. The debate continues, and there will certainly be other attempts to bridge the gap; but this example of the difficulties confronting the United Nations in action needs to be seriously pondered. For this matter of civil aviation, which is the first of obvious international concern lying mainly outside the domain of security to arise in their deliberations, is also one of cardinal importance. Rudyard Kipling, in one of his most powerful stories, imagined a future in which the controlling body of civil aviation had developed into a government of the world. Even if that conception be dismissed as a fantasy, it is undeniable that an international

association that acquiesced in failure to achieve a *modus vivendi* between nations for the use of the air highways of the future would have little prospect of success in its still more ambitious task of securing the peace of the world. There must be further attempts at an air agreement; and it is vital that the Soviet Union, which stood aloof from Chicago, should be drawn into the discussions. Although this cannot be a leading subject on the agenda, it may be hoped that a new impulse to agreement may come from the three-Power meeting.

From another point of view, however, the cause of unity was notably advanced at Chicago. The nations of the British Commonwealth rapidly discovered a common interest among themselves, and collaborated effectively in putting forward a common line of argument. More than this, they found that their joint stand provided a rallying point for most of the smaller nations, especially the small nations of Europe. They had had only partial opportunities for consultation beforehand, and it is possible that their efforts would have been more successful if more completely concerted; at any rate their experience, so far as it goes, is in favour of the view that the Commonwealth after the war will require to develop its means and instruments of common action in international affairs, and that in so doing it may have wide support from outside its own ranks. Only in proportion to its internal unity can the Empire exercise in international economics the influence that is its due, and sustain that leadership of small nations which, in the view of its most enlightened advocates, belongs to the imperial mission.

Over against the British Empire and the nations arrayed on its side in the air controversy, the United States, which will enter upon peace with a vast economic advantage, put forward the classic arguments for *laissez faire*, as the economic system that best guarantees efficient service to the consumer—in the present instance, to the whole world. The British and European nations have often been censured by American moralists for their supposed besetting sin of "power politics". On this occasion they felt entitled to retort that the Americans were pursuing "power economics" not less ruthlessly; and, although they did not prevail at Chicago, they have reason to believe that American ears are not deaf to the equity of their argument. As an American contributor to this issue shows, many of his countrymen feel that, not only in civil aviation, but over the whole field where allied nations have sacrificed their economic power for the common cause, it behoves the United States to remember that

O! it is excellent
To have a giant's strength; but it is tyrannous
To use it like a giant.

EUROPE AND THE UNITED NATIONS

As has been said at the outset, however, the most urgent of the problems confronting the statesmen in the Crimea is the immediate need to rehabilitate, economically and politically, the shattered nations emerging from German servitude, and the provision of orderly government to replace the Nazi rule in Germany itself. The acute controversies that have arisen over

the affairs of many countries suggest that the organs for joint action employed by the United Nations, instead of arriving, as at Quebec, at an agreement that some critics think wrong, or, as at Chicago, being compelled after thorough discussion to acknowledge disagreement, have not sufficiently addressed themselves to the task of finding a collective solution of the problems. In practice the system of spheres of influence, which none of them defends in theory, has generally prevailed by default. The struggles of some of the liberated nations to recover their feet after the deluge, the convulsions to which these have given rise, and the possibilities of extending help to their efforts, are examined from a British point of view in an article elsewhere in this number. What is significant in the present context, and must presumably engage the attention of the three-Power conference, is the lack in most of them of any coherent expression of a United-Nations point of view. In liberated Italy the provision of an alternative to Fascist government is being conducted under British supervision, to the accompaniment of some acid comment in the Russian press. In Greece it has been tragically necessary to use British bayonets in defence of order; and criticism has been bitter, not only in the United States, but in Great Britain itself. In Poland the lines of the reconstruction of society and the State lie practically in the discretion of the Soviet, which is imposing a design that is certainly repugnant to the bulk of both British and American public opinion. In each case it is arguable that the Power acting on the spot understands the issues best, and that the critics are misguided or ill-informed. The strength of the criticism, however, proves that there has not yet emerged any strong sense, among the peoples of the three great unsubjugated Powers, of common responsibility for the policy pursued by any one of the three in applying to the liberated countries the principles to which all have subscribed. If the view of policy that has been in progress at the conference aspires to ends beyond the opportunism of the moment, it must seek to foster the growth of this sense of common responsibility; for if, as was proposed at Dumbarton Oaks, the collective security of the future is to be founded upon the ability of its guardians to exert authority, each in the regions of the earth where its military power can be made effective, then the prerequisite is a general consciousness that all participate in, and are responsible for, the acts of each.

The test of this harmony, and the most important topic engaging the attention of the three-Power conference, is the policy to be pursued in the joint control of defeated Germany. Although an administrative division of German territory between the zones of the occupying Powers will clearly be required, an urgent need is to secure that this shall give rise to the least possible differentiation of treatment. The probably long process of preparing Germany, under Allied authority, for absorption in her just place into the international society of the future will make a bad start if that authority is to be the resultant of the convergence and impact of three separate spheres of influence, in which different principles of government, or the military control of government, are applied. The task of the conference is to ensure that there shall be one principle, even though its execution must be the subject of

geographical partition between three coequal agents of the combined authority.

An article in this issue shows that in the longer term it is no less important to establish the spirit of joint action between the world Powers on the land-bridges between Europe and Asia. As the writer argues, the position and policy of Great Britain in the Arab world, including Palestine, are inseparably interwoven with those of France—whose speedy restoration to her proper place in the highest councils of international leadership is essential to the stability of peace in two continents. But in addition to the two old-established imperial Powers of the Middle East, both the United States and the Soviet Union, whether they will or no, are bound in the coming era to exercise an increasing influence upon the mind and the material conditions of life of the Arab peoples. Very delicate problems of balance between the sensitiveness of young States jealous of their autonomy and their present need of external help for defence are outlined by our contributor; all such considerations emphasize the urgency of a fully co-ordinated policy between the world Powers, which, if they do not meet here as collaborators, must do so as rivals.

THE REVIVAL OF PARTY

As a pendant to these reflections on the need for unity, it is well to take note, without alarm or exaggeration, of certain tendencies to disunion that have lately become apparent among the Allied peoples. The party spirit, for instance, is notably reviving in English politics. In the principal debate on Greek affairs, although the cleavage of opinion was not on party lines, the temper of the old party battle was most conspicuous. Even the Prime Minister seemed for the time being to have surrendered to the intoxication of combat, and to lose sight, in the joy of doughty hitting at his opponents in the House, of the underlying tragedy of the situation in Athens, where Greek and British fighters for liberty were shooting one another down. (His quixotic flight to Greece a few days later showed that this was no more than a passing mood.)

Then there has been a phase of mutual criticism between allies, of which some manifestations have already been remarked. The close of the American presidential campaign—in which support of the main lines of United Nations policy was common ground—was followed by a more than usually violent outbreak of partisan rhetoric, reflecting upon Europe in general and the British ally in particular. It provoked an outspoken reply in an influential English weekly, which made some shrewd thrusts at American self-esteem, and vindicated the unique greatness of the British contribution to, and sacrifice for, the war effort. Such plain speaking between friends does little harm where, as is true for most of the present contestants, there is no malice and little resentment. We are passing through an inevitable phase, resulting partly from war-weariness (on which our correspondent in the United Kingdom comments), partly from a slight relaxation of tension as victory comes into sight. In spite of all exhortation, and the admitted need for unflagging effort to the last, some such relaxation is psychologically inevit-

able; and it is natural that there should be some rivalry for the credit of victory among those whose unity of feeling was unshakable when all had their backs to the wall together.

This mood of mild mutual jealousy between allies will pass the quicker as they realize with their hearts as well as their heads the truth that they are still approaching the steepest part of the road they have covenanted to travel in company. They have come near to accomplishing that which they have already successfully achieved once in the present century—the overthrow of an aggressive Power that threatened the liberty of the world. It is a sobering thought that beyond that victory lies another task in which in 1919 they failed—and failed mainly because at the crisis they fell apart: the establishment of a political and social order that can give peace to the world. The present generation has a unique opportunity, in being allowed a second attempt where it has once been found wanting; but if the opportunity is not to be let slip it is necessary to master the lesson of unity taught by the bitter experience of the past thirty years.

THE ACHIEVEMENT

Postscript.—The joint statement published on the conclusion of the conference in the Crimea fulfils the highest hopes expressed in the foregoing article. The three eminent signatories declare that unity of purpose and of action is “a sacred obligation which our Governments owe to our peoples and to the people of the world”; and the far-reaching agreements that the document sets on record show their capacity to put the principle into practical effect. Once more it has been proved that personal contact at the highest level of leadership can resolve the deadlocks in which men lacking plenary authority inevitably become entangled.

The military clauses carry the assurance that the final stages in the conquest of Germany by invasions from east, west, north and south will be undertaken by all the Powers engaged as one co-ordinated operation of strategy. Looking beyond this task, the three statesmen have formulated with their united authority a comprehensive and vigorous programme for the treatment of defeated Germany. The exhortation to the German people to overthrow their rulers and sue for peace, which the enemy predicted, has not been and will not be made; no doubt for the excellent reason that the German people as an articulate community has ceased to exist, and can only be revived under Allied discipline and nurture. While promising the nurture —“it is not our purpose to destroy the people of Germany”—the Crimean pronouncement unequivocally defines the discipline, which will be directed to the utter extirpation of the Nazi party, its institutions, its teaching and its laws, the destruction of every organ of German militarism, including the General Staff and every organization that might become a nucleus for its revival, the punishment of the guilty and restitution in kind for the damage that Germany has inflicted upon her neighbours. For the execution of this policy Germany is to be divided, as was generally expected, into zones of occupation among the principal allied Powers; but substantial security is

provided against the danger that this procedure might lead to the ultimate collision of discrete "spheres of influence", in which uncorrelated policies were being pursued. The Central Control Commission sitting in Berlin will afford a guarantee that the future of Germany is being regulated according to a harmonious plan, in which all the occupying Powers share the responsibility. It is particularly gratifying that a seat on the Commission and a zone in the occupation are to be offered to France, not only because the French people have perhaps a more vital interest than any other in obtaining effective guarantees against the renewal of German aggression, but because, if a coherent structure of European unity is to be erected, France is the indispensable keystone of the arch.

Although the Control Commission will be an organ of the military commanders, its work will indirectly provide a continuous exercise in international co-operation for the Governments under whose joint authority they act. Another instrument to that end has been created at the Crimean Conference in the shape of a regular meeting of the Foreign Secretaries of the three leading Powers, to be held three or four times a year. For the larger task of constituting the new international system of collective security a conference is to be held at San Francisco in April, the delegates of the United Nations being charged to construct an edifice on the foundations laid by the experts at Dumbarton Oaks. A notable achievement of the meeting at Yalta has been the agreement of the three leaders on the vexed question of the method of voting, on which the experts were unable to agree. Its terms are not disclosed; but it may reasonably be conjectured that it will not be found to differ greatly from the American formula—that is, that a majority vote will suffice for decisions of an arbitrating character, but that forcible action will require unanimity in the Security Council.

A conspicuous triumph is the attainment of unanimity on the subject of the future territorial and constitutional settlement of Poland. The end of this bitter controversy, which the enemy hoped might wreck the concert of the three great Powers, may become the very seal of their harmonious association. It is an earnest for the fulfilment of the terms of the Declaration on Liberated Europe, which is embodied in the Crimean statement. The three leaders pledge their Governments by this declaration to maintain joint action and responsibility over the whole field of reconstruction involved in the establishment of the right of all peoples, proclaimed in the Atlantic Charter, to choose the form of government under which they will live. In particular they undertake "to consult immediately together" whenever conditions in any liberated state in Europe, or in any former Axis satellite state, make it necessary for them to act.

Mr. Churchill, President Roosevelt and Marshal Stalin have rendered transcendent service to the future by giving this forthright lead towards united counsel at a moment heavily charged with the fate of Europe. It is now for public opinion throughout the United Nations, which alone can sustain the execution of declared policy, to assimilate and perpetuate the resolution of unity that has inspired them.

SEA POWER IN ACTION

A STUDY OF THE FAR EASTERN WAR

IN attempting a review of the strategy of the sea war in the Far East, and from it drawing any lessons there may be about the exercise of sea power, including its air component, in this area, a brief survey of recent history is necessary.

The broad outlines of this story are as familiar as the day's newspaper headlines themselves: the picture of the "swing of the pendulum" in this theatre of war, starting with the swift Japanese advance, its gradual checking, its swaying on either side of the "point of balance", and its contemporary and quickening movement in the opposite direction—this picture is commonplace. But to relate it to strategical concepts, and from this to correct or modify our current theories, it will be necessary to trace, in brief detail, the history of the Japanese war so far.

The course of the war in the Far East falls naturally, as Admiral King in his recent report* has indicated, into four parts:

(1) The defensive, when we were engaged almost exclusively in protecting our shores and our lines of communication from the encroachments of the enemy.

(2) The defensive-offensive, during which, though our operations were chiefly defensive in character, we were able nevertheless to take certain offensive measures.

(3) The offensive-defensive, covering the period immediately following our seizure of the initiative, but during which we still had to use a large part of our forces to defend our recent gains.

(4) The offensive, which began when our advanced bases were no longer seriously threatened and we became able to attack the enemy at places of our own choosing.

In dealing with these four phases in some detail, the strategical outline will become clear.

THREE STAGES SURMOUNTED

THE attack by Japan on Pearl Harbour, on December 7, 1941, inaugurated a pattern of conquest which carried her swiftly and successfully hundreds of miles along her line of advance. Her method was simple, an advance in three steps at a time which grew almost monotonous in its rhythm. First came the building up of overwhelming strength (in land, sea and air forces) at a suitable base: then the air resistance over the next target was swamped and overcome by land-based or carrier-borne aircraft: then the target itself was taken and held by powerful amphibious forces operating in complete freedom from air attack. A pause followed, while strength was built up again: then the process was repeated.

* *United States Navy: Report Covering Combat Operations up to March 1, 1944* (H.M. Stationery Office, 1944).

As is self-evident, it was a successful formula of conquest. Our own strategy, that of defence and nothing else, was dictated to us by events: of these events, the crippling losses which the United States Fleet suffered at Pearl Harbour, and the fact that the prime naval strength of both countries was at that time concentrated in Atlantic waters, were the most compelling and the most incontrovertible. The strength of the British and Dutch Fleets, including the *Prince of Wales* and the *Repulse*, was insufficient to stem this southward drive. Strategically, there was nothing for the Allies to do but assume the defensive forthwith: an attempt to advance in any direction, with the purpose, for example, of relieving the isolated garrisons at Bataan and Corregidor in the Philippines, would have been disastrous; we lacked everything necessary for the success of such an attempt—indeed, the suggestion has its sole origin in sentiment and “politics”, and owes nothing whatsoever to strategical concepts.

However, while defence was the strategical necessity, it was a defence which looked to the future, bearing in mind an assumption of the offensive at the earliest possible date.

Planning, with this in mind, was directed mainly towards two points, points which were not easily to be reconciled with each other. We had first to conserve the strength of the fleet, as far as was possible without permitting so swift a Japanese advance that our whole position in this area would be overrun in a few weeks; and secondly, under cover of this slow withdrawal, we had to establish a “hard line” of key positions protecting Australia and New Zealand, holding on to these at all costs, and building up, under their protection, the nucleus of an offensive amphibious strength.

To remark that this was a heart-breaking job is perhaps out of place in an article of this nature; none the less, the quality as well as the course of the fighting during this phase should be remembered. Our naval losses were, in the event, severe, throughout a series of engagements, in the Java and Coral Seas, which often found us overwhelmingly outnumbered. Concurrently with this, our losses in strategic bases, as the Japanese overran successively Singapore, the Philippines, Guam and Wake Islands, the Netherlands East Indies and the Solomons, were a formidable debit in the account: and this in addition to the grave threat to Allied sea communications in the Indian Ocean. But for ships, men and territory, we had, in exchange, secured that “hard line” which was essential: based on Australia (whither General MacArthur had retired from the Philippines) and New Zealand, we were in a position to aim at restoring the balance and winning the initiative.

Now followed, naturally, the second phase, the defensive-offensive. Not yet entirely secure in our bases and communications, not yet fully confident that the Japanese might not reach out a little farther and topple us over, we were, however, strong enough to strike at any movement of the Japanese which seemed over-ambitious, “to nibble” (as it has been phrased) “at any protruding fingers while avoiding a trial of strength with the arm itself”. A British fleet was based on Kilindini, to retain control of the vital supply routes from the Cape and Bombay to Suez and the Persian Gulf: Madagascar was occupied, to forestall the Japanese in this area. It was the most ambitious

hostile movement, the Japanese threat to Midway Island, which resulted in their most resounding defeat (June 3-6, 1942) and did much to restore the strategical balance in this area. For the first time the Japanese were stopped dead, while engaged in a full offensive which was vital to their advance: not only were substantial losses inflicted on their fleet, but the threat of an invasion of Hawaii and the West Coast of America was removed. From now onwards we could concentrate our efforts in the South Pacific, and bend our plans and our resources to driving the enemy back from our bases there. Thus was ushered in the third phase of our strategy, the offensive-defensive.

For the most part it was by now strategy of our own choosing and fashioning: no longer had we to pay such regard to hostile threats to our bases and communications that three-quarters of our strength was unavailable for offensive action. We were, at last, becoming free agents, though due care had to be taken at all times that we were not robbed of this freedom: certainly we now had the initiative in choosing our objectives and forcing the battle for them. The Allied amphibious strength, built up at such cost of time, territory and ships, bent all its efforts towards the assumption of the offensive, on much the same pattern as the Japanese had used earlier: the period was characterized by notable sea actions, such as the Battles of Cape Esperance and the Kula Gulf, by the operations of the reinforced Eastern Fleet, under Admiral Somerville, in the Bay of Bengal, and by a series of landings—fiercely contested, all of them successful—on the outer perimeter of the Japanese advance.

These landings were so well publicized at the time that they may be listed serially, without details, as the Solomon Islands, Guadalcanal, New Georgia, and Bougainville, New Guinea, Rabaul, the Gilbert and Marshall Islands, and Saipan and Tinian in the Marianas: they included also a series of amphibious operations by the Australian army along the north coast of New Guinea. Taken together, they were part of a threefold strategic plan: and their success justified this broad conception to the full. They made it certain that we could now contain the enemy, no matter what unexpected naval strength he could muster: they made that “hard line” of bases in the rear areas secure beyond a doubt: and they furnished a noose round the Japanese naval and military forces which we could tighten and constrict, almost at will, when the time came for this operation.

(They were, naturally, questioned by uninformed opinion both here and in the United States of America: they were characterized, disdainfully, as “island-hopping”—as if the alternative, and correct, manoeuvre were one forthright leap into the Japanese homeland itself. In the event, they proved the indispensable prelude to the fourth and final stage of our strategic design—the full offensive, which is now in train, with all its new problems and its new opportunities for success.)

PROBLEMS OF THE STRATEGIC OFFENSIVE

THE strategic problems, from the naval aspect, are not the same as those which confronted the Japanese in their advance at the beginning of the struggle, for though we are now in the same relative position, territorially speaking, as was our adversary's case earlier—substantial and firmly held

bases at our backs, and vast distances ahead to be traversed before we can come to close grips with the enemy and inflict vital wounds upon him—yet there the similarity ends. Our advanced bases are *not* our own homeland, with its enormous and ready potential of war material: these bases present to us, at the outset, a problem of supply which is itself a formidable strategic obstacle.

It has been estimated that for a merchant vessel in convoy to make the "round trip" to this theatre of war, and home again, will take her from five to seven months—that is, a maximum, for each ship, of two voyages a year. When this tedious operation is compared with the cross-Channel "shuttle-service" of supplies which can, over night, reach and sustain our armies on the Western Front, the difficulties of continuous supply are manifest; and when it is realized that the same vast array of equipment is necessary for operations in the Far East as has been needed in the West, it is obvious that no compromise or partial solution of the problem is tolerable.

Against this Japan, operating on interior lines, is in an increasingly strong strategic position as regards supplies. The farther she is forced back towards her home islands, the greater her logistical advantage becomes, and the more nearly adequate her merchant fleet. As this process develops, not only do our own supply lines become more and more extended, and more and more liable to attack by U-boats (a point which will be remarked on later) but the very "mechanics" of the attack become more complex. Our advance makes it necessary for us to build a series of strong, semi-permanent bases behind us, to offset this logistical disadvantage: as we reach out, striving to overcome the "point of balance" and push the opposing ships and men back yet another step, our strength—and especially our supremacy of air cover over each target—must be continuously sufficient to deal these fresh blows. It is clear now that, coupled with the Midway Island set-back, Japan's advance was finally brought to a standstill because she could not quite overcome the last "point of balance" of all—the area beyond the Solomon Islands: the Solomons never became the strong and certain base from which Australia might have been invaded, and thus the battle of the Coral Sea, though not a decisive naval engagement, sufficed to check her further advance southwards.

We cannot afford to be checked in this fashion: we must not lose our momentum nor our striking power, however far from our static bases we may advance. We have to break into Japan's inner zone of defence in full strength, ready for further operations of our own choosing: ready to undertake a full-scale invasion, or, it may be, to sustain and emerge victorious from a fleet action, regardless of how far from their normal bases our ships may be operating. At the same time, our communications, our long supply lines back to Australia, and from there to Pearl Harbour, the American continent, or to India, must always be secure. An earlier reference has been made to the possibility of determined U-boat attack, designed to cut or at least to interrupt these communications. It cannot be forecast whether the Japanese will prove as tough a proposition in U-boat warfare as the Germans: they may well be discouraged by the spectacle of the Atlantic failure and defeat. But in any case we have, in this department, the incomparable advantage of

five years' experience of Atlantic warfare; we have a far better appreciation of U-boat capabilities than we had earlier on; and we have the advantage of trained, skilled and seasoned men, as well as a wide range of weapons on the invention of which tremendous ingenuity, as well as the benefit of past experience, has been lavished.

BREAKING INTO THE INNER ZONE

It may thus be said that the *main* strategic problems involve, not the protection of our communications and supplies (formidable though this may be), but the breaking-through into Japan's inner zone of defence—that is, a huge amphibious operation which must be adequately screened by surface craft and adequately covered overhead.

We have already much in our favour, in support of this break-through. Even before the invasion of the Philippines we had, by the process of "island-hopping" referred to earlier, neutralized not less than 50 major bases on the fringe of Japan's outer zone of defence; and the invasions of Guam, Saipan and Tinian had put us within striking distance of the inner zone, a distance now substantially shortened by the latest undertaking, the landing in the Philippines.

This latter invasion, indeed, bringing us as it does into the very centre of the picture, and promising a forward base of great value, may vitally affect the strategic position in the South Pacific. It will cut Japan off from her supplies of oil in Sumatra, and from a substantial number of other materials necessary to her continued effort: for though her war-economy is based primarily on her "interior zone" (Japan itself, North China, Korea and Manchuria), yet she has been drawing considerable supplies of such commodities as bauxite, rubber, lead, and nickel from the Indies, Malaya, and the southern zone generally. The advance may enable the Fleet, and eventually land-based aircraft as well, to apply a strangle-hold upon the north-south arteries of Japan's supply routes, and thus set in motion a blockade of the home-islands which might do much to weaken her ultimate capacity for resistance.

But more important still, from the naval strategic angle, it will give us a forward base only 600 miles from Formosa, and complementary, as a departure point for further advances, to Guam (they are respectively 1,700 and 1,400 miles from Tokyo). Behind this advance, keeping the enemy in continual tension, the Eastern Fleet is conducting frequent raids and bombardments of Japanese-held harbours and airfields in Sumatra and the Andamans, as well as in the general area of the Netherlands East Indies; and British submarines are at work among the enemy's shipping in the Malacca Straits and elsewhere.

A further point affecting our ability to advance may be noted. Our superiority in aircraft carriers, coupled with a large-scale destruction of the smaller Japanese screening units in successive actions, has made it impossible for Japan to mount a strategic offensive beyond the range of her shore-based aircraft. It is further clear that her capacity to *resist* our own landings is seriously affected by this superiority of ours: the point was never more

clearly demonstrated than at our recent landings at Leyte in the Philippines, which the Japanese units, with insufficient air cover, were unable to prevent. Other earlier actions, at Singapore, Midway and the Coral Sea, have driven the same point home; and it is perhaps in connexion with this development that we draw the chief strategic lesson of war in this theatre.

For the amphibious operations which lie ahead, a large proportion of the fleet must consist of aircraft carriers, adequately screened: they are an indispensable element in an indispensable form of attack. But they are far from being the sole element, and we concentrate solely on them at our peril. In this theatre, as in many others, the air and the sea arms are fully complementary. We cannot advance without air cover and air bombardment: we cannot effect the necessary landings, much less control the conquered territory, without command of the sea exercised by surface units.

We see now what the broad outlines of our strategy must be: a synthesis of blockade, prudent by-passing of certain hostile strong-points, and direct frontal assault upon others. Some of its problems have been solved, others remain: notably our ability to counter the attacks of Japanese land-based aircraft when we come within their range. Furthermore, Japan still has a powerful fleet in being. To be sure of our victory, we must operate in adequate strength whatever we undertake: powerful as we are, we cannot afford to fritter away our resources in small indecisive actions. It is heartening to realize that, thanks in part to the vast building programme both here and in the United States—particularly of aircraft carriers and landing craft—we *can* afford to operate, offensively, with immense forces while still keeping our communications secure.

In conclusion, one cannot do better than quote the words of Admiral Sir Bruce Fraser, Commander-in-Chief of the new British Pacific Fleet, speaking on his return from his first visit to Luzon in the Philippines, the spear-head—for the moment—of our advance:

"The Allies have overwhelming sea power as well as superior air strength. It is a truism that he who has control of the sea and is increasing in such sea power, as we are, must win. In the case of Japan this is specially true, and the combined strength of the Allied fleets will undoubtedly shorten the war in the Pacific."

SHAPING THE NEW EUROPE

BRITISH POLICY AND PURPOSE

THE Greek tragedy has not been all evil. Beyond the misunderstanding and massacre, the impassioned controversy and fratricidal strife, something has been gained—at heavy cost, it is true, but gained none the less. One awful episode has exposed the realities and the perils of the process of liberation. Whether the lesson has been well learned and will be heeded only the future can show. For the British people it has been in some respects a humiliating experience and in other respects a painful enlightenment. Our good name has been besmirched, our devotion to democracy derided, our good-will called into question. There has been a crisis of confidence. British prestige has suffered. In the United States, to take only one instance, there were those only too ready to seize on the Greek tragedy as a pretext to indict the very essence of the cause for which we are fighting. Some saw in our handling of the matter a base ideological motive, and others suspected that our main concern was the selfish and "imperialistic" one of maintaining our Mediterranean life-line to the East. The full facts of the happenings in Greece have yet to be established, but some things at least are reasonably clear. It will be helpful to set out with as much detachment as is possible what is known rather than what is supposed or suspected.

Any survey must start from one basic consideration. Remembrance of and resentment against the Metaxas dictatorship are in the one case intimate and in the other violent. Metaxas is dead: the memory remains. The King of the Hellenes was an upholder of the Metaxas régime. He may or he may not have been right in giving that support. (After all, General Plastiras, the new Prime Minister, himself organized a *coup d'état* because a succession of abortive Governments had, as he believed, shown the bankruptcy of the parliamentary system.) Metaxas, again backed by the King, and on this occasion also by the mass of the people, took the great decision in 1940 to range Greece at the side of Great Britain. We need to remind ourselves not only how momentous but how truly brave a decision that was. It is true that the Battle of Britain had been won, but against that this country faced virtually alone the arrayed might of Germany and Italy. It was in those hazardous circumstances that the Greek people cast in their lot with us. Amid all the antagonisms and acerbities of the recent dark and depressing days, let us not forget that heartening decision of a small nation. It is to the enduring honour of the Greeks that, bitterly opposed as so many of them were to the Metaxas dictatorship, they rallied to the national cause. We well know with what gallantry they fought the Italians. Perhaps we know less well the confession of wounded soldiers that they would have fought still more worthily if there had been no Metaxas and no King.

A RESOLUTE MINORITY

THE Greeks have long memories, and the Metaxas régime has not been forgotten. Under the German occupation the resistance movement tended to

develop along divergent lines—although it would be too crude to describe the division as the Right and the Left. Pure adventurers and plain bandits found their way into both camps. E.A.M., of which we have heard so much, was an alliance of the more progressive parties, with the Communists as a resolute and compact minority. Its military arm, E.L.A.S., represented a formidable spear-head. To say that when liberation came E.A.M. was resolved to take all necessary steps to prevent a return of dictatorship and of the King means no more than that on the other side were forces equally resolved to re-establish some form of dictatorship. So far as we can at the moment judge the matter, a stage was reached when a section of E.A.M. decided to seize power in liberated Greece at any cost and by any means. E.L.A.S. was well armed with weapons, supplied in the main by the British authorities to enable it to carry on the war against the Germans, so that when it was decided to march on Athens and to take over power by force the constituted Government of M. Papandreou (in which E.A.M. had its just representation) was in no condition alone to meet the threat. Thus the responsibility for the maintenance of law and order fell on a British general and on British troops. It was one of the most thankless tasks ever entrusted to British arms. At the same time, it is due to the British Government—pre-eminently Mr. Churchill and Mr. Eden—to record that it was not the intention either to insist on the return of the King of the Hellenes or to impose on the Greek people a régime not of their own choosing. Mr. Churchill may or may not have a traditional weakness for the institution of monarchy; but it is the case that long before the curtain went up on the Greek tragedy the decision was taken that the King's return must await the free and unfettered call of his people.

SOME TESTS OF FREEDOM

WHAT, then, was in the mind of the British Government in taking the action it did? It is instructive to recall the statement, of which, perhaps, too little notice has been taken, made by Mr. Churchill on leaving Italy after his visit in August 1944. He asked, "What is freedom?" and answered that there were some quite simple, practical tests. These he set out as follows:

"Is there the right to free expression of opinion and of opposition and criticism of the Government of the day?"

"Have the people the right to turn out a Government of which they disapprove, and are constitutional means provided by which they can make their will apparent?"

"Are their courts of justice free from violence by the Executive and free of all threats of mob violence and all association with any particular political parties?"

"Will these courts administer open and well-established laws which are associated in the human mind with the broad principles of decency and justice?"

"Will there be fair play for the poor as well as for the rich, for private persons as well as government officials?"

"Will the rights of the individual, subject to his duties to the State, be maintained and asserted and exalted?"

"Is the ordinary peasant or workman, earning a living by daily toil and striving to bring up a family, free from the fear that some grim police organization under the control of a single party, like the *Gestapo*, started by the Nazi and Fascist parties,

will tap him on the shoulder and pack him off without fair or open trial to bondage or ill-treatment?"

For the British peoples, it may be generally and modestly claimed, these things are axiomatic: for a large part of Europe they offer a new horizon. Certainly they are innate in the long-matured parliamentary democracy which is our pride and which other nations have sought to copy but have not wholly assimilated. These things about which Mr. Churchill spoke do represent a minimum of human rights and safeguards. They constitute a larger *Magna Carta*, an extension of the Habeas Corpus Act. It is beyond the power and the province of this country to establish and enforce them everywhere in Europe. It will be seen soon enough how far British statesmanship has been able to apply them in Greece. For the real test was not the suppression of an E.L.A.S. rising (in any case that was certain from the start provided that we were prepared, as we were, to use our military strength and face the casualties): the real test is only now upon us. Unless we can show that we are able to keep an even balance, and restrain the one faction as the other, then we have striven in vain. At the moment of writing the prospects are that British good-will and British good faith will prevail and that Greece will yet live to bless the intervention of British troops at a crucial and cruel time.

COMMUNISTS' REVISED TACTICS

It is an instructive fact that the only people who opposed the presence of British troops on Greek soil were the more extreme elements of E.A.M.—the hard-bitten Communists. As we have seen, a stage was reached that is, the hard-bitten Communists. As we have seen, a stage was reached when they decided to seize power at any cost. Something of the same tendency was seen in western Europe. There conditions were different and less favourable. It is reasonably clear, however, that much the same technique was to have been followed. It is right and proper to record that after the German assault on Russia the Communists, who had been disposed to dismiss the war as an imperialistic escapade, threw in their lot with the United Nations and as far as they were able stimulated the war effort in the factories and elsewhere. We had the unusual spectacle of the Communists in this country and other countries opposing strikes and curbing unrest. It may be asked whether they were concerned mainly about the national interest or were anxious about the fatherland of the proletariat, Russia. The Communists, in Greece and elsewhere, were actively associated with the resistance movements. It is to be noted, however, that when liberation came to their countries some of them were disposed to exploit the occasion, not for the national interest but for a sectional triumph. So it came about that part of the agitation against the collaborationists in the occupied countries was inspired, not so much by the fact that they were collaborationists, as by the fact that they were representatives of the classes to which the Communists were politically opposed.

In France and Belgium there has been a temptation to look on *l'épuration* as a means for the eliminating of political opponents. In these two countries, as in the Netherlands and Norway when they are finally freed, it is to be expected that the sense of order and the quality of the national institutions

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will prevail against the forces of violence and the spirit of vendetta. Of developments in eastern Europe much less is known at first hand. Some of the news from Poland is, however, disquieting. The Committee of Liberation originally set up at Lublin has now been recognized by Russia and Czechoslovakia as the Provisional Government of Poland. The hope that M. Mikolajczyk, the late Prime Minister of the Government in London, would return to Moscow, there to await the liberation of Warsaw and to head a new Administration combining the most progressive of his colleagues and representatives of all the resistance movements inside and outside the country, has been disappointed. That was probably the last chance of a comprehensive settlement. The leaders of the Lublin Movement are now talking of a final reckoning with the old parties, branding the commanders and soldiers of the Underground Army—the men who fought so valiantly in the battle of Warsaw in August and September last—as “terrorists”, and threatening to inflict the most dire penalties.

THE SOURCE OF EXTREMISM

In considering the state of Europe to-day account must be taken of the emotional strain and physical privation which the peoples of all the invaded countries have endured during the last five years. The recent excesses in Greece, which the Germans kept in a condition of semi-starvation, owe something to this cause. Europe has lived so long in an atmosphere of violence, mental as well as physical, that it would have been indeed surprising if political extremism were absent. It cannot be said that the peoples are aflame with some new revolutionary creed as in the days of 1789. The barricade still calls, but there is no mass response so far. If, with the military collapse of Germany, utter economic chaos descends on the continent, then there will be a different story to tell. At the moment it can be fairly said that, deep and widespread as is the distress in Europe to-day, few signs exist of a revolutionary movement of the conventional kind. What, on the other hand, can be discerned is a passionate longing for the restoration of broken lives, for a secure foundation on which to build anew the destroyed fabric of peaceful activity. If in their distress and anxiety so many of the tortured peoples of the continent not only look to this country but also have faith in this country, it is a source of pride to English men and women; but even more it implies a grave obligation. How is it to be, and to what extent can it be, borne and honourably discharged? British commitments throughout the world were heavy enough before the war: they will be even heavier after it. Certain American commentators who have been pleased to foreshadow the disappearance of Great Britain from the ranks of the Great Powers because she has given so much of her substance in the achieving of victory are indifferent and unimaginative speculators. The future has to be won but it is not already forfeit.

BRITISH RESPONSIBILITIES

BRITISH responsibilities, although greater than in the past, will still need to be limited. This country cannot and ought not to play the policeman in

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Europe. In Greece the obligation to intervene was inescapable. In Yugoslavia, also, British policy has been able to bring about a settlement between the resistance movement inside and the legal Government outside. Time has yet to test the settlement, but it is an interesting revelation of the manner in which British statesmen see the lines along which Europe should be shaped. The new forces which resistance has everywhere unleashed must be allowed the fullest co-operation in the reconstruction of the national life and structure. In western Europe the obligation is different. It is unlikely that this country will ever be called upon to intervene in the internal affairs of such countries as Holland, Belgium, and Norway. Here, as has already been written, the native genius may be trusted to make readjustments by other than revolutionary means, even less by terrorism. There is one broad principle which needs to be upheld in the process of readjustment we are now experiencing. The Resistance must be the basis on which Governments are built and policy is framed. Much of General de Gaulle's strength is explained by his having consistently acted in this sense. Wisely, too, the Netherlands Government in London early decided, with the Queen's warm concurrence, that on its return it would resign and give way to new men with new measures. Although the northern part of the Netherlands has yet to be liberated, a reconstruction of the Government has already been undertaken with a view to bringing in now representatives of the freed South.

At the same time, western Europe looks to Great Britain for leadership in forming a western community sharing much the same fundamental ideas of political and personal freedom and pursuing similar economic and social aims. This is a smaller version of what Mr. Walter Lippmann, one of the most independent and enlightened of American publicists, has proposed. He contemplates an Atlantic Community embracing the whole of the British Commonwealth, the United States, western and southern Europe, and stretching far into the Pacific. The more modest Western Community is commanding growing support in this country. To conceive it as a sphere of influence in the old sense of the term would be to misunderstand its purpose. It is not offered or intended as a counterbalance to the system which may be established in eastern Europe under Russian inspiration and with Russian co-operation. The two must be complementary, for otherwise the new Europe will lack the stability and security without which it cannot hope to live.

BRITAIN'S OPPORTUNITY IN INDIA

A GULF TO BE BRIDGED

YEAR by year as the war goes on, in their political outlook the peoples of Britain and of India have grown increasingly strangers. In part, this dangerous fact is due to the shortcomings of civil communications in war-time. Until recently mail between the two countries took two or three months. For five years scarcely any Indian (with the exception of industrial trainees and the recent scientific delegation) has visited the United Kingdom, save on military duty or pressing official business. Scarcely any unofficial Englishman has visited India. Very few indeed of the Englishmen already in India (the armed forces excepted) have had the opportunity of leave out of India to refresh their understanding of their own country, its people and their thoughts, and to pass that understanding on to Indians.

In these years, however, there has been an even more potent cause of misunderstanding. To the Englishman the war is the focus of his attention and the dominating influence upon his affairs, whether in politics, in trade and industry, or in private life. Morally as well as physically, the nation is totally mobilized for war. All else is subordinate; and certainly the constitutional problem of India comes far down in the list of priorities for public attention. On the other hand, neither morally nor physically is India more than fractionally dedicated to the war. For the mass of the poorer and more illiterate Indians the war is a hazy background to a few symptoms of its impact like rising prices for food and clothing. Even for educated political India—which, small as it may be in numbers compared with the great inert masses, is the India with which we must deal in political affairs—the war is a sideshow. It has given rise to new problems and new opportunities in that world of internal Indian affairs with which they are primarily concerned, but in their own minds it is not their war. Even the threatened—even the actual—invasion of India did not alter this basic truth. The war was an extraneous business for which others were responsible: Government, the British, the Army, the Americans and the rest. Their own first concern remained the politics of India, national, provincial, communal. What for us is life and death is for them a general nuisance, a re-calling of the political odds, an economic opportunity or grievance. Five years of revolution for us have been five years of stagnation for political India.

This is the background of the great cleavage between British and Indian political thought on the problem which for the latter completely transcends the war in interest and importance, the constitutional future of India. The Englishman has laid that problem by, in the belief that no reasonable man would attempt to solve it during the war, and the hope that after the war it will be possible for Indians themselves to find a solution. Political India denies that belief and exhibits nothing to justify that hope. The Englishman

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goes farther: since the Cripps offer of March 1942, indeed since the Viceroy's Declaration of August 1940, his attitude has been to wash his hands of the future constitution of India. That, he says, is for Indians themselves to settle; we have promised them the fullest independence either within the British Commonwealth or beyond it if they so choose; all they have to do is to frame a new constitution under which we can hand over power, and to conclude with us a bilateral treaty covering those many matters of mutual interest which have arisen through generations of connection.

The mass of Indians capable of appreciating this issue simply do not believe in these professions. Hence the suspicion and distrust which poison British-Indian relations to-day. Their disbelief is due in some degree to poor propaganda on the British Government's part and to false propaganda on the part of others. But it is due more fundamentally to a psychological cause which leaves blame on both sides, and which is intimately bound up with the communal issue. Long deprived of the higher responsibilities in government, and faced with an issue baffling enough to the most experienced and strong-minded of statesmen, political India in its heart of hearts does not believe itself capable of producing an agreed self-governing constitution. It looks to Britain, as it has habitually looked to her for the ultimate decision on everything, to cut the knot—a knot too tangled and too tight for its own fingers to unloose without an effort of leadership and practical compromise of which it realizes itself to be incapable. And political Britain, in its heart of hearts, shares the same distrust about political India as the latter feels about itself. Most members of Parliament, it is safe to say, do not believe that there is any likelihood that Hindus and Muslims, not to mention Sikhs, Scheduled Castes and other minorities, will at any foreseeable date come together and in agreement frame a new constitution which can scarcely be less complex than the predecessor that Parliament took two years to frame. In essence, therefore, they do not believe in the practical feasibility (notwithstanding its inherent justice) of the policy to which they outwardly adhere.

BRITAIN'S RESPONSIBILITY

If a way of escape from this impasse of mutual distrust is to be found, two questions must be answered. First, is it requisite that Britain should work positively for an objective of Indian constitutional freedom which Indians themselves are incapable of achieving unaided? Secondly, if the answer is affirmative, what are the steps that should be taken now to serve that objective?

The first question is easily answered. For there is no possible alternative policy. Even if we entirely discount the pressures of political opinion (ill-informed and unwise perhaps) at home and in the Dominions and the indefinite continuance of the present system of government of United States, it is impossible for two reasons. The first is that the India is impossible. It is impossible for its own decision a caretaker. It has declared itself ready to go at any moment, after the war, when certain conditions beyond its own will and motion are fulfilled. Its horizon is limited, its ability to adopt and apply long-term policies is weak. And India's need is

essentially for long-term policies, in agriculture, in industry, in education, in social reform. Moreover, those necessary policies are for the most part costly. Many of them require either heavy taxation or other disturbances to established economic interest, beyond the zeal to apply or the power to execute of a government not enjoying the sanction of popular votes, but relying, as an alien and bureaucratic government necessarily must rely, largely on established interest for its support. Many of the policies essential to India's progress entail, moreover, radical changes in the social system which will challenge religious orthodoxy and communal sentiment. The people of India may not for a long time to come impose these reforms upon themselves; but it is certain that they cannot be imposed by an outside authority deriving its sanction from Parliament four thousand miles away, and bound by self-denying pledges such as those given in Queen Victoria's Proclamation of 1858. It is certain, too, that failure to impose the necessary reforms can only attract to Britain a mounting clamour of blame for conditions which she did not create and would not excuse, but which she cannot reform.

THE LIMITS OF POWER

THE second main reason why an indefinite further continuance of the present constitutional system is impossible is the growing inadequacy of its sanction in physical and administrative power. The British position in India, though occasionally vindicated by clash of arms, has never rested from day to day upon bayonets. In normal times the British garrison in India is about 50,000 men, a force patently insufficient to hold down for a week a country as large and as populous as the continent of Europe. In terms of power, government by the British rested upon its passive acceptance by the vast majority of the people, combined with the existence of a substantial Indian army and Indian police force, and a still larger Indian civil service of all grades from menial to administrative, all looking confidently to the British raj as the ultimate source of pay, promotion and honour, and to Englishmen as their ultimate superiors, whether as Indian Army officers, the higher police cadre, or the I.C.S. Those two pillars of British rule are both much weaker than they were; and if they are weakened much further the only alternative support will be more British bayonets, a solution which British public opinion, even if reckless of world opinion, would not tolerate for a moment.

British rule continues to enjoy the passive acceptance of the vast majority of the Indian people, and the active support of many—though growing recognition of its value, especially to minorities, is offset by growing reluctance to be identified with the old monarch when the crown prince so soon expects his inheritance. But the minority which actively and often fanatically opposes British rule is growing; and a very small minority of the Indian people would still outnumber by many times the British people normally in India. This minority has lacked union, it has lacked strong leaders, it has lacked will-power and it has lacked revolutionary technique; but it would not need perfection in all these qualities to become an exceedingly dangerous menace to established government in a country like India. In August 1942

the Congress party attempted to stage a rebellion. It was a half-hearted, ill-prepared affair, sponsored by a clique of politicians some of whom did not believe in it, and few if any of whom had any practical knowledge of the saboteur's technique or any clear plan of campaign. It was nipped in the bud by the arrest of its known leaders before it was properly launched. It took place at a time of relative economic prosperity, and a time when the Government disposed in India of an unparalleled number of troops both British and Indian. Yet without acknowledging that it nearly succeeded, or that at most it could have achieved anything but temporary chaos, rapine and admission of the Japanese, we may thank God and the firm wisdom of a few men that it did not do worse than it did. For three weeks India's most vital internal economic and strategic artery, the rail link along the Ganges valley, was cut, and whole districts, together the size of a middling European country, were beyond the power of government. Three months, possibly more, were needed to restore order and authority throughout India. It is prudent to reflect on the possible outcome if the revolt had been more fully and more secretly organized, if the Communists—who alone commanded a trained technique of proven efficacy in revolution—had taken part instead of siding with the Government because it was allied with Soviet Russia, if the Muslims had not held aloof, if any part of the Indian army had mutinied. A parallel with 1857 is not far-fetched.

Those "ifs" are far less unreal than they may seem at first sight. The extreme Left wing is growing apace in India—a development not to be deplored in itself, since concentration on social and economic problems instead of the arid communal and constitutional issues now dominating Indian attention can only do good. The Communist and near-Communist wing, though still small in numbers, is powerful in its enthusiasm, its organization, its external tuition and support. And it is essentially opportunist. Its attitude towards the war and the Government was completely reversed by Hitler's attack on Russia. It will ally itself with the British, the Muslims, the Congress or anyone else to suit its book, nor will anyone dare say that the Communist book will not be suited by an opportunity of revolution and the breakdown of ordered government in India.

MUSLIM NATIONALISM

As for the Muslims, British political opinion is apt to think of them, because they are hostile to the Congress, as favouring the British raj. There is nothing in the utterances of Mr. Jinnah, the virtual dictator of Muslim politics in India to-day, to justify this belief. The Muslims as a whole are as nationalist as the Hindus, though their nationalism takes a form as anti-Hindu as it is anti-British. Who knows but that in an all-Indian rebellion against ordered central government they might not one day see their opportunity of liquidating the Centre and establishing Pakistan by force of arms? A bilateral struggle would then become tripartite—perhaps multilateral as other minorities sought to carve out their own zones of power—but this would render it harder, not easier, to restore order, since it would mean that an anti-government campaign by a relatively few politically minded men would become a

struggle to the death among the communally minded masses. And in this struggle the reliability of the Indian army would be, at best, suspect.

There is a popular myth abroad that the majority of the Indian army are Muslims. The figures have not been published during the war, but before 1939 the Muslims constituted about one-third of the army and there is no reason to suppose that the ratio has subsequently altered much. Even excluding the Gurkhas, professional soldiers from independent Nepal, the majority of the Indian army comprises Sikhs, Mahrattas, Rajputs, Gurwalis, Hindu Jats and others of the toughest non-Muslim races of India. The Indian army has fought magnificently during this war, including campaigns against the most military nation of Europe. But there is danger as well as pride in this achievement; for the assumption of European superiority has vanished. What is likely to be the attitude of these men when they return, as most of them will, to civil life in India? Much will depend on the terms on which they are pensioned, the economic conditions of the agricultural areas from which they mostly come, the ability of the Government to find land for them to settle on. They will retain much of their trained loyalty towards government as such and to the European officers who still hold all the higher commands in the Indian army. But in general we should expect to find them feeling and believing very much like other members of their local group, economic class, or religious community or caste. In one of the bravest exploits of the war the Mahrattas took Keren to the cry of "*Shivaji ki jai*"—"Long live Shivaji", the famous leader of the Mahratta Confederacy and the last great Hindu hero to lead successful armies against both the British and the Mussulmans. Such traditional rallying cries of the different religious communities have indeed been cultivated in the Indian army, and used by British officers themselves on many a heroic occasion; but the very fact that they have been found so potent to the hearts of Indian soldiers is highly significant.

The Indian army, by comparison with the Indian masses, is an educated body. And education is apt to spread nationalism when the influences are present and the time is ripe. Officers of the Indian army to-day are aware of the growing political consciousness and nationalistic zeal of their men. The vastly increased numbers of Indian officers, drawn from all communities and areas of India, and very largely from the "political classes", are characteristically nationalist, not to say often communalist, in their political outlook. Indian self-government after the peace, which Britain has promised, would be an appropriate reward of Indian valour in the war, and in achieving it we may expect and hope that the military races and areas will play a special part.

The Congress under Gandhi's leadership is indeed bitterly hostile to the Indian army, and its creed is non-violent. But it is far from certain that the rule of *banya* and pandit in the Congress will continue indefinitely, or that the Congress will not lose much of its power to militant organizations like the Hindu Mahasabha (whose accredited leader is of the fighting races) just as it has already lost most of its power among the Muslims to the militant Muslim League.

These contingencies are presented, not in order to shock or scare, or to

suggest that the British Government should yield to the threat of violence what is not consistent with reason or honour; but because many British people feel with conviction that Britain's promise of self-government to India must be and always has been conditional upon a guarantee that the system and the persons to whom power is handed over should be able, by dint of the support they receive from all the main communities and interests in India, to govern without threat of disorder, revolution or civil war. The argument is sound, but it is a question of degree; for Britain herself can give no absolute guarantee that in the future those catastrophes will not attend her own rule. The longer self-government for India is delayed the more likely it is that they will. It follows that Britain's negative pledge—in effect that "we will not stand in the way of Indian self-government"—should, in the interests of good government itself, be turned into the positive policy of working for Indian self-government, seeking to bring it about sooner rather than later, doing our best to promote unity among Hindus and Muslims and other communities instead of comforting ourselves by their dissensions, and using our power as rulers of the land to extend day by day the practice and range of Indian autonomy.

A POSITIVE POLICY

THIS brings us to the second question. If that positive policy is adopted, what can be its content, and what chance has it of success? This is a hard question to answer, because much depends on the prompt use of opportunities which cannot yet be foreseen, on personal diplomacy and tact, and on the accumulation of many small measures each almost trivial in itself. But certain broad elements in such a policy are fairly clear. First, in so far as the present system enables Indians to exercise power, the scope for their doing so should be extended to the fullest. Under the Indian Constitution as it stands, the Provinces can exercise almost complete responsible self-government in their own sphere, and those of them which are not dominated by the Congress are doing so in greater or less degree. To enlarge the provincial sphere of powers is not yet timely, but to enlarge the completeness of self-government in practice within that sphere is not only timely but necessary if India is not to fall apart in disorder; for the only way to make a viable federation is not devolution from the Centre as in the 1935 Act but the free joining together of units autonomous in themselves. The effect of restricting to the vanishing point the day-to-day participation of British Governors in the affairs of the Provinces having Indian Governments may be some deterioration in administrative efficiency and political wisdom, but this is a price worth paying. The process of enlarging the reality of provincial self-government, however, at once raises another problem, that of the "Secretary of State's Services" headed by the I.C.S. Despite the proven loyalty of civil servants to the new political régimes, provincial Ministers undoubtedly feel themselves handicapped in independence by having as their principal officers themselves recruited, protected and pensioned by a remote authority. This problem is both complex and difficult, but that is no reason for delaying to

tackle it, since if our pledges to India are to be honoured after the war it must be solved very soon.

Enlarged provincial self-government must be subject to one proviso. The point is well illustrated by the episode of the Bengal famine, which owed much both to the incompetence and corruption of the Indian Provincial Government and to the slowness of the Central Government to intervene decisively. There must for the present remain in reserve, to be used promptly and vigorously when necessary, certain overriding powers of the Centre to secure the broad national interests in time of declared emergency—powers of the Centre because it is the central government of a country which is administratively and economically one, not because it is at present subject to ultimate British control.

How then is the Centre itself to be made progressively more Indian in its character? The complete Indianization of the Governor-General's Executive Council is an obvious step. If risks in this matter could not be taken earlier, with the Japanese foot on Indian soil, perhaps they can be taken now. For example, when Britain's war accounts with India come to be funded it will obviously be preferable to have as Finance Member, if such a man can be found, an Indian able to command the respect of his fellow countrymen and to convince them of the justice to India of the settlement that he reaches: a settlement negotiated with a British official as Finance Member would almost certainly be repudiated by political India and would be of little permanent value. Great as may be Sir Archibald Rowlands's personal qualifications, it is a pity that the opportunity of Sir Jeremy Raisman's retirement this year was lost to make a change having high symbolic importance in Indian eyes. The removal by Act of Parliament of the obsolete condition that at least three members of the Governor-General's Executive Council must have spent ten years in the service of the Crown in India would be a valuable preliminary gesture.

At the same time the methods of conducting the business of the Government at New Delhi need reform to accord with the lighter viceregal rein and the less bureaucratic system now appropriate. This is a matter too technical to be considered here in detail. The general objective is to adapt the methods to those of a Cabinet system with a subordinate civil service, organized departmentally, rather than those of a unified bureaucracy with a detached semi-political Council. The system of Cabinet Committees, which has played such a large part in war government in England, and has been initiated in India, should be extended.

One measure of importance which should be taken as soon as war conditions allow is to establish a separate portfolio of External Affairs, to be held by an Indian instead of the Viceroy in person. In a generation in which the Dominions advanced from practical subordination to complete independence in the practice of foreign relations, India stood still. If, as Britain's solemn promises imply, India may assume very soon after the war the whole charge of her external as well as internal affairs, she needs training for the task and an experienced personnel to take over. On a footing with this is the need to transfer to the High Commissioner for India in London those functions

which the India Office now discharges as Whitehall representative of the Government of India, as contrasted with its functions as representing, under the Secretary of State, the British Parliament in Indian affairs.

THE VITAL OBJECTIVES

It cannot be pretended that any one of these or other changes that could be proposed, or even all of them together, will have any decisive effect on the Indian political situation. They will not reconcile the Congress nor pacify the Muslim League. They will be denounced as superficial and worthless. But those who recall the abuse and the refusal to co-operate with which the great Constitution Acts of 1919 and 1935 themselves were greeted will keep patience. Cumulatively, such measures as we can take along the lines here suggested will greatly serve four vital objectives: to restore Indian belief in Britain's good faith; to regain the strategic initiative from those in whose hands it has meant only negation and deadlock; to build up a system of government, Indian in quality as well as personnel, capable of assuming British power by a process of gradualism; and to prove in practice that government of India by Indians—on an all-India scale for all-Indian matters—is practical politics without the baptism of civil war which both the Congress and the Muslim League solutions would certainly entail.

All the steps here adumbrated are within the power of the British Government or the Government of India under British guidance. Longer and faster steps can be taken with the support of the main Indian parties. Our present "take it or leave it" attitude towards them is false to our best traditions as ministers to India, and sterile in face of the Indian character and the actual political situation. With victory on the horizon we should once more take up a more active responsibility. The agenda for an all-parties conference to be called by the Viceroy could well be the question "How can the procedure suggested in the Cripps offer, for India's attainment of complete political and constitutional freedom, be improved or accelerated?" If the parties as such refused to co-operate, a second best would be a conference of provincial leaders and members of the Government of India, including the Premiers of those Provinces working responsible self-government, and any ex-premiers ready to take part. Specific representation would need to be given to the Scheduled Castes, the Martial Classes and the Sikhs.

If such a conference were to succeed, the pace of political advance could be, and would have to be, so hastened as to place great strain on our power, on the British side, to adjust, to plan, to negotiate, and to ratify in statutory and administrative action. We should be girding up our loins now for this task. If the conference were to fail, or could not be called with any pretence to be representative, the responsibility for progressive action would still be where in fact it now rests—on British shoulders. By deliberately resigning the initiative, Britain has left it in vain to the nationalist, negativist and communal intransigents who dominate Indian politics to-day. By failing to resume it now, she may lose it in the next phase to the revolutionary, the saboteur, and the communal gangster.

AFTER CHICAGO

IMPERIAL INTERESTS IN CIVIL AVIATION

SIR STAFFORD CRIPPS'S words in the House of Commons were well chosen. He described the Chicago Conference—on which so many hopes and fears had centred—as not an end but a beginning.

The United Kingdom and the Commonwealth have reason for sober satisfaction in the outcome of the Conference. The absence of the Soviet Union, and the known determination of the United States air transport and air manufacturing industry to exploit to the full their war-begotten superiority in world air services and transport aircraft, forbade the highest hopes. And the news from the Conference chamber in the early stages of discussion was bleak indeed for supporters of the British policy of international co-operation, as expressed in the White Paper *International Air Transport*,* and entrusted for exposition to a Minister who a few weeks earlier had been absorbed in the problems of West African colonial government.

The informed observer had other grounds for pessimism. The British Commonwealth was divided within itself. Australia and New Zealand, with their dream of a supranational "World Airways Incorporated", were far removed from the more realistic views propounded by Canada and India, and from the compromise suggested in the United Kingdom proposals. The Empire went to Chicago, therefore, as a number of discrete particles, and not with a Commonwealth policy determined and agreed beforehand.

In the upshot, events moved powerfully to enforce a far greater measure of Commonwealth agreement than seemed likely when the Conference began. Disappointed of achieving their plan for supranational operation as well as control, Australia and New Zealand moved in wholeheartedly behind the case submitted by Lord Swinton on behalf of the United Kingdom.

Many small nations, intimidated perhaps by the plain intention of the United States, as the nation most favourably placed, to "muscle in" on airways all over the world, also regarded the British plan with sudden favour. Above all, the surprising emphasis given to the technical side—common standards of airworthiness and other abstruse matters connected with the technical development of air services—gave the Conference a turn towards concrete achievement which at one time had seemed quite out of reach. No praise can be too high for the technical experts who laboured literally day and night—and not least the technicians who were flown from England at a moment's notice—to introduce order into a mass of conflicting and complicated data and regulations. Sir Stafford Cripps and Lord Swinton are justified in their claim that technically the Conference was a remarkable success.

Chicago failed on what the Minister for Aircraft Production called the correlation of the commercial side of world air services.

* Cmd. 6561: Ordered to be Printed October 1944.

THE FIVE FREEDOMS

WHAT were the delegates asked to discuss?

They discussed five "freedoms", or more exactly—as stated in the House of Lords by Lord Swinton—five "privileges". The first involved the right of innocent passage through a State's air space; the second, the right to land for non-traffic or "technical" reasons—refuelling, emergency, &c.; the third, the right to disembark passengers, mails and freight from the country of origin of the aircraft; the fourth, the right to embark passengers, mails and freight destined for the country of origin of the aircraft; and the fifth, the right of aircraft on a through route to pick up and set down passengers and cargo at intermediate points within the borders of a foreign State.

The United Kingdom proposed a multilateral convention covering the first four privileges, with certain provisions. We thought that definition was needed of the international routes over which those privileges should be exercised. We thought that wasteful competition should be eliminated, which meant a determination of service frequencies, equitable distribution of those frequencies among the countries concerned, a division accordingly on the basis of traffic embarked in each country, a fixing of reasonable rates along the routes served, and the establishment of an international authority with power to see that the provisions of the convention were fairly observed.

Readers of the Canadian view expressed in the December issue of THE ROUND TABLE will remember that the Canadian Government's proposals covered many of the points considered by the United Kingdom Government. The coincidence was not fortuitous. In October 1943 a Dominions Conference on Air Transport was held in England, and on some main points a measure of agreement was reached, though the desired complete accord eluded the delegates. Nevertheless, the Canadian policy coloured and was coloured by the United Kingdom policy, and the resultant similarity of approach to many problems greatly helped co-operation in the critical stages at Chicago.

In broad terms, the United States, on the other hand, proposed an unlimited right to all five "freedoms".

At first glance four of the five privileges seem utterly reasonable. History provides the corrective. Between the two wars no sovereign right was held more rigidly than sovereignty over the air space above national territory. Every departure therefrom, permitting foreign aircraft to move through national air space on their peaceful errand of transporting passengers and cargo, was the subject of bilateral negotiations which were frequently bitter and almost always prolonged and difficult. Great nations jockeyed for position on the air map. Small nations held the great nations up to ransom. In the upshot, the efficiency of air transport services suffered enormously.

Even when the right of passage was granted, following the signature of a treaty or concession, the freedom of the transport plane was only relative. Many countries laid down "security" corridors to be followed through the trackless air, prohibited areas to be avoided under threat of gunfire. Nowadays, the menace of the aeroplane is more generally realized than ever before. It

is no longer the risk that commercial aircraft may be used as relatively inefficient bombers which alarms the public. Far greater is the fear that they may transport without warning an airborne force—parachute troopers and glider-borne soldiers equipped with all the devices of modern war. And while the technician can prove beyond question that no commercial aeroplane can make a good bomber, he cannot argue that serious modifications are needed to enable a passenger plane to carry armed men instead of civilians.

Agreement at Chicago on the first "freedom" is, therefore, a more important achievement than may at first appear.

The second freedom—the right of alighting for technical purposes—involved similar "security" considerations to the first. Once the first had been swallowed, there could be no reasonable opposition to the second. It is to be noted, however, that any agreement reached at the Chicago Conference is subject to ratification by the nations; if only 26 nations sign a convention embodying the first or other "freedoms" then only those countries will accord these privileges to each other. Chicago is indeed only a beginning.

The third and fourth privileges would also substitute multilateral for bilateral agreements, subject—in the words of the British White Paper—"to the right of each State to reserve its position in time of war or national emergency". They are inherently reasonable, but they introduce the thorny commercial problem of reciprocal rights and bargaining. It may be reasonable for Ruritania aircraft to carry passengers from Ruritania to Utopia and from Utopia to Ruritania. Must that mean not only the right of Utopian aircraft to operate similar services between the two countries, but, if Utopia insists, that Ruritania aircraft shall not operate unless Utopian aircraft do in fact run parallel services?

While they gave lip service to the widest possible "freedom" many of the nations represented at Chicago undoubtedly harboured large reservations in favour of the old merry-go-round of bilateral reciprocity, with all the opportunity for bargaining and hindrance of air transport which the word has come to imply.

THE STUMBLING-BLOCK

BUT it was over the fifth "freedom" that the Conference really broke down. If granted, the fifth privilege would enable an American airline company to pick up payload in London and set it down in Paris. And so forth. It would mean that not only would international airline operators compete on international routes, but international operators would compete with the operators of foreign States flown over in everything save cabotage.*

The point was of especial importance for the United Kingdom, while the Americans, on the other hand, were playing for high stakes. The United States being overwhelmingly equipped with transport aircraft, and with air transport services already operating over most of the world as part of the

* *Cabotage* = coasting trade (shipping term). In air transport, internal trade or within the borders of a State; and to and from and within its colonies and dependencies.

United States Army Air Forces Air Transport Command, concession of the fifth freedom would have presented her at one stroke of the pen with the virtual air transport monopoly of the world—outside the Soviet Union. Naturally, many of the smaller nations took fright, and their stand against the fifth "freedom" found them virtually aligned with the United Kingdom in opposition.

It would be a mistake to conclude that the British attitude was simply obstructive. The United Kingdom delegates took part in numerous efforts to devise mathematical formulae which would enable a through service to pick up and set down along a route either a fixed or a varying amount of intermediate traffic, but, as Lord Swinton told the House of Lords, the more these formulae were discussed the clearer it became that no formula to meet the infinite variety of cases could be devised.

In this predicament, the United Kingdom delegation fell back on an entirely different method, which related the number of services to the amount of traffic offering, so as to get equilibrium, and could be applied to determination of all kinds of international service frequencies and licences. In Lord Swinton's words: "We provided that there should be a rapid increase in the number of services if the traffic had been underestimated. . . . We provided also for the principle of a fair division of the services between the countries on the basis of traffic embarked." The delegation suggested four factors to be taken into consideration by the international controlling authority: namely, (i) what should be the frequencies to deal with traffic originating in any given airline-operating country; (ii) how much cargo and how many passengers were offered along the route; (iii) what regional and local air transport was offered in the different countries along the route; and (iv) the economy of through air operation. (The fourth factor appears obscure, but is in reality simple. It is obviously uneconomical for a very large long-range aircraft to operate short stages, because for every size of heavier-than-air flying machine there is an optimum range at which efficiency is greatest and operating costs least. For example, an aeroplane designed to fly non-stop between New York and London could not carry nearly enough payload to be other than hopelessly extravagant on the trip between London and Paris.)

Now these four factors, to be taken into account when determining the facilities to be allowed on any given route, are similar to those applied in the United States by the Civil Aeronautics Board, which decides whether or not an additional "domestic" airline operator shall be entitled to begin flights on an American internal service, or whether an existing operator shall be permitted to increase his frequencies. Similarly, the British proposal included what Lord Swinton called an escalator clause, to ensure that efficiency in step with increasing traffic demand should not go unrewarded. The successful operator would have the opportunity to augment the number of his services.

Nevertheless, the American representatives could not see their way to accept the British compromise. Mr. La Guardia declared roundly that control of the kind suggested would keep all aeroplanes in their hangars. Mr. La Guardia's view would have carried more weight were it not that control must be provided and that the British proposals simply dupli-

cated the organization which runs smoothly in the United States domestic sphere, without so far the disastrous results predicted by him for the international sphere.

AN INTERIM COUNCIL

THE Conference reached conclusions on some points, and several documents stating heads of agreement testify to its good intentions, though they depend on signatures of a sufficiency of nations to become part of world air policy, and some are mutually destructive. The outstanding "commercial freedoms"—3, 4 and 5—were referred to an Interim Council of the International Organization, set up by the Conference for continued study pending agreement on a world Convention and the start of the permanent organization under the controlling Council. The latter is to consist of 21 members, elected on a basis designed to give representation to States of chief importance in air transport and to States which provide landing facilities on a large scale. (Commonwealth representatives are the United Kingdom, Canada, Australia and India.)

Authority for the establishment of an Interim Council derives from the Convention itself and from the Interim Agreement, which as far as is practicable is similar to the Convention and will cover the period of time—long or short—till the Convention comes into force.

Some 28 of the 52 nations represented agreed to sign an "International Air Services Transit Agreement" embodying the first two "freedoms". It operates among the signatories and among them only, though other nations may subscribe later if they wish.

The United States submitted an "International Air Transport Agreement" covering a general and unconditional period of grace of five years—*i.e.*, a free-for-all period of unrestricted competition and operation. This document—signed by 10 Latin American nations (not including Brazil) and 6 other nations—was tabled as a counter to a British proposal which sought to secure the position of the nations whose air transport effort had been adversely affected by the war. The British suggestion was that such nations, obliged by lack of aircraft and airline organization to give up some of their quota of frequencies on main international routes, should have the option during a period of three years to require more fortunate States to reduce frequencies as their own capabilities grew. For example, if transatlantic services needed 100 frequencies a week—half of them to be American and half European—and for the time being the European operators could only provide and take up 20 of them, then the Americans, though they might be conceded the freedom to operate 80 frequencies for a while, would be obliged to abandon up to 30 of them as the European operators became able to assume the burden and to take up their rightful quota.

The Conference reasserted the doctrine of the sovereignty of the air space above national territory, though softened by agreement on the first two "freedoms", which imply that permission to traverse foreign air space shall not be withheld except in war or national emergency. It reasserted the right of each country to its own internal traffic—the right of "cabotage". Among

other of the numerous minor accords reached at the Conference, provision was made for the collection and dissemination of full statistical information as to the volume of international air traffic, subsidies, tariffs, operational costs and details of organization.

Many students of air transport consider that disclosure of this information and the widest publicity given to it will be powerful deterrents against the misuse of commercial aviation, and a proposal to that end was pressed on the Prime Minister in June 1943, in a memorandum outlining the British aircraft industry's proposals for the future of British air transport.

TECHNICAL SUCCESS OF THE CONFERENCE

TECHNICALLY, the Conference certainly achieved much. Airworthiness requirements, organization of airway systems, standardization of airway and airport equipment, standards of operation of radio communications, standardization of maps and charts, licensing of flying and ground personnel—these and many other subjects were discussed and a notable measure of agreement reached on them. It was recommended that the international organization should include a permanent Airworthiness Council and an International Airworthiness Bureau of full-time experts, to enable the various codes of behaviour and airway law and procedure to be kept up-to-date. Such an organization would permit countries in the forefront of aeronautical development and construction to depart from the code on their own responsibility when the Bureau was satisfied that new inventions and ideas justified departure—a point rightly described by Lord Swinton as very important.

Nevertheless, it would be wrong to assume that technical difficulties are behind us. Away from the urgent Conference atmosphere, many of the technicians who found agreement easy may have second thoughts, as they examine more closely the details of the numberless clauses and provisions and the impact of them on the particular circumstances of their own national air transport organization.

UNANIMITY IN THE COMMONWEALTH

THE British Commonwealth may yet find that the most important aspect of the Conference was not the Conference itself, but the new-found collaboration between the self-governing Dominions, including the United Kingdom and India. Immediately after Chicago, London saw a meeting at which a full survey was made of all Empire main routes. Agreement was reached on how those routes should be put into operation as between the different countries, and particularly on the possibilities which would follow the end of the War. Among the routes considered were United-Kingdom—South-Africa by way of Egypt, East Africa and Rhodesia; United-Kingdom—India; United-Kingdom—Australia—New-Zealand by way of India; United-Kingdom—Canada; and United-Kingdom—Australasia by way of Canada and Fiji.

This substantial measure of accord justifies Sir Stafford Cripps in his hopes of the future development of a Commonwealth Air Council "which will be not only advisory and consultative, as at present, but later may have more power of control and be more executive in its capacity".

Not least important among the many subjects which the Commonwealth Air Council might consider is the British contribution to the future technical development of transporter aircraft. To-day there exists in the United Kingdom a well-equipped research and development organization, working with a first-class aircraft industry which has proved its technical worth in the war. Proposals now being actively pursued will greatly enhance and augment the national technical equipment, in the form of research and measurement, machinery and personnel. In all, United Kingdom technical capital devoted to aeronautical subjects will represent many millions and engage a large and highly trained personnel. Such an organization cannot be duplicated in each of the self-governing Dominions or in India without wasted effort and great expenditure. The situation calls for mutual aid, with the Commonwealth sharing in the technical effort centred in the United Kingdom, by the supply of research personnel and a constant come-and-go of trained technicians and engineers, as well as by participation in direction and control of the combined research and development effort.

Indeed, the atmosphere was never more favourable for Commonwealth air co-operation on a grand scale. It is fervently to be hoped that our Commonwealth statesmen will not let the moment pass without action. If they grasp the opportunity, Chicago may go down in history as the event which established the British Commonwealth for longer than Hitler's boasted thousand years.

THE EMPIRE AND THE ARAB EAST

STRATEGY AND ITS SOCIAL IMPLICATIONS

SINCE the Napoleonic wars it has been an axiom of British policy that no continental European Power shall be permitted to acquire a preponderant influence in Egypt, Arab Asia, the Red Sea or the Persian Gulf. It was in accordance with this axiom that Palmerston thwarted the ambitions of Mehemet Ali, whom he regarded as a potential ally of France; that Disraeli negotiated the occupation of Cyprus as a base from which British arms might help to prevent Russian penetration into the valleys of the Tigris and Euphrates; that Gladstone uncharacteristically sent troops into Egypt and found himself unable to withdraw them; that Lansdowne, in 1903, profounded himself unable to withdraw them; that Grey, in 1903, profounded himself unable to withdraw them; that Grey, claimed a British "Monroe Doctrine" for the Persian Gulf; and that Grey, on the eve of the last war, secured an agreement heading off the Berlin-Baghdad railway from the shores of the Gulf.

Discussion of this policy since the opening of the Suez Canal in 1869 has tended to obscure its predominantly negative character, and to over-emphasize the positive importance of imperial lines of communication through the Near East. Reflection on the events of 1940-42, however, should restore a truer emphasis. The vital necessity then was not to keep open the Suez route—in fact the cutting of its Mediterranean section did not involve the Empire in disaster—but to prevent the German armies from reaching the approaches to the Indian Ocean.

A policy thus conceived was well served, before 1914, by the existence of the strategic no-man's-land of the Ottoman Empire. Its collapse in 1917-18 gravely complicated the task of maintaining a security zone between the European land Powers and the imperial network of the Indian Ocean. It became necessary to assume territorial responsibilities of a kind which had previously been confined to Egypt. And with this extension of the measures adopted for pursuing the traditional policy, the objectives of policy themselves became less limited, as had already happened in Egypt. The material welfare of certain of the populations living in the security zone became directly a British concern, and the British attitude to this area developed social and economic in addition to strategic aspects. Nor was this the only new factor. We now stood committed, both by engagements to King Husain and by the terms of our Mandates for Iraq, Transjordan and Palestine, to prepare the populations of these countries for eventual self-government. Furthermore, the proclamation of a British Protectorate over Egypt in 1914 had opened the way to a parallel policy there.

The new period opening in 1918 was viewed as a transition from the older, relatively simple and indeed almost automatic coincidence of British and Ottoman interests to a new and equally stable relationship with the emergent Arab nation. The transition was bound to be marked by friction arising from the position of Britain as a protecting or mandatory Power in the Arab lands, from obligations which she had assumed towards other parties whose policies

conflicted with Arab aspirations, and from internal divisions among the Arabs themselves. But the objective of British policy during this difficult interval was clearly stated at the outset (on June 14, 1921) by Mr. Winston Churchill. We were, he said, "animated throughout by a sincere desire to establish and consolidate a community of interest between the Arabs on the one hand and Great Britain and her allies on the other". The Arabs were to take the place of the Turks as partners in the strategic insulation of the Indian Ocean from Europe; and they were to be assisted, politically and economically, in their preparation for a self-determined participation in this task.

Some progress along these lines had been made before war broke out again in Europe. Iraq and Egypt had joined Saudi Arabia and the Yemen as independent Arab States, and Transjordan was moving towards the same goal. But the ulcer of Palestine was still poisoning relations, and differences between the French mandatory and the peoples of Syria and Lebanon also affected the Arab attitude towards Great Britain. The objective defined by Mr. Churchill in 1921 had not been reached eighteen years later. Nevertheless the present war has demonstrated its continuing validity for the Empire, both negatively by the peril in which we were momentarily placed by the Iraqi defection of 1941, and positively by the immense value of the facilities granted to us by virtue of the Anglo-Egyptian and Anglo-Iraqi Treaties. The Arab States, too, have clearly preserved their freedom as a result of Britain's vital interest in defending it. The partnership has survived a stern test, and may have been strengthened by it.

But the present war has not ended the transitional period, with its complexities and dangers. Many decisions remain to be taken before the belief in an abiding harmony of interests can become as strong in the Arab capitals as it is in London. One statement of fundamental importance has been made during the war, by Mr. Eden on May 29, 1941:

"The Arab world has made great strides since the settlement reached at the end of the last war, and many Arab thinkers desire for the Arab peoples a greater degree of unity than they now enjoy. In reaching out towards this unity they hope for our support. No such appeal from our friends should go unanswered. It seems to me both natural and right that the cultural and economic ties between the Arab countries, and the political ties too, should be strengthened. His Majesty's Government for their part will give their full support to any scheme that commands general approval."

TOWARDS AN ARAB LEAGUE

THIS declaration of the British Government's attitude undoubtedly played a part in encouraging the Arab leaders to begin the discussions which culminated in the meeting of a Preparatory Committee of the General Arab Conference in Alexandria at the end of September, 1944. Despite its modest title, the delegates to this assembly included five Prime Ministers, and it made a greater advance towards unity than most observers had expected. It was decided in principle that a League of Arab States should be constituted, with the functions of securing the peaceful settlement of disputes between members and of presenting a united diplomatic front to the outer world. The original members of this League will presumably be the seven States which

sent delegations to Alexandria—Egypt, Iraq, Saudi Arabia, Yemen, Syria, Lebanon and Transjordan. In addition to their political co-operation, provision is to be made for joint action in other fields, including industry, agriculture, commerce, communications, educational policy and public health.

The habits of concerted action and mutual trust, without which a structure of this kind cannot be consolidated, will take many years to develop, but it seems reasonably certain that the League will be formally constituted in the near future. The problems on which its attention will be concentrated at the outset are suggested by two further resolutions of the Preparatory Committee. In the first, the main provisions of the 1939 White Paper on Palestine are recapitulated and described as "acquired rights for the Arabs". The second affirms the respect of the signatories for the independence of Lebanon within her present frontiers, "Lebanon having followed a policy of independence".

In other words the immediate effect of closer relations between the Arab States, so desirable in themselves from a British as from an Arab point of view, is likely to be an intensification of pressure on the two most sensitive points of contact between Near Eastern progress and imperial responsibilities.

In 1939 the British Government reached the conclusion that their undertaking to "use their best endeavours to facilitate . . . the establishment in Palestine of a national home for the Jewish people" had been substantially implemented; and that the time had come to prepare the way for an independent Palestinian State with an Arab majority. The Arabs, hesitantly at first, welcomed the White Paper in which this decision was embodied, and endowed it with a solemnity similar to that with which Mr. Balfour's declaration of 1917 had been invested by the Zionists. But, in view of the strong opposition which the new policy encountered in the House of Commons and of the volume of American criticism since, together with the memory of previous fluctuations in British policy, there is an undercurrent of uncertainty and apprehension in the Arab mind. In any case the White Paper did not enter into detail either on constitutional arrangements or on treaty provisions. Where so much is unclear, only the most elementary statements can be made on future possibilities. No settlement for which His Majesty's Government are responsible can ignore the interests of the Jewish National Home. But an interpretation of those interests which the Arabs regarded as unacceptable, not only in their initial reaction but in their durable feeling, would darken the whole prospect of Anglo-Arab collaboration. These certainties fix the limits between which British policy in Palestine can safely steer.

ANGLO-FRENCH RELATIONS IN THE NEAR EAST

FRENCH policy in Syria and Lebanon has been no less unpalatable to the Arabs than Zionist activity in Palestine. And since 1941, when British forces played a preponderant part in the recovery of the Levant States for the Allied cause, we have been unavoidably drawn into the conflict between Syro-Lebanese aspirations and French policy. It has even come to be supposed that we have only to tilt the scales, there as in Palestine, for the issue of the conflict to be determined. But in relation to Syria and Lebanon, even more than to Palestine, our Near Eastern policy is complicated by the necessity

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of reconciling its requirements with those imposed upon us by other relationships. Friendship with France is an undisputed interest and inclination of British policy. The French Mandate in Syria-Lebanon was therefore never regarded, except during the interlude of 1940-41, as a threat to our position in the Near East. The circumstances of the present war, however, led us in 1941 to associate ourselves with the Free French pledge of independence for the two Republics. Thenceforward we could no longer remain in the position of detached observers, and were bound to be adversely affected by the subsequent breakdown of confidence between France and the Levant States. Our attitude was defined in the letter written by Mr. Oliver Lyttelton, as Minister of State in Cairo, to General de Gaulle on August 7, 1941:

"Both Free France and Great Britain are pledged to the independence of Syria and the Lebanon. When this essential step has been taken, and without prejudice to it, we freely admit that France should have the predominant position in Syria and the Lebanon over any other European Power."

The definition seems clear enough, but it did not provide for the present situation, in which the Syrian and Lebanese Governments are declining to concede any priority to France over other external Powers, whereupon the French declare that without agreement on this priority they cannot continue to divest themselves of the powers they exercise by virtue of the Mandate. Again British policy is confined within narrow limits, set on the one hand by the world-wide community of Anglo-French interest, in which the Near East plays a relatively small but potentially destructive part, and on the other by the Near Eastern community of Anglo-Arab interest, with which the destinies of Syria and Lebanon have come to be inescapably involved.

Enough has been said to show that a failure of the Syrians and Lebanese to secure effective independence would be attributed in the Arab world to British indifference as well as to French intransigence. But there is a further consequence to be foreseen. Our prestige might be not only diminished but transferred to other Powers, less directly involved in Franco-Syrian politics but believed by the Arabs to view their cause with sympathy. The war years have seen a striking increase of mutual interest between the Arab countries and our two major Allies, the United States and the Soviet Union. The moral and diplomatic support of these Powers is a potential resource which will probably not be neglected by any Arab Government in time of need.

THE INTERNATIONAL INTEREST

THERE are various reasons for believing that the pattern of international politics in the Near East will be more intricate in the future than it was before 1939, despite the elimination of Italy as an active participant. The simplest is the growing maturity of the Arab States themselves. Whether singly or through their projected League, they will wish to defend their own national interests and to enjoy the benefits of membership in international society. Furthermore, they can offer to the world resources and facilities the development of which is bound to result in a widening range of contacts. Situated as they are at the junction of three continents, and provided already with

excellent airfields, the Arab countries will presumably supply busy staging-points on the long-distance air routes of the later twentieth century. More spectacular at the moment is the wealth of this region in petroleum. Although its production (including that of Persia) amounted in 1939 to only 6 per cent of world supplies, its potential importance is considerably greater. Already the war years have seen a notable expansion in the yield of the American concession at Dhahran, near the eastern coast of Saudi Arabia, and there has been talk of a pipe-line, to be built at the expense of the United States Government, from the Persian Gulf to the Mediterranean. Apart from the unexploited capacity of existing fields, to be marketed through the Gulf, the Mediterranean or the Red Sea, there is believed to be undeveloped oil in northern Persia, and the natural commercial outlet for this would be northwards into the Soviet Union.

We must therefore look forward to a period of growing international interest in these countries (including Persia where petroleum is concerned). It is from every point of view desirable that such interest shall not express itself competitively, in the jockeying of external Powers for position and the stimulation of local rivalries. This danger was envisaged by a recent writer in *The Times*, who went so far as to state that the Middle East would be "the main testing-ground of the new world order". If this is an accurate forecast, the future tranquillity of the region will depend largely on the success of the United States, the Soviet Union, France and the British Empire in harmonizing their policies in other parts of the world. So far as harmony depends on relations within the Arab East itself, the established traditions and present purposes of British policy dictate an almost self-evident policy: the activity of other external Powers is to be welcomed so long as it neither promotes instability nor threatens to reverse the progress of the Arab peoples towards an increasingly complete self-determination and the formation of some kind of Arab Commonwealth. This progress will require, for some time to come, the assurance of external protection in the event of war or crisis; and such protection may, when the discussions begun at Dumbarton Oaks have reached a conclusion, be provided under the aegis of the United Nations. Whatever arrangements may be made for this zone, it is to be assumed that Britain's exceptional dependence upon its security will be fully recognized and that room will be found for the active participation of Arab forces. There should thus be no contradiction between the post-war system and the system already initiated in the British alliances with Egypt and Iraq. In a world where only great military Powers can effectively defend themselves, smaller States are well advised to maintain good relations with such of these Powers as have liberal intentions and are at the same time prevented by self-interest from lapsing into indifference. In the Arab East, it cannot be denied that no Power fulfils these requirements so adequately as Britain.

BRITISH DEFENCE AND ARAB AUTONOMY

UNFORTUNATELY, the reality of this confluence of interests may easily be obscured if the means adopted for the discharge of British responsibilities are

not carefully chosen. In Egypt, Iraq and Palestine the presence of British troops and installations has in the past connoted foreign occupation and restrictions upon self-government. Radically as their function has changed, except (so far) in Palestine, it is not to be wondered at if the sensitiveness of nations rising to self-consciousness rejects a convenient instrument on account of its earlier associations. Deference to this feeling has somehow to be reconciled with adequate provision for British participation in the defence of the region. This is, in detail, a problem for experts. But it may be suggested to them that the bases to be occupied by British forces, whether or not on behalf of the United Nations, should be few and strong rather than many and weakly held, and that they should as far as possible be "invisibly" situated, at a distance from the main centres of population.

This intelligible sensitiveness of Arab national feeling presents us with a similar dilemma in our relation to the internal problems of the region. The basic need of the Arab peoples, their national renaissance having reached its first political goals, is to increase their economic productivity and thereby their standard of living. This is also a British interest, both narrowly for commercial reasons and more imaginatively because it would augment the human, social and political value of an enduring relationship. Yet our Western ideas, conceived against the background of a high industrial development, as to what would be most conducive to sound and rapid economic development in Arab countries are not always to be reconciled with the interests of the classes from which Arab national leadership is drawn. This conflict between the needs of society, objectively considered, and the self-interest of a governing class has been foolishly attributed to some peculiarity in the Arab mind. It is a more universal phenomenon than that. Its awkwardness lies in the inconsistency, to which it gives rise, between many well-intentioned plans for the assistance of Arab economic development and the paramount need to respect the internal independence of Arab régimes. This antithesis may present itself sharply when the time comes for the Near Eastern States to make use of the considerable sterling balances they have accumulated in London during the war. These represent an irrecoverable opportunity for the planned capitalization of agriculture and industry. But the decision to seize this opportunity can only be taken, in the independent States, by the Arab Governments themselves. Britain can supply persuasion, and advice when it is desired, but "benevolent despotism" is out of the question.

This article has sought to show that, in helping to promote the peaceful evolution of the Arab peoples, Britain serves at once their interests and her own. It may not always be easy for them to recollect this truth, or for her to adjust her policy sensitively enough to their advances. Nor can the possibility be excluded that Arab-British friendship may soon be gravely embarrassed by violent action in one or more of the countries encircling the Eastern Mediterranean. Patience, resolution and imagination will be more than ever necessary in the critical post-war years.

STRATEGY OF THE WAR. XXII

THE BATTLE OF THE ARDENNES

THE previous instalment of this review left the Allied armies in the West exerting fairly heavy pressure along the whole front. This form of offensive has been deliberately preferred to concentration and attack in a single sector. Possibly a build-up in length was easier than a build-up in depth. Possibly the speed and scale of the enemy's recuperation from his colossal defeat in the summer were under-estimated, and it was considered unlikely that he could hold even a previously prepared line everywhere against general pressure. One factor which could not be foreseen was the kind of weather most unsuitable to an offensive; but that kind supervened. In the event, the Allied offensive proved disappointing. Nowhere was any breach effected in the enemy's main lines of defence. Nevertheless the belief persisted that his casualties were proving heavy enough to make a local collapse only a matter of time. He was known to have collected reserves, including strong armoured forces, in the Cologne area, but was thought to be reserving them for use in case of a local Allied break-through.

His actual use of them therefore came as a complete tactical surprise. No sufficient explanation has yet been forthcoming of how the moving of these reserves up to the front between Aachen and the Saar was not observed or, if observed, was not correctly interpreted. The country and the weather were both favourable to concealment: but it is improbable that movement on such a scale could have been undetected or misinterpreted without some element of over-confidence on the Allied side. Any suggestion that the Germans were deliberately enticed to fight outside their prepared defences smacks more of hindsight than of foresight. The German drive was not expected and proved distinctly dangerous, both in the military and in the psychological sense. What the Allied Command and the Allied armies can claim with absolute justification is that they recovered splendidly from the surprise. How far this swift rally and riposte frustrated the enemy's designs depends on what those designs were.

To judge by Rundstedt's Order of the Day, they were very ambitious. But speeches before battles are generally pump-priming, and in this case there can have been no serious hope of reconquering Western Europe. The tactical objectives were probably a penetration at least as far as Liège and Namur and the capture or destruction of large Allied supply depots. The raid, if all went well, might have been aimed even at Antwerp. The strategic objective was revealed by Sertorius when he explained that it had been essential to prevent synchronization of major Allied offensives in the West and in the East. Upon these assumptions the battle was a tactical failure. Thanks to tenacious American resistance at key points, such as St. Vith, Monschau and Bastogne, the Meuse was not reached in the first rush and no big supplies were captured. There was time for General Patton's really

tremendous feat in swinging Third Army units from the Saar to the Ardennes in strength enough to worry the Germans' southern flank; and for Field-Marshal Montgomery to block the Meuse crossings and start biting at the tip and northern flank. Four brilliantly clear days gave the Air Forces their chance to break the attempted resurrection of the *Luftwaffe* and to decimate hostile armour and convoys. After the first ten days the only question was how cheaply the enemy could extricate himself; and the answer was that he did succeed in withdrawing without a disaster such as overtook a similar effort in Normandy. It must be noted in passing how the land minefield has revolutionized the art of war. In enclosed country where they cannot be by-passed and in certain weather conditions, such as snow, when they are difficult to detect, mines are perfect cover. If he has plenty of mines, a commander can take up positions which appear suicidal on a map and can withdraw from them at leisure. Mines, the King Tiger tank, and certain other improved weapons explain why the German gamble was not more costly. Even so, however, the enemy's losses by the time he was back on his starting line were very serious. They amounted to 230,000 men and 1,450 tanks and self-propelled guns; and this loss of trained troops was more serious to the enemy than to the Allies.

Moreover, it has become clear that the enemy did not succeed in his strategic purpose of forcing upon the Allies a degree of disorganization and regrouping enough to delay a major offensive for any really useful period. By the beginning of February the First and Third American Armies had resumed attacks upon a corps scale against the Siegfried line and its approaches. Farther south, a diversionary German offensive against the Saverne gap and Strasbourg first petered out, and then turned into a retreat beneath counterblows of the First French and Seventh American Armies. This retreat, which lost the enemy his last footing on French soil, was a costly business. On February 9 the long quiet British front blazed up as the First Canadian Army attacked to reach the Rhine east of Nijmegen. Thus the Allies had regained the initiative after an interval of only six weeks and with much better prospects of retaining it. For there had been radical changes in the situation as it existed last December. At that time there was no great disparity in forces on the Western front, and the Allies' late autumn offensive had been based upon a presumed superiority in morale. In the event the enemy's morale based on desperation and the sense that he was defending his own soil proved little if at all inferior to Allied morale; and he had the shorter and better communications. But by February the enemy's strength was seriously depleted not only by casualties but by withdrawals of large formations to bolster up the cracking Eastern front. At the same time the flow of Allied reinforcements was probably increased, and superiority in heavy material, comparable to that always established by the Russians before they attack, had been built up. It is sometimes argued that this would have been done much earlier if the decision, taken at the Quebec Conference, to prosecute the wars against Germany and Japan with equal vehemence, had not resulted in so equal and so early a division of the Allied forces between the two wars. The argument is attractive, but, on balance, must be

rejected. Suppose that larger American armies had been available for the West, it is questionable whether, in the then state of ports and communications, they could have been deployed. Moreover, the argument may owe something to a very natural distaste for asking the Russians to administer the main blows. But the strategist cannot concern himself with considerations of military prestige. He must remain indifferent to any foolish competitions of military prestige. He must remain indifferent to any foolish petitions in claims about who won the war; and therefore must approve a strategy which takes account of all the forces which can be brought to bear on the enemy, including the Russian forces. If therefore larger forces could not, for material reasons, have been deployed earlier in the West, it is clear that bigger reserves in the West would not have finished the war any sooner; and the test of whether the war is finished as quickly as possible ("finished" meaning nothing short of complete victory) is the supreme test of strategy. In fact the Western Allies destroyed 110 German divisions between June 1944 and February 1945; and in the latter month were engaging or containing roughly 125 (including those on the Italian front). In addition, the Allied air offensive, enormously helped by the possession of continental bases, took much of the mobility out of German strategy by wrecking railways and oil plants. Nobody can suggest that there is any trace of holding back in this record.

It is at least a worthy complement to the great Russian winter offensive, which followed the usual and effective model of successively engaging great army groups, backed by a general reserve of vast strength which enables the changes to be rung on any sector at will, like a man running up and down the keyboard of a piano.

THE GREAT RUSSIAN OFFENSIVE

BEGINNING in the south, the first Russian blow secured the encirclement of Budapest and the trapping of a large garrison. The Hungarian capital was condemned by Hitler to be the scene of a month's savage street fighting, all the more terrible because the city was crammed with civilian refugees. A powerful German relief offensive, comparable to that vainly delivered in the attempt to relieve Stalingrad, was defeated.

Next, almost simultaneously, offensives were launched in Central Poland from the Sandomierz bridgehead across the Vistula towards Cracow; nearer to Warsaw towards Radom and Łódź; and north of Warsaw across the Narew. The German defences were shattered, and the enemy had to scuttle from Warsaw itself at long last. A fourth offensive was opened against East Prussia, and although it encountered the toughest resistance of all, ten days were enough to force the Insterburg gap. During that period the offensive north of Warsaw made such brilliant progress that East Prussia could be invaded from the south. The fall of historic Tannenberg was the signal for the crashing of this front also; and the Russian armies were soon in full career for Danzig as well as Königsberg. By early in February they were along the Oder in places not much more than 30 miles from Berlin, and were over the river at two places, near Kustrin and near Breslau, on wide fronts. Some doubt was expressed in the early stages of these offensives about

whether the Germans had not effected a strategic withdrawal. This doubt arose from the first Russian claims of casualties inflicted, which seemed small in relation to the scale of the advance. But it soon became clear that these figures were only preliminary; and that masses of hostile troops had been destroyed or encircled. In fact, the basis of last autumn's optimism, which appeared shaken by the enemy's aggressiveness in the West, was sound. The Germans have neither the men nor yet the material to resist a concentric assault everywhere. A great deal of paper and ink has been wasted in admiration of their strategy. It has been as inferior as the fighting qualities of their troops have, on the whole, been excellent. What can be said of a High Command which, at so critical a time, allows 20 or 30 divisions to be pinned in the Courland enclave, wastes 10 or 20 more in the Ardennes offensive, leaves 10 or more squatting on the French coast, fails to extricate in time some 7 more from the Balkans, keeps nearly 30 on the distant Italian front, allows 20 or 30 more to become embroiled in the battle for Budapest, hangs on to Norway with at least 5 more, condemns its Air Force to impotence in order to gamble on robot weapons? These dispositions are contemptible. They argue at the best over-optimism and at the worst complete insensibility to military considerations. If the enemy had in good time evacuated Norway, Denmark, Italy, Courland and the Balkans; if he had stood on the defensive on the Siegfried line or on the Rhine; if he had fought a purely defensive battle in the Carpathians; then, after all these things, he might have concentrated at least 200 divisions to oppose, on positions of his own choosing, the Russian assaults.

THE MEDITERRANEAN

It may be hoped that these strictures on German strategy will not have given the impression that, from the Allied point of view, the Italian campaign has been a strategic mistake. On the contrary, amends must be made for the insufficient attention devoted to it in the last instalment of this review. But for the 30 divisions retained on the Italian front, Rundstedt might well have reached Antwerp, and the Russians might well not have reached Budapest. On the map, Allied progress in Italy has been disappointing; but this is not the fault of our armies there. They have been repeatedly milked, first to mount the invasion of southern France, then to lend a hand in Yugoslavia, and then to fight a quite unexpected campaign in Greece. They have had weather which only those who know the Apennines in winter could have expected. In spite of all, they have done their job. Italy has been to the Germans what Spain was to Napoleon—a running ulcer.

Apart from its diversion of strength from Italy, the fighting in Greece has had little military importance; and its political implications do not concern a review of this kind. It is doubtful whether, whatever had happened in Greece, the difficulties of the enemy divisions, staggering sullenly north through Yugoslavia, would have been materially increased by any form of direct pursuit. They are leaving a trail of casualties on their passage and very few of them are likely to reach any major battlefield in time to influence the course of operations.

SOUTH-EAST ASIA COMMAND

THE war against Japan has undergone during the last few months a transformation hardly less spectacular than the war against Germany. In a sentence, the Allies are within measurable distance of the reconquest of Burma and of the Philippines. The two achievements have been very comparable in difficulty and therefore in grandeur, and it is not because the campaign has been mainly conducted by the British that the advance in Burma is, on the whole, the more memorable, but because it has involved the making of such stacks of bricks with very little straw. When Lord Louis Mountbatten was put in charge of this counter-stroke, his orders provided that the first objective should be the clearance of the land route to China. That was effected on January 24, in the sense that a new through route from Ledo to Myitkyina and thence to China was cleared of the Japanese. This is not, of course, the old Burma Road, and land communications have become less important since the development of the huge air-ferry service to China over the Himalayas, but the construction and clearance of a new road is a landmark in the slow swinging of the pendulum of war against Japan.

It has also become clear that the Japanese offensive against India in March 1944 was a gamble upon the continuance of the military weakness and low morale of 1942. Since Allied strength and psychology had been transformed, the offensive was decisively defeated with losses so heavy to the Japanese that they have been unable to stem the Allied counter-offensive. In Arakan, the defeat of our attacks in 1943 has been avenged, and a coast-hopping advance has carried us well on the way to Rangoon. Farther north, a converging offensive from the north-east along the Chindwin and from the north along the Irrawaddy has brought us to within a few miles of Mandalay. The prospects are much brighter than could have been expected; and are further improved by those traces of the growth of amphibious power which will be very necessary to turn the enemy out of Malaya and the East Indies.

ADVANCE IN THE PACIFIC

MEANWHILE in the Philippines, General MacArthur, having broken hostile resistance on Leyte and all attempts to support it from outside, organized a great expedition against the main island of Luzon. By landing on the west coast in the Lingayen Gulf, he seems to have surprised the enemy; and found no difficulty in overrunning the great plain which extends south-east towards Manila which his troops reached on February 3. There is still some danger of a counter-offensive against his northern flank, but on the whole the enemy seems to be in insufficient strength and to be unable to reinforce on any large scale. The Japanese strategic dispositions with huge forces committed in South-East Asia, China, the Amur River, and a multitude of islands seem extremely disquieting to them. They have made the same mistake as Hitler of allowing considerations of prestige to govern their strategy, and not even the fine fighting qualities of their troops can avert the consequences.

STRATEGY OF THE WAR

It will be remembered that the recent Japanese offensive in China was designed to destroy the airfields from which the Americans might bomb Japan. But the offensive has not succeeded in averting bombing of the Japanese homeland. Raids carried out by heavy bombers from island bases have become very frequent, though not in great strength judged by Western standards. This development must be mentioned because it is the forerunner of a real air offensive, which can be mounted from the Philippines, and which, given the concentrated character of targets in Japan, may well prove extremely effective. The nine-hours bombing of Tokyo from a powerful fleet of aircraft carriers on February 16 indicates the formidable power of the American attack.

THE AIR WAR

A FINAL word is necessary about the air offensive, once a monopolizer of headlines, now a not always successful competitor for paragraphs. The strategic offensive has been concentrated more and more upon the enemy's oil supplies; and can possibly claim some credit for the nature of his dispositions. For example, how can the continuance of attempts to relieve Budapest when Silesia was being overwhelmed be explained save by a lack of mobility? The divisions concerned had been committed. They could not be moved quickly enough elsewhere, and therefore, so it seems, they might as well go on attacking where they were. Lack of oil may also have something to do with the failure to disengage in Italy, or to counter-attack on the Oder, and with the restriction of activity in the *Luftwaffe*.

The tactical offensive, though much hampered by weather, has not been confined to the close support of troops. It has included attempts to interfere with the delivery and discharge of V2 rockets, which have certainly decreased the number of these missiles without completely stopping them. Indeed, when the strategic analysis of the whole war comes to be made, it may well be found that these rockets, which, once discharged, cannot be intercepted, will rank very high in the lugubrious catalogue of military inventions. Ingenuity has, of course, not been confined to one side. The artificial harbour, which was probably the catalyst of successful invasion, is another remarkable innovation. The trouble about the rockets, from the enemy's point of view, is that they have been too few, too late, and too imprecise.

Neither they, nor anything else except fatal quarrels within the Grand Alliance, can prevent the total defeat of Germany and Japan this time. We are witnessing the *Götterdämmerung* or rather *Teufeldämmerung* of these Powers. The "sommnambulist", as Hitler once described himself, has walked over the edge of the cliff and is more than half-way on his fall on to the rocks.

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A CALL FOR UNITY

AMERICANS are beginning to realize that the final phases of the European war will call for quite as much patience, poise and perspective as were required in the bitter opening months. The flurry of bickering, mostly in the press, which crossed the Atlantic in both directions around the turn of the year was useful in awakening us to the dangers of disintegrating alliance. These preliminary warnings will indeed be historically significant if we take heed, draw several long breaths and take a longer view.

A voice from the battle-front helped to arouse us. The American army newspaper, *Stars and Stripes*, cried out in early January: "... let's listen to the dead. Let's learn from the living. Let's join ranks against the foe. The bugles of battle are heard again above the bickering." And America has begun to listen to the soldiers, begun to take a more sober view of its responsibilities and of its relationships with its allies.

Wise words of caution came from President Roosevelt in his Annual Message—words which were at once echoed in the press and by the people:

"The nearer we come to vanquishing our enemies, the more we inevitably become conscious of differences among the victors.

"We must not let those differences divide us and blind us to our more important common and continuing interests in winning the war and building the peace.

"International co-operation on which enduring peace must be based is not a one-way street.

"Nations, like individuals, do not always see alike or think alike, and international co-operation and progress are not helped by any nation assuming that it has a monopoly of wisdom or of virtue.

"In the future world, the misuse of power, as implied in the term 'power politics', must not be a controlling factor in international relations. That is the heart of the principles to which we have subscribed. We cannot deny that power is a factor in world politics any more than we can deny its existence as a factor in national politics. But in a democratic world, as in a democratic nation, power must be linked with responsibility, and obliged to defend and justify itself within the framework of the general good.

"Perfectionism, no less than isolationism or imperialism or power politics, may obstruct the paths to international peace. Let us not forget that the retreat to isolationism a quarter of a century ago was started not by a direct attack against international co-operation, but against the alleged imperfections of the peace.

"In our disillusionment after the last war, we preferred international anarchy to international co-operation with nations which did not see and think exactly as we did. We gave up the hope of gradually achieving a better peace because we had not the courage to fulfill our responsibilities in an admittedly imperfect world.

"We must not let that happen again, or we shall follow the same tragic road again—the road to a third world war."

There is much reason to think that these warnings have come in time. They come at a sobering moment, too, since the German counter-attacks

on the western front have not yet been turned into defeat, and the three leaders—the President, the Prime Minister and the Marshal—have not as yet (mid-January) been able to have their second meeting. They come at a time when the American casualty lists are beginning to mount inexorably, and the tasks remaining to be done stretch over the horizon.

THE MEMORY OF WOODROW WILSON

PRESIDENT ROOSEVELT has begun his Fourth Term in an extremely conciliatory mood toward all groups of opinion within the United States. There is no party line. The major elements of controversy cut squarely across both parties. And on the big issues, the President has an overpowering majority. He will meet defeat, undoubtedly, on many small questions. But his great aim—an aim he has had in view for some years now, but never more than today—is to lead the nation and the world into an operative peace organization.

As has been remarked often before, sometimes in this correspondence, Mr. Roosevelt vividly remembers the downfall of his old chief, Woodrow Wilson. Mr. Roosevelt it was who spoke from his railway train at every crossroads of the nation—it must have seemed—in fruitless advocacy of the League of Nations when he was Vice-Presidential nominee in 1920. Those experiences cut deeply. The fate of Mr. Wilson was a personal defeat for Franklin Roosevelt.

So today he knows and feels, better than anybody else, that his own place in history depends not upon the events of the teeming 'thirties, not on his war leadership, but upon the very last act of the drama: the establishment of peace machinery. To attain this end, President Roosevelt is prepared to make every sacrifice of domestic reform programs, of perfectionist details in world organization, of politics and ceremony and protocol. He is throwing into the task his every resource of political experience and sagacity. And it is very reasonable to assume that he will be equal to the job.

Isolationist opinion in the United States was severely rebuked by the elections, which saw the sound defeat of half a dozen leading isolationists. Isolationism, of course, is not dead. But it is very nearly bankrupt, only carried along by the opportunist political tactics of its few leaders, and occasionally revived by a burst of power politics in Europe. Had it not been for the Greek situation, and the Polish problem to a lesser degree, the isolationists today would not be heard from. Their case against Dumbarton Oaks was very weak. Only when political settlements appear to take a particularly cynical turn, when the forces of imperialism and aggrandizement appear to be dominant, do American isolationists gain real ammunition. That was the state of affairs at the end of 1944, and it produced a burst of criticism of our three Allies—Britain, Russia and China—which was not allayed until the President delivered his poised and tolerant message.

ALLIES THROUGH AMERICAN EYES

It may be useful to summarize the way British, Russian and Chinese policy appeared to many Americans. This is, admittedly, not an objective description; it is a view through transatlantic eyes:

British: an old world-wide empire seeks to maintain what it can of its position by supporting conservative and monarchist elements in the newly liberated countries, functioning in a tier of countries obviously placed within its orbit of interest by agreement. If support of the anti-popular cause is the policy in Italy and Greece, what of the Near East and the Far East? What of Singapore and Hong Kong? What of the re-sale of lend-lease goods in third countries? What of the Anglo-American proportion of troops on the western front?

Russian: an aggressive revolutionary dictatorship seeks to extend its borders and its control by territorial acquisition and spheres of influence. What of the future of Poland, Rumania, Bulgaria, Yugoslavia, not to mention the Baltic States? Are we helping to build a new juggernaut? Why have the Russian military offensives* in Poland stopped? Why is Russia unwilling to join us against Japan?

Chinese: an effective personal dictatorship supplemented by an extensive governing clique seems more interested in holding back a rival Chinese group—the so-called Communists—than in prosecuting the war against Japan. Why have things gone so slowly and so badly, both in China and in Burma? Why was General Stilwell recalled? What is this we hear about corruption?

These notes are only suggestive of the doubts and problems that crowded in upon many Americans at the end of 1944. To many they were disturbing and disillusioning. They were coupled with temporary military reverses, following the exhilarating campaigns of the summer. They threw a lot of us completely off poise.

THE MOST FAVOURED NATION

OF course, we Americans have no excuse to lose our patience in this manner. We are not the victims of battle-weariness. If anything, we have a hang-over from an inflationary whirl. On the home front we continue to live a life of pretty considerable comfort, with only minor inconveniences. We are spending more money than ever in history. We can get uninterrupted nights' sleep, our wives pay a good deal of attention to changing hat styles and the beauty parlors, and the theatres, night-clubs, race tracks and bars run at feverish pitch.

True, our casualty lists have been lengthening for some time. But the losses are spread out all over the country. Except in the precious circle which each casualty affects, the impact of these lists is surprisingly little. The names are in the paper: that is about all.

True, our taxes are mountainous and the national debt will be a heavy burden for many years to come. True, prices are very high, and butter and cigarettes are sometimes actually difficult to obtain! True, some of us do not have all the gasoline we should like. True, the trains are often crowded, and travelers on the air lines frequently have to wait for the next flight or two in order to permit passengers with military priority to fly. True, the

* This article was dispatched from the U.S.A. early in January.

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trains to and from Florida are booked solid for months. True, national conventions—so dear to the heart of most Americans—are now frowned upon.

But from these ironical observations it will be seen that on the home front America is still missing the great spiritual experience of total war. That is the fundamental conditioning factor of these times. It is the thing to remember about us. And it is very difficult to see how it could be avoided. We are the victims of geography, and of the plenitude of our own productive system. What it will mean in the long run, it is impossible to say today. We shall certainly have to make greater sacrifices before we are through. But even then, we shall still remain fresher than other nations. Will it be a good or a bad thing? That depends on the world viewpoint we achieve. Our relative freshness may take the form of energetic aid to the stricken. It may—as hitherto—tend to increase our impatience and conscious rectitude. Or both.

AMERICA'S DEBT TO HER ALLIES

YET in the face of President Roosevelt's modest and tolerant analysis, one has to be optimistic. It cannot be said that the President has misused America's power in his negotiations with the other Allied leaders. There has been no imposing of viewpoints. And his brief analysis of the place and relationship of these great Allies now and in the future stands as the considered view of America:

"We had in Europe two active and indomitable Allies—Britain and the Soviet Union—and there were also the heroic resistance movements in the occupied countries, constantly engaging and harassing the Germans.

"We cannot forget how Britain held the line, alone, in 1940 and 1941, and at the same time, despite ferocious bombardment from the air, built up a tremendous armaments industry which enabled her to take the offensive at El Alamein in 1941.

"We cannot forget the heroic defense of Moscow and Leningrad and Stalingrad or the tremendous Russian offensives of 1943 and 1944 which destroyed formidable German armies.

"Nor can we forget how, for more than seven long years, the Chinese people have been sustaining the barbarous attacks of the Japanese and containing large enemy forces on the vast areas of the Asiatic mainland.

"In the future we must never forget the lesson that we have learned—that *we must have friends who will work with us in peace as they have fought at our side in war.*"

These words stand as a key declaration of American world policy. They are self-demonstrable, and rational Americans will not forget them. The American soldiers on the western front will not forget them, after the help they have had from the British divisions on the north. The Americans in Italy will not forget them. The American airmen can never forget them, for they know best of all the kind of support Britain gives. And Americans in the Far East will not forget these words as the power of British naval might is transferred to the Pacific.

RE-MUSTERING FOR ACTION

To implement these declarations, President Roosevelt has begun to clear the decks. His first step was to place the State Department, after Secretary

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Hull's retirement, in the hands of "safe" men, of men who may be rated conservatives in any domestic controversies. Mr. Roosevelt thus showed his anxiety not to permit the hot divergences of the New Deal to destroy his world policies. The State Department appointments have met a barrage of criticism from the left, but they will be immensely valuable later on. President Roosevelt's left is secure: it has no place else to go. It is his right he needed to anchor, and his first peg was in the conservative appointments.

Secretary Stettinius is a unique foreign minister. He is not a technician. He is a sort of salesman, a bit of a promoter, a man of quick and fluent judgment, but above all a man of goodwill. His good looks and "charm" are impressive. They are very "American". They are also a bit cinematic. And say what you will, this irrepressible Americanism is a force in the world, and it really works.

In the early days of the Dumbarton Oaks Conference, Mr. Stettinius required only a few hours to call Sir Alexander Cadogan, "Alex" and Mr. Andrei Gromyko, the Russian Ambassador, "Andy". These seasoned diplomats winced perceptibly, it is said, when the diminutive first smote their correct ears. But, perhaps despite themselves, they came to like it before long. And when Mr. Stettinius took all the right diplomats for a week-end picnic in the Blue Ridge Mountains near by—well, a good time was had by all, and some of the inhibitions of lifelong protocol began to slip away. In short, Mr. Stettinius is to the world of diplomacy what the GIs are to their hosts and friends in Britain and France. At least, that is his direction. And, after all, why not?

Flanking this man of goodwill as Under- and Assistant-Secretaries are Mr. Joseph Grew, a diplomat of the most proper school, Mr. William D. Clayton, a world cotton trader of the greatest experience, Mr. Nelson Rockefeller, another engaging and elevating young man, Mr. Dean Acheson, a sophisticated and intelligent man of diplomatic experience, and Mr. James Dunn—a friend of Mr. Hull and practised diplomat who isn't likely to last long. And then there is the black sheep of the flock: a New Dealer, a poet—Mr. Archibald MacLeish.

If this group of men—Republicans, Democrats, northerners, southerners, young, old—is not able to maintain successful relations with virtually all of Congress, then something will seriously be wrong. There was a fight over their confirmation by the Senate, but it came mostly from New Dealers who will not take issue on major policies. Anyway, the stage is set for some practical salesmanship by the State Department, both at home and abroad.

The President's counter-balancing concession to his liberal supporters is likely to come before these words get across the Atlantic in the form of appointment of Henry Wallace as Secretary of Commerce.* Here Mr. Wallace's prestige, which has grown in the United States, in Russia and in China, can be linked to the economic policies laid down in the President's speech. Mr. Wallace is an idealist, and a deeply thoughtful man. He understands the basic issues of the war and will keep the ideological flags flying when the State Department crew might forget. But he would have been a

* The Senate has since withheld confirmation of this appointment.

I. POLITICAL

India's unhappy political position was pointedly referred to by the Viceroy in his annual address to the Associated Chambers of Commerce in Calcutta in December. Assuming the rôle of medical adviser to the Indian patient, Lord Wavell said he did not believe India's condition called for a serious operation. His Excellency went on: "I should certainly try all other possible remedies first. But I do not think that the 'quit India' mixture or these Satyagraha pills have done much good. I should suggest leaving off medicines altogether and you may find that you are not as ill as you think. Perhaps some fresh air and work in the fields would do you good." Lord Wavell insisted that the first requirement for the return of India's political health was a faith cure, "a belief in the good intentions of the British people and in their genuine desire for a settlement and for the welfare and self-government of the Indian people. I can certainly assure you that I should not be here if I did not believe in those." The Viceroy said he did not believe there were now any real differences in principle between India and Britain, or that the communal problem was insoluble. Their best hope lay in working together without trying to lay down detailed conditions, or to decide everything before they began to work. The previous rejections of their offers had naturally made the British Government chary of any further advance until they felt that the spirit of compromise and co-operation was real. But their desire for a solution remained perfectly genuine. Lord Wavell concluded by paying a handsome tribute to the Indian members of his Government, who, he said, were doing an essential job of work and doing it very well. The Viceroy's address had been a masterpiece of tact and diplomacy like

The Viceroy's address had a mixed reception in the country. Papers like *The Times of India* stressed Lord Wavell's declaration that he would not be Viceroy unless he believed in the honesty of the British Government's

Central Provinces.

Dr. Mookerjee said what the Indian patient needed was freedom and a faith cure, which meant faith in herself and not in British promises. He condemned Mr. Gandhi's "fresh Himalayan blunder in trying to placate Mr. Jinnah who is out to destroy the very soul of India", and demanded unity among as many of the Indian political parties as possible. They should meet on a common platform and present a common demand on the fundamental problems of Indian liberty and reconstruction. It might be that the Muslim League would not join in such a demand, but there would be other Muslims who were prepared to stand for Indian nationalism. Dr. Mookerjee hinted broadly that, if the Indian question could not be settled by Indians themselves, advisers from America, Russia and China should be called in. But he agreed with Mr. Rajagopalachari that the continued boycott of the constitutional machinery by Congress was harmful—more harmful than its use to prepare the field for wresting larger powers. The Mahasabha generally approved of Dr. Mookerjee's views and adopted a constitution for a "Hinduistan Free State" on the federal lines embodied in the Government of India Act of 1935. In this draft constitution it was emphasized that the Provinces should be given an adequate measure of autonomy with residuary powers at the centre.

Apart from the Hindu Mahasabha papers, the Indian press paid scant attention to this effort at constitution making. Meanwhile, there was growing among right-wing Congressmen and moderates a strong desire to return to practical politics. The feeling was expressed that, since agreement between Congress and the Muslim League on the constitutional issue was impossible, the best thing to do was to reconstitute the Provincial Ministries in those Provinces where Congress Governments had resigned. This view was held, among others, by Mr. Rajagopalachari, the Madras Congress leader whose formula for a Hindu-Muslim settlement was presented unsuccessfully by Mr. Gandhi to the leader of the Muslim League. Several prominent Congressmen are believed to have placed this point of view strongly before Mr. Gandhi at Wardha, but his continued indifferent health made conversations difficult. Indeed early in December Mr. Gandhi, on the advice of his doctors, announced his abstention from work—which he described as a “work fast”—for one month, but this period was extended indefinitely.

Towards the end of January a flutter was caused in the political dove-cotes by the activities of Mr. Bhulabhai Desai, the leader of the Congress party in the Central Assembly. Mr. Desai, after visiting Mr. Gandhi, had a series

of talks with Nawabzada Liaquat Ali Khan, the deputy leader of the Muslim League party. He then had an interview with the Viceroy. Mr. Jinnah denied all knowledge of the subject of these conversations, but in Congress circles it was generally thought that Mr. Desai was trying to arrange a basis on which a coalition government could be formed at the Centre.

Among the moderates the initiative was taken by the veteran Sir Tej Bahadur Sapru, formerly one of the leading figures at the Round Table Conference. Late in November Sir Tej Bahadur Sapru announced that the standing committee of the Non-party Conference of which he was President proposed to appoint a committee, comprising eminent public men with no marked political affiliations, to examine the Indian communal question from the political and constitutional point of view. Mr. Gandhi, he said, had expressed his willingness to co-operate with this body during the talks which he had with the Congress leader immediately after the failure of the Gandhi-Jinnah negotiations. With the exception of the Muslim League press, newspapers generally applauded Sir Tej Bahadur Sapru's decision. Several members of the Government of India expressed their willingness to help the Committee by furnishing information if requested to do so.

Early in December Sir Tej Bahadur Sapru announced the membership of the Committee, which included Sir Jagdis Prasad as Secretary, Dr. Jayakar (the Metropolitan of India), Sir S. Radhakrishnan (the philosopher), Sir H. P. Mody (a former member of the Viceroy's Council), several former High Court Judges and business and professional men, including journalists: about 25 in all. Except in Muslim League quarters the personnel of the Committee was generally favourably received, although some critics took the view that the Committee was too large and that it included members whose hostility to Pakistan was well known. Exception was also taken to Sir Tej Bahadur Sapru's description of the Committee as a "conciliation committee", the view being held that, since conciliation was impossible, the Committee's proper task was to draft a constitution which would be acceptable to reasonable men in all communities.

The Committee came up against serious obstacles when the Chairman sent out invitations to the political leaders. Mr. Jinnah, the President of the All-India Muslim League, flatly refused either to recognize the Committee or to co-operate with it. Dr. Ambedkar, a member of the Government of India and the leader of the Depressed Classes, also declined to co-operate with the Committee on the grounds that he had not been consulted about its membership. It was generally recognized that Sir Tej Bahadur Sapru had committed a tactical blunder by announcing that he had Mr. Gandhi's blessing, since this alienated the anti-Congress elements. The Muslim League newspaper *Dawn*, for example, poured scorn on the Sapru Committee as a "Congress-inspired racket". Nevertheless, the Committee met in Delhi and agreed to issue a questionnaire, which was certainly catholic in its scope. The questions invited views on the establishment of an independent Pakistan State, and whether an imposed constitution was favoured if the Indian political parties should fail to agree.

The Committee was divided into four sub-committees dealing with

specific problems, while Sir Tej Bahadur Sapru proceeded to visit the Punjab and other parts of the country. The sub-committees are expected to examine the replies to the questionnaire and other documents early in February; before the end of March the main Committee hopes to present its interim report. Since conciliation is clearly impossible, it is anticipated that the Committee will state what it thinks should be the main line of approach to a solution of the Indian political problem, leaving the framing of a detailed constitution to some other body. Sir Tej Bahadur Sapru declared in his opening address to the Committee that, if it failed to come to an agreement, somebody else must discharge its duty in this matter, adding that "that somebody else must be the British Government". In view of the attitude of the Muslim League and of Dr. Ambedkar, the outlook is not very hopeful. Nevertheless, many people feel that if the Committee can suggest an outline of a constitution which reasonable men in all parties can accept, it may provide a *via media* round which the moderates can rally.

II. MILITARY

THE last few months have seen a striking change in the military situation in Burma. The Japanese never recovered from the shattering defeat inflicted on them in Manipur State by the British Fourteenth Army. The disease-stricken remnants of General Mutaguchi's army, which invaded India early last year, were pursued to the river Chindwin at Sittaung beyond Tamu and at Kalewa beyond Tiddim. The Kalewa crossing, famous during the retreat of General Alexander's army from Burma in 1942, was seized, and across it was built what is claimed to be the longest Bailey bridge in existence. After the crossing of the Chindwin by the Fourteenth Army troops, events moved rapidly. One force composed of Gurkhas of the IVth Indian Corps—the defenders of Imphal—slipped quietly over the Chindwin at Sittaung in the middle of November and a month later reached Pinlebu, 20 miles from the Mandalay railway on the Irrawaddy front. This column's march constituted one of the most remarkable achievements of the Burma campaign. In its trek through jungle for nearly 100 miles it was supplied by air, but it also had 800 vehicles and built roads as it went. From Pinlebu the column pushed on to the railway at Wuntho and then, having left the jungle behind, it swept down the fertile Shwebo plain along the line towards Mandalay. Another Fourteenth Army column, which crossed the Chindwin at Kalewa, reached Yeu, the rail-head of a metre-gauge railway running to Mandalay by way of Monywa on the Chindwin. Monywa was captured after a sharp fight.

Meanwhile General Festing's British Thirty-sixth Division operating under the American General Sultan on the Irrawaddy scored equally significant successes. After overcoming severe opposition by fresh enemy troops at Pinwe, south-west of Myitkyina, the Thirty-sixth Division captured the railway junction of Naba. This was rapidly followed by the capture of Indaw on the main line, and of the river port of Katha on the Irrawaddy. Units of the Division then linked up with men of the Fourteenth Army who had crossed the jungle from the Chindwin at Wuntho. After that junction

the main efforts of the Thirty-sixth Division were to clear a way down the Irrawaddy towards Mandalay. General Sultan's Chinese troops captured Bhamo after a stubborn resistance and finally linked up with General Chiang Kai-shek's troops at Muse. This operation led to the reopening of the Burma Road, since land contact with Ledo in north-western Assam was established with the Burma Road beyond Namkham at a place called Mongyu. Along the road from Ledo made by American engineers through Myitkyina and Bhamo there was laid a pipe-line.

Lord Louis Mountbatten announced the reopening of the road in the following dramatic message: "The first part of the orders I received at Quebec have been carried out. The land route to China is open." It is true the immediate practical effect of the opening of the road will be small, but its psychological influence should be immense. By the end of January most of Upper Burma had been liberated. The Allied front ran in a continuous line from India to China and Allied troops were closing in on Mandalay, the capital of Upper Burma. In January equally gratifying successes were scored in Arakan, the scene of an unsuccessful British offensive in 1943. The Mayu peninsula was occupied and an assault on Akyab found the place deserted. The occupation of Akyab was followed by a landing on Myebon to the south-east, in order to cut off the retreat of the Japanese, who were being harassed by our forces in the Kaladin valley. The advance along the Burma coast was continued by a landing on Ramree island.

III. PLANNING AND DEVELOPMENT

THE Government of India and non-official bodies continued to busy themselves with reconstruction plans. In their second report on post-war planning the Reconstruction Committee of the Viceroy's Executive Council outlined both short-term and long-term objectives. These objectives did not embody the Government's final decisions on matters of policy, but were intended to guide the planning authorities. The short-term objectives included, first, the resettlement and re-employment of defence service personnel and labour displaced from war industries; secondly, the orderly disposal of surplus military stores and equipment; thirdly, the conversion of industry from a war to a peace footing; fourthly, the removal or adjustment of controls to suit peace conditions. The long-term projects included, first, the development of electric power as the basis of industrial and agricultural development, including pump irrigation and rural industry; secondly, the development of industry with special reference to the production of capital and consumer goods, and the development of small-scale and cottage industries; thirdly, the development of road communications and transport service, especially in rural areas; fourthly, the improvement of agriculture including irrigation, anti-erosion measures and land reclamation. The Government of India estimated that 1,000 crores of rupees might be needed for the first five-year period.

A further impetus to planning was given by the authors of the well-known Bombay plan, who produced a second report intended to fill in the details, especially as regards agriculture, of their original plan. The Bombay planners

declared themselves to be aiming at a happy compromise between state socialism and capitalism, in which private enterprise would be directed by a national government responsible to the people. Their proposals did not, however, contain much that was new; and Sir Ardeshir Dalal, the member for the new department of Planning and Development in the Government of India, claimed that most of the measures for the better distribution of wealth contained in the second Bombay plan were covered by the Government Reconstruction Committee's scheme. It was also pointed out that Part II of the Bombay plan ignored two of India's most glaring agricultural problems, namely, those of fragmentation and rural indebtedness.

India,

January 1945.

GREAT BRITAIN

THE SIXTH WINTER

WE went through strains as 1944 drew to its close, and then the New Year came, and with it an easing of the tensions. At their worst they were never comparable with the anxious suspense of the months before D-Day, still less with the doubts and worries of 1941 and 1942 before the course of the war turned decisively in our favour. But first the outbreak of fighting between British troops and E.L.A.S. in Athens on December 3 caused disquiet at home and angry debates in Parliament, and then a fortnight later the German break into the Ardennes clinched a reluctant realization that the European enemy had not by any means yet been knocked impotent. It has been, too, the sixth winter of war; and August's glorious expectation that Germany would be laid low before Christmas was seen by October and November to be becoming unfulfillable. Therefore the atmosphere was such that every disturbance on the road to victory, even the absence of more good news, was magnified into a disappointment.

Millions of people were individually tired. That is the secret of it, if one wants to understand England at the end of 1944. They were not in the least tired of the idea of beating Germany, but tired of long working hours for five years with scanty holidays, tired of war-time restrictions and monotonous food and crowded travelling and shopping queues. Well they might be. That was the background of the now famous outburst in the *Economist* against American criticism of Britain. Had the ordinary British working man and woman had opportunity to see the American papers of the time, and then to compare daily war-time life in Britain with its American counterpart, they would have erupted more luridly still. This is written neither to justify nor to excuse, but simply to explain.

HEAVY SESSIONAL PROGRAMME

At the end of November, the tenth and (everyone hopes) the last session of the present Parliament, first elected in November 1935, was opened by the King with no pageantry in the small temporary Chamber, formerly the King's Robing Room, which the House of Lords has occupied since the Commons Chamber nearly four years ago was destroyed by the enemy. The Commons have lately approved plans for the rebuilding of that, modernized but in the old shape and on the old site, to be put into effect as soon as labour becomes available. After underlining the nation's will to complete victory over Japan as well as Germany, the King's Speech forecast as many as 15 Government Bills for assisting the transition to peace, when that happy time comes, and for ordering our affairs better in the years thereafter. Questions immediately arose about the impossibility of passing all these into law under the present coalition Government, if Germany collapsed early and a General Election was held (as the Prime Minister had indicated) within a short time.

The Labour party seemed anxious to postpone the election until the autumn of 1945 in any case, so that the legislative programme could be completed with the Whips on from all parties. On the other hand Mr. Churchill, as leader of the Conservative party, faced with confirmation at the Labour Conference in December of that party's decision to fight the next election on an untrammelled Socialist programme and not as a partner in any coalition, has shown little disposition to oblige his future opponents at the polls by promising any artificial prolongation of this Parliament after the end of the German war. What has been unanimously agreed, and announced with the King's consent, is that, to preclude any possibility of a snap election, at least 38 days' notice will be given before the date of polling day. For the first 21 days of the period the old Parliament may continue to sit (this is a constitutional innovation), leaving 17 days for the election campaign proper.

The all-in war, and revulsion against the enemy's methods of government, have given the idea and practice of citizen democracy a stronger hold on Parliament and people than ever before in modern Britain. History may see significance in the pertinacity of effort which, though two major wars were still on hand, Ministers and senior civil servants have directed towards amending electoral law so that the will of the people may be helped to declare itself effectively and accurately. Having laboriously devised and enacted a system of postal voting for men and women serving in the Armed Forces at home, and of proxy voting for the Forces and civilian war workers overseas, we have now taken a second bite and produced a scheme to minimize the need for proxy voting at all, by rendering postal voting possible for those abroad even as far away as Burma. The price for this is to be an interval of three weeks between the poll and the declaration—a period when the secrets of Britain's next Parliament and Government will stay locked in the ballot boxes, while candidates who feel certain that they have either won or lost can take a care-free holiday.

FUTURE OF LOCAL GOVERNMENT

LOCAL government elections, which have been entirely suspended since the outbreak of war, vacancies being filled by co-option meanwhile, are to be resumed from next November onwards. The right to vote at them has hitherto been confined to those directly liable for payment of local rates—that is, householders and tenants of unfurnished rooms and their spouses. By common agreement among the parties this is now to be extended to all adults over 21, so that the local government and the parliamentary franchises will be assimilated. Time will prove whether this change leads to greater financial irresponsibility at municipal elections or (as is hoped) to more active interest in them, especially among the young.

Many of our local government areas are too small, and others have become inappropriate units through shifts of population. Before the war, the idea of inserting a new tier consisting of regional authorities was widely canvassed. However, the war-time experience of Regional Commissioners acting as agents of the central Government has raised the defenders of local autonomy in their wrath, not because the Commissioners performed badly, but because,

in principle, they constituted an interference between the elected local councils and the Ministries at the centre. Whatever the advantages in more economical administration, no Government could have maintained the regional system and at the same time claimed to be responsive to democracy.

It has been officially announced that the Regional Commissioners will disappear. In a noteworthy White Paper on the immediate future of local government, the Cabinet has declared in favour of joint boards or committees (to which each local council in the area concerned would appoint a nominee) and against regional authorities, for securing co-ordination of services where that is needed. In face of fears that the local rating system may be overburdened by reconstruction commitments, it promises a general overhaul of the financial arrangements between the Exchequer and local authorities—which is long overdue. Ultimately more important still, it proposes a permanent Boundary Commission (which hitherto we have never had) to bring under review at intervals the size and the boundary-lines and indeed the status of individual local government areas, so that anomalies may not fester, but be corrected as they arise. The special problem of the London County Council, administering an area with a 4,000,000 population which for certain functions is also divided up between 28 Metropolitan Boroughs, is deemed to deserve an *ad hoc* enquiry on its own. Taken as a whole, these local government proposals have been criticized in the national press and elsewhere as timid; but the provincial dailies, which can view the main issue at closer quarters in its local settings, have generally welcomed them as a sound strategic approach to a subject which bristles with prejudices and pitfalls.

HOUSING—THE TOUCHSTONE

HOUSING is rapidly emerging as the dominant social issue at home for the next year or two, and the local councils are closely bound up with it, for they are the responsible housing authorities, under the Ministries of Health and of Works. The Government's promise is that 300,000 new brick houses will be built or building within two years of the defeat of Germany. Even though the labour force is to be re-expanded with all possible swiftness, this is the largest production that can be hoped for within the time; yet it will go but a little way towards the need, aggravated as that has been by the almost entire cessation of house-building for the past five years, and the complete destruction of nearly 200,000 houses by hostile action. In addition a huge task of repairs and maintenance awaits us. The flying-bomb attacks of last summer left a legacy of 720,000 houses in London classified as damaged but repairable. Mr. Duncan Sandys, the Prime Minister's son-in-law, who was appointed in November to succeed Lord Portal as Minister of Works and was entrusted with these repairs as his special responsibility, has so far made a good impression in his first major Government office. A six-months programme of rendering the whole 720,000 reasonably habitable by the end of March was undertaken; and by stopping all non-essential repair jobs and concentrating one-third of the entire building force of the country upon

London it seems likely to be fulfilled, amounting to some £40,000,000 worth of work.

The gap between demand and supply of new houses will have to be met by the use of materials other than the traditional brick, and by pre-fabrication. Last year it was being envisaged that quick mass-production of temporary houses with a ten-year life should be the remedy. More and more, however, expert housing opinion—encouraged by popular criticism of the temporary makeshift—is turning towards the production of permanent pre-fabricated houses of various types on a large scale, so that the need for the temporaries may be minimized. Whatever happens, it is a safe bet that the next Government will be less likely to stand or fall by its handling of great external affairs of state, than by its ability to provide enough homes for the returning soldiers.

NEEDS OF INDUSTRY

No one expects a national unemployment problem within the next few years, although particular localities and industries will have to go through painful readjustments. The Ministry of Labour is developing what it calls its "reallocation" plans. As a stabilizing measure Mr. Bevin has carried through Parliament, possibly with less trouble than he expected, a Wages Councils Bill to supersede and extend our old Trade Boards Acts for arriving at minimum wages to be fixed by law for specific industries, and also to prolong for five years the war-time obligation on all employers not to undercut the wage rates agreed or generally recognized for their industry in their district. Towards meeting the financial needs of post-war industry, the Bank of England has been instrumental in forming, with Government approval, two new companies: one to supply medium and long-term capital for small and medium-sized businesses in amounts up to £200,000, having itself a total share and loan capital of £45,000,000 to be provided by the clearing banks, and the other with a share capital of £25,000,000 to be provided by the insurance companies and the investment trusts and the Bank of England, and borrowing powers of four times that amount, thus rendering a total of £125,000,000 available for financing major industrial reorganizations.

EFFICIENCY AND EXPORTS

IMMENSE will be the capital needs of British industries for re-equipment. Take coal and cotton, two of the oldest and in the past, for their contributions to export trade, most important. Coal, exceptional among our industries for the inept handling of its war-time problems by the Government, carries the weight of decades of mutual suspicion between employers and men. But no plan for its future—whether nationalization as proposed by the miners and the Labour party, or extensive reorganization under private enterprise as advocated in a policy report prepared by the new chairman of the Mining Association—can avail at all unless many millions are put into raising its technical efficiency. The cotton industry, hampered less by internal ill-will than by a full measure of Lancashire obstinacy on both sides, resembles coal in having suffered depression of trade and consequently of

profits and wages for fifteen years before the war. An expert mission sent to the United States under Government auspices last year to study comparative production methods has reported disturbingly on the distance which Lancashire has slipped back. She could beneficially spend vast sums on new equipment to improve her competitive efficiency, if she had the credit; she could pay higher wages and offer a more attractive career to youngsters, instead of losing them to other industries perhaps less important in their export potentialities, if she could break right away from old customs to which the trade unions defensively cling. Newer industries with a more modern outlook are ready to spring ahead, when war demands are lifted off them. Yet Britain's industrial future, on which in turn so much of world trade depends, will be grievously handicapped if these older industries cannot find, in co-operation with the Board of Trade and the City, the right keys for regaining high technical and structural efficiency.

PLANNING FOR PEACE IN WAR

No one, however constructively minded, yet sees with any confidence how the 50 per cent increase over pre-war export trade is to be attained, which is required after the war if we are to pay for our necessary imports. The news was welcomed that certain goods (notably iron and steel) were to be cut out from the Lend-Lease list after January 1, because that removed the sorely felt restriction which prohibited any British manufactured goods containing such materials from being shipped for export. A new Bill to raise from £75,000,000 to £200,000,000 the total of Government export guarantees available to exporters in approved cases against the risks of overseas business is recognized as a step in the right direction, but not as any substitute for a comprehensive indication of Government policies. Another valuable Bill allocates £120,000,000 to be spent on development, research and welfare in the Colonies during the decade 1946-56 (as against a maximum of £5,000,000 a year under the 1940 Act). That is good evidence of Parliament's growing though belated interest in Colonial standards of living, and on the material side trade should benefit mutually in the long run. But the fact remains that the House of Commons is not satisfied with the Ministers primarily responsible for planning encouragement to exports; and the House is right.

The man-power screw, which seemed to have been turned as far as it would go, was given one more twist by the uncompromising Cabinet decision to find another 250,000 men to "nourish and sustain" the armies in the fighting line. Any overseas critics who dare to allege that Britain has taken this war easily had better look at the grinding lengths to which she has carried her utilization of man-power and woman-power, and compare it with their own. Six years ago who would have contemplated conscription and of women? Now we have agreed, with relatively slight opposition and without a division in Parliament, to send girls of the A.T.S. compulsorily overseas, if volunteers fall short. Meanwhile the war takes its heavy toll of our young men, even though not so cruelly as 30 years ago. Up to November 30 last the armed forces of the United Kingdom had lost 200,000 killed, 40,000 missing, 235,000 wounded, and 160,000 prisoners. In addition,

58,000 civilians had been killed in this country by bombing, and 80,000 seriously injured, not to reckon at least an equal number whose injuries were not serious enough to necessitate detention in hospital.

SHAPING THE FUTURE

THE dead have died for our survival, and in the quality of the future we must make good their loss. Mr. Butler's great Education Act comes into force on April 1, though the continuance of the German war rendered it impossible to secure buildings and teachers enough to raise the school-leaving age to 15 on that date. New and improved salary scales agreed between the local education authorities and the teachers' representatives seem likely to render the lower ranks of that profession far more attractive to recruits than of old, but they have been justifiably criticized for not offering good enough prospects to the ablest of the entrants. Meanwhile a Bill is going through to bring Scottish education law into line generally with the educational advances secured for England and Wales by the Butler Act; and a comprehensive policy for reorganizing education in Northern Ireland with a similar purpose has been published as a White Paper by the Ulster Government. It is proposed to reduce the minimum age of compulsory school attendance there from six to five, thus adopting what has long been the law in the rest of the United Kingdom. On the prickly questions of grants of public money to Church schools and corresponding public participation in the management of them, the White Paper outlines a compromise scheme; but compromise is more congenial to the English than to the Ulster temperament, and so smooth a passage as the English measure enjoyed is hardly to be expected over there. It has been decided meanwhile, for the same reasons as at Westminster, to prolong the possible life of the Northern Ireland Parliament by a further year, and to assimilate the election law generally to the new changes which Westminster has adopted.

Buoyed up by a great hope, we all entered on 1945. One fact was clear beyond doubt. Whatever the future might bring, political democracy as practised in the United Kingdom had proved its capacity to carry the country through long, dark, menacing perils of war into sight of safety. Whether democracy can now formulate a foreign policy worthy of the first hard years of peace remains to be answered. The unbalanced reaction to news from Greece, much of it distorted, was a disturbing symptom. Some who felt most certain that the Government acted rightly about Greece feel least certain about Poland. Realism and morality ought not to be irreconcilables. The British Government must not only frame a foreign policy that reconciles them. It must so present that policy that it is seen to do so.

Great Britain,
February 1945.

CANADA

POST-WAR INTERNATIONAL TRADE

THERE is very genuine alarm at Ottawa concerning prospects for freer world trade after the war. This alarm is predicated chiefly on the fear that Britain is now resolved or resolving to seek a solution of her post-war economic problems within the protection of a sterling *bloc*. For Canada this would mean abolition or dilution of the present Commonwealth system of preference tariffs. It would mean, in all probability, a return to direct "bilateral" or "barter" deals within and without the sterling area. It would mean the collapse of hopes for the re-establishment within the near future of any world-wide programme for multilateral trade agreements.

Two events in particular have given rise to these alarms and apprehensions. The first of these was the visit to Canada last November of Lord Keynes. The general impression left by that visit was that Britain had little or no alternative but to retire within the sterling *bloc* for the years immediately following the end of the war. While he argued in favour of eventual return to freer multilateral world trade, he set so high a price on the removal of present trade barriers as to leave little hope that multilateralism was possible for some years to come. His argument appeared to be that unless very substantial assistance was forthcoming to eliminate the war-time accumulation of sterling indebtedness, then trade with "hard" currency countries must, of necessity, be narrowed to the bare bones of what could be paid for by the more or less direct bilateral exchange of goods and services.

It should be noted that Lord Keynes did not completely rule out the possibility of Britain's going into debt to trade with dollar countries after the war (stage III). He did rule this out during stage II (the period of the Pacific war after the European victory). He argued that Britain must cut her trade needs and purchases exactly to fit her balance-of-payments cloth in stage II, so as to conserve her limited resources for stage III. The only trade "cushion" for stage II would be the amount of mutual aid (or lend-lease) which dollar countries were willing to provide of their own free will and at their own expense.

Following this visit, there came to Ottawa in January, 1945, Mr. R. S. Hudson, British Minister of Agriculture. Mr. Hudson's view was considerably more disturbing. He indicated that British policy had already crystallized along the lines of a high-protectionist post-war agricultural programme involving what are little better than barter arrangements between individual countries—arrangements which hold out very little hope for an expanding post-war exchange of goods for countries not within the sterling *bloc*.

It is recognized, of course, that these indications may not tell the whole story. For instance, Mr. Hudson has long been an outspoken advocate of greater protection for British agriculture, and of a policy of more direct barter of British manufactured goods in return for the foodstuffs she will

still need to import. It was not surprising, therefore, to hear him in this particular rôle. But it is considered one thing for Mr. Hudson to express these views as his own and another to have these views put forward as the considered policy of the Government. How accurately he reflected in Ottawa the views of the Government, or the British people generally, in interpreting this policy as a *fait accompli* remains to be seen.

THE FINANCIAL BACKGROUND

To appreciate the present feelings of alarm in Canada it is useful to establish one or two important points regarding the historic and present position of Canadian trade. In the first place, the Canadian economy, perhaps to as great an extent as that of any country of proportionate size, has been very greatly dependent on exports. One measure of this dependence would be to add the total of Canadian exports to the annual production of gold and relate this total to the gross national production or output. On this basis, it is found that in the prosperous five-year period 1925 to 1929, the ratio was close to one in four, or about 23 per cent. In the next five years, 1930 to 1934, when the great depression beset the country, this ratio dropped almost to 16 per cent. Between 1935 and 1939 it rose to 21 per cent. It continued to increase sharply during the war. By 1944 it was running at the unprecedented rate of one to three, or something better than 33½ per cent. Thus, in 1944, total Canadian exports (exclusive of gold production) were estimated at approximately \$3,500,000,000. This compares with less than \$500,000,000 at the low point of the depression (1932). The pre-war peak (1928) was \$1,364,000,000.

It is estimated that to maintain the Canadian economy at a level of reasonably full employment after the war, the country should achieve exports (at to-day's prices) of between \$1,500,000,000 and \$1,800,000,000. (This is exclusive of gold production which, prior to the war, had risen to a level in excess of \$200,000,000 annually.) After adjustment for changes in the price level, Canada would seem to require an increase of from 25 to 45 per cent in the pre-war volume of her export trade in order to maintain high employment after the pattern of her pre-war economy. Canadian imports, on the other hand, have traditionally lagged considerably below these export figures. During the war this gap has reached very substantial proportions. (In 1944, imports to Canada were only 50 per cent of the 3,500 millions of exports.) Even in normal times, the difference has been close to \$150,000,000 annually, with imports exceeding exports in only three of the past twenty-five years.

Even more important has been the multilateral nature of Canadian trade. For example, while Canadian sales to Britain in the decade 1929 to 1938 totalled some \$2,800,000,000, her purchases from the United Kingdom in the same period were less than half that amount. The deficit was even greater when allowance is made for Canada's trade with other countries in the sterling area. (The position is aggravated to-day with the repatriation of \$800,000,000 of British investment in Canadian securities, and the probable reduction in United Kingdom revenue from shipping and other services.)

But Canada traditionally bought more from the United States than her exports to that country. Thus in the old days she was able to balance off her excess of British pounds sterling against her deficit of American dollars. This, in simplified form, was the old familiar trade triangle. It was typical of what could be accomplished so long as sterling and other currencies were freely convertible with dollars. It was part and parcel of a multilateral system under which Canada maintained the bloodstream of her all-important export trade.

CANADA'S INTEREST IN FREE TRADE

It is to be expected, therefore, that Canada would seek by all possible means a broad multilateral basis for world trade and economic intercourse after the war. One evidence of this was the important part Canada played in the monetary discussions both prior to and at Bretton Woods. Another evidence was her active participation in the various meetings which have been held among British and United States experts at various times following initial discussions in London during the summer of 1943.

In all these discussions Canada found herself arguing vigorously on the side of freer and especially multilateral trade. As well, in the most recent Canadian budget (June, 1944), Canada removed all tariffs and taxes on the import of agricultural implements. This particular gesture may be taken as exemplifying Canada's increasing industrial maturity. Her implement industry has now expanded into world-wide markets. This enlargement of sales volume (beyond anything which the Canadian market of 12,000,000 people could support) plus the lessened dependence of Canada on steel and other manufacturing ingredients, has given encouragement to gestures of this sort. Such gestures help to lower prices for Canadian farmers (a highly popular political move) yet at the same time do not greatly jeopardize the employment of urban workers in implement and allied industries so long as foreign sales can be maintained.

As is now fairly well known, the "private" inter-government discussions in London, Washington and Ottawa, looking towards some sort of global trade agreement, bogged down early last year. While the imminence of the federal election in the United States was not without its effect, a much more fundamental reason was the widely held doubt whether the United States Congress would enact the legislation necessary in order to commit the country to a long-term policy of lower tariffs and increased imports. Other reasons were the divided view within the United Kingdom as to just where its own trade future lay, and a rising sentiment for protectionist policy within the Commonwealth itself—chiefly in Australia. Although these negotiations have not been resumed, the general effect of the American election last November was such as to give considerable encouragement to the view that that country might, during 1945, take the lead itself towards freer world trade policies. Official and unofficial pronouncements since the election have also indicated an increasing realization of what was required if there was to be a breaking down of world trade barriers.

What is now feared is that, whatever happens in the United States, British

policy in regard to trade and economic matters is already hardening (if indeed it has not already hardened) in the direction of a narrow bilateralism within an enlarged sterling *bloc*. Just what nations would be included in such a *bloc* is still not clear. Presumably it would include the Commonwealth, exclusive of Canada. It might also bring in Belgium, the Netherlands, Denmark, Norway and possibly Sweden. Britain would presumably like to include France as well.

The focal point of such a *bloc* would be the dependence of these nations on sterling. Already countries like India, Egypt and others have accumulated vast sterling credits in London. These have accumulated because of Britain's inability to pay for war materials and services which these countries have supplied. The total of such balances as at the end of 1944 is placed at about \$12,000,000,000. Unless Britain can find a way to liquidate these balances (with the possible assistance of countries like Canada, the United States and perhaps Sweden) it is improbable that they can be absorbed. Until they are liquidated they represent an apparently impassable barrier to the free convertibility of the pound and the dollar. They also represent, for the moment, a protection behind which British agriculture, industry and labour might operate without fear of competition from hard currency nations like the United States and Canada.

The Keynes view is interpreted as putting a definite price on the elimination of this sterling indebtedness—a price which both Canada and the United States would be asked to help to pay. The goal would be the eventual wiping out of this indebtedness and the placing once more of sterling on a basis of free convertibility. This goal once reached, Britain would presumably be required to put her great industries on a basis where they could compete in costs of production with those of the American continent. The Hudson view seems to dismiss the Keynes approach as impracticable. While paying lip-service to the eventual restoration of multilateralism, it suggests that Britain has, for the present, abandoned all thought of once more throwing herself open to the markets of the world. It suggests that she has decided already to resolve the problem of her sterling indebtedness by building a wall around the sterling *bloc* and exchanging the raw materials of that *bloc* with her own textiles, coal and manufactured goods. If Mr. Hudson has been correctly interpreted, or has not overstated the case, and if this view does in fact prevail, the consequences to Canada are highly disturbing.

For one thing, British prices, at the present fixed rate of sterling, are said to be anywhere from a third to 75 per cent higher than comparable prices in Canada under the Canadian price ceiling. British coal, for example, which used to find a ready market in Canada can only now be marketed by the aid of a subsidy close to \$6 a ton. Were Canada to maintain her traditional market in Britain for some \$400,000,000 of her products (mostly agricultural and mineral) she would, presumably, be required to accept British goods at these considerably enhanced prices and probably subsidize their importation so that they could be sold competitively with Canadian products.

The alternative, which seems to loom ahead in stage II, is a rapid scaling down of exports to Britain. So long as the Pacific war lasts, this would be

offset for Canada by a willingness of Parliament to continue a modified form of mutual aid (free gift). (Obviously there would be little possibility or disposition for Canada, with her close proximity to the United States and her thousand-million dollar peacetime stake in United States trade, to enter the sterling area.)

ECONOMIC RELATIONS WITH THE UNITED STATES

WHAT would be the attitude of the United States towards a hardening post-war sterling *bloc*? The answer to that question would affect Canada perhaps even more than any other country. For, as Canadians look across at their huge industrial neighbour to the south, they see signs of an awakening consciousness of competitive world trade the like of which has never before been seen in time of peace. They hear suggestions that, after the war, the United States (heedless of any such school-book phrases as "balance of payments" or the like) is preparing to flood the world with five, ten, or possibly fifteen thousand-million dollars annually of surplus goods and materials in order that her vast war-spawned industry may be kept turning and some approach made towards the maintenance of full employment. They hear suggestions that the United States may adopt a new two-price policy for agricultural products. Such a policy would attempt to maintain a floor only under that proportion of production which could be consumed at home. Export surpluses would either be given away or freely disbursed at whatever price they might command on world markets.

On the favourable side of the ledger may be put the strong and highly encouraging anti-isolationist results of the November 1944 election in the United States. These results are thought to portend an inclination on the part of the United States to move towards a freer trade programme, with possibly a considerable gesture towards a downward revision of its own very high tariffs—certainly so far as many types of manufactured goods are concerned. As well, there appears to be a greater realization than in the past that larger exports in the post-war era must be paid for by an increase in imports and that steps must be taken in that direction if any satisfactory long-term solution is to be found. In both Canada and the United States there is more discussion and preparation along this line than previously.

Thus, in Canada, the Government has recently announced the creation of a new import division within its Department of Trade and Commerce. Traditionally, this important Department has been concerned almost wholly with export trade. Under its direction during the past thirty years, trained and very competent trade emissaries have been sent to all parts of the world, primarily to stimulate Canadian exports. Now, for the first time, their rôle and function is to be enlarged. While their activities in the export field are in no way curbed, they are to take on the added responsibility of helping those countries where they may be stationed to sell their products within Canada.

THE WIDER OUTLOOK

PERHAPS many of the alarms and apprehensions here discussed may never materialize. Perhaps, in any event, Canada, with her strong Commonwealth

ties, may still be able to keep one foot on each of these trade and currency saddles. But in many Canadian minds something even larger than her own trade dilemma is involved. For Canadians traditionally prosper and enjoy life when Britain and America are on satisfactory terms one with another. The thought of a permanent economic cleavage between her two most important next-of-kin—with one digging herself in behind a sterling *bloc*, and the other throwing her weight about on a world-wide basis seeking an outlet for the overflow of her great productive enterprise—this is not a prospect Canadians like to contemplate.

There is a feeling, too, in Canada that Britain would come off, at best, a very poor second in such a contest. At the moment, beleaguered by heavy sterling indebtedness and handicapped with high costs of production both in agriculture and in production of coal, textiles and manufactured goods, the prospect of a tight sterling *bloc* within which these industries may shelter, may look attractive to many British eyes. (The sterling *bloc* in pre-war days imported close to \$9,000,000,000 of goods annually.) But how long would any temporary advantages of a sterling *bloc* last under the hammer blows of a vast world-wide flood of American surplus products? Canadians who have had a chance to compare both economies at first hand in the past five years believe the ultimate result of such an encounter would be, for Britain, little short of disastrous. They question also how long British self-denial would continue, after the war, to be satisfied with a policy which deprived consumers of the advantages of a wider exchange of goods than would be possible within the relatively narrow confines of even an enlarged sterling area.

But it is not only from Britain's point of view that informed Canadian opinion regards the sterling *bloc* system as unsound if not disastrous. It is increasingly felt to be so highly undesirable also from the Canadian point of view that in her own interests Canada would be well advised to offer substantial concessions in order to make it possible for Britain to abandon the sterling *bloc* policy and adopt a more liberal world-trade policy along the multilateral lines, as in days gone by. And in terms of the effect of the two alternative policies on the maintenance of the peace of the world, we have already had a foretaste of the transatlantic rancour and bitterness which even the prospect of a *bloc* system has caused, and no room remains for doubt as to what the reality would create.

Canada,
January 1945.

AUSTRALIA

DROUGHT AND UNREST

THE two great problems in Australian life at the time of writing are drought and industrial unrest. Drought is a periodic problem in Australia, but the present visitation is more than usually serious. Most of the continent has suffered and the great inland areas devoted mainly to sheep and wheat are so dry that dust storms are now an added burden. Erosion by wind would seem to be worse than ever before—owing to the vast areas that have been ploughed for wheat, and on which no wheat has been grown because of the lack of rain. The dust storms developed have travelled three, four or more hundreds of miles to the coast and there have been times when the cities on the coast of New South Wales and Victoria have been blotted out with dust.

Industrial unrest is interfering seriously with the war effort and the Government occupies a good deal of its time in discussion of it. There is never a day but there is a strike somewhere. Strikes on the coalfields are chronic and the Government has dallied with the problem so long that the position has become acute.

The Prime Minister (Mr. Curtin) became ill in October and Mr. Forde, as Acting Prime Minister, has had to face the situation that the miners had created by announcing that they intended to take 16 days' holiday at Christmas, and would refuse to permit the garnisheeing of their wages as a method of collecting fines imposed on them for industrial offences. Mr. Forde has shown a firmer hand in dealing with the situation than his chief, and it may be that he will put an end to the miners' domination of the political situation.

Mr. Forde has the reputation of an appeaser, but he put on a bold front in a statement he made early in December:

"By withholding", he said, "production of coal, which is affecting the entire economic structure of the country, and causing unemployment and hardship to unionists and others throughout the land, who already are suffering much through the war, the miners themselves are recklessly and, in some cases, wantonly playing into the hands of the reactionaries. . . . The miners are betraying the interests of fellow workers throughout Australia, who are being deprived of necessities and even being thrown out of work through wilful stoppages."

Lack of justification for most of the stoppages which are responsible for the coal loss was emphatically shown by the Central Control Authority, Mr. A. C. Willis, who revealed that fewer than 12 per cent had any relation to industrial matters. "Solely because of lack of coal," he said, "people are thrown out of work, cannot travel, and have unnecessary hardships superimposed on the hardships they are already suffering."

A week later Mr. Forde warned the Council of the Miners' Federation that, if it instructed its members to take 16 days' holiday, the Council and those

members who obeyed the instructions would be acting in deliberate defiance of the law.

He went on to strike a high note:

"I have spoken of the law, to the enforcement of which every member of my Government is individually sworn. There is, however, a higher law, to which I appeal. That is the law which binds every worker to his fellows, and all workers to the community which gives them life, livelihood and freedom. From some, these things have been taken away. Let us not forget that while there is yet time to share in their struggle.

"The arrival of the British Fleet in Australian waters is a timely reminder that we must help ourselves if we are to have the help of others. The announcement of this news has, I believe, already begun to show its effect among your members. With the right kind of leadership, I think it may well produce the results which you and the Government desire to see achieved.

"You will recall that I took you and other members of the Council into my confidence in this regard some weeks ago. I am not asking the miners to make sacrifices not sought from others. I am not asking them to make any sacrifice. I am asking them to raise coal production and maintain it at a level which is well within their ordinary powers. This will contribute not only to the maintenance of the war effort and our national life, but to their own enrichment and a more secure post-war future for themselves.

"For its part, my Government is prepared fully to consider any and every suggestion made by your Federation, and to act in all matters affecting this issue with promptitude, sincerity and the most fervent desire to avoid friction between itself and your members. On some questions, however, its decisions have already been made, and communicated to you, and these decisions stand."

A COAL CONFERENCE

To these appeals the coal-miners turned a deaf ear and appealed to the Australian Council of Trades Unions (A.C.T.U.) for assistance. Assistance was not forthcoming. At a Coal Conference held in Sydney on December 20 the Executive of the A.C.T.U. pointed out that the maintenance of a Federal Labour party was essential to the interests of the Australian workers as a whole, and that the cleavage between the Federal Government and the Miners' Federation could not be allowed to develop "to the extent that it will inevitably bring about the displacement of the Government which it is so essential to maintain for post-war planning". The Executive made the following suggestions to "all parties to the dispute":

"(a) That the Commonwealth Government appoint a commission of inquiry immediately to investigate and report on all matters that will, and can, be raised in the public interest by the representatives of the Commonwealth Government, the Miners' Federation and the coal-owners. That there shall be no limitation upon the subjects or questions which it shall be competent for any one of the parties to raise and be dealt with.

"(b) That the commission of inquiry shall consist of a judge, as chairman, a representative of the Miners' Federation, and a representative of the colliery owners. The Conference is definitely of the opinion that the aforementioned programme should be accepted by the Government and the Miners' Federation, and upon its acceptance calls upon the miners, as a composite unit associated with the

prosecution of the war against the Axis aggressors and the developments arising in the Pacific area to defeat the Japanese forces, to observe the regulation issued by the Federal Government to take 10 instead of 16 days holiday, and to cancel aggregate meetings called for January 10, 1945.

"If the terms of this clause are complied with by the miners, the subjects of increased coal production and absenteeism will be referred to the A.C.T.U. officers for discussion with the Federal Government.

"All pits at present idle, or likely to cease production, because of orders for the execution of garnishees shall immediately resume work.

"That the Miners' Central Council shall rescind immediately its direction to lodges to cease work where garnishee orders have been executed."

At this Conference the Commonwealth Treasurer (Mr. Chifley) said some hard things to his followers. He said that the production of coal had fallen since 1942, despite the fact that the number of men in the industry in New South Wales had increased by 900 or 1,000. The claim previously made by the miners that production would increase if the Government took over the mines was refuted by what had happened at the mine controlled by the Government. At the Coalcliff Colliery 43 more men were employed than had been employed there before the Government took over, yet production had dropped by 90 tons a day. The Government had spent money on improvements to the mine, notably in regard to dust, and had lost £25,000 in operating it. Mr. Chifley described the history of the state mine at Lithgow as "sad and sorry", but he gave no details of the losses.

Mr. Chifley revealed that the decline in production on the Maitland field had been serious before the Government had begun to issue garnishee orders for non-payment of fines imposed by the courts. The miners' own code of discipline, which had been drawn up before the garnishee policy had been introduced, had been a hopeless failure. Mr. Chifley said that Australia promised Great Britain and the United States that she would produce sufficient coal for the war effort, and if a nation could not keep its promises it did not deserve to be a nation, nor to be fought for by anybody else. If the United States' forces had not come to Australia the miners would not be arguing about holidays. They would be working under the Japanese equivalent of the Gestapo. Dealing with the holiday issue Mr. Chifley said that, if the Miners' Federation were allowed to decide the holidays its members were to receive, it would be given a privilege that no other union enjoyed.

Mr. Chifley said that the Labour party was on trial in the eyes of the people. If the industrial movement wanted to crush the Labour party he was personally unmoved. He was moved, however, when he considered the hardships which would be suffered by Australian fighting men, and by the men of other countries who had come to fight for Australia. If the miners failed to maintain coal production it would be a discredit to Australia which would never be forgotten by the rest of the world.

A few days prior to Christmas the Miners' Federation responded to pressure from the A.C.T.U. and ordered its members to obey the Government. The Government agreed to appoint a Royal Commission to enquire into the problem of the industry.

DISPUTES IN OTHER INDUSTRIES

UNREST is not confined to coal-mining. New South Wales, during the 20 months ending August 31, had 1,432 industrial disputes involving 588,951 workers and resulting in a loss of 1,461,671 man-days. At times in that period and since, industrial disputes wholly or partially deprived the neutral citizen of meat, bread, laundry, newspapers, tires, theatrical entertainment, hospital attention, buses and trams, coke for stoves, potatoes, restaurants, hot baths, country and inter-state travel and other amenities.

Early in September the Chairman of the Maritime Industrial Commission, Mr. Justice de Baun, reduced the war-risks bonus on wages in coasting ships from 33½ per cent to 25 per cent as from November 1. The seamen took the reduction without public complaint, and there was general approval in shipping circles, but just before the new rate was to operate, the Government postponed the application of the order until January 31. Mr. Justice de Baun immediately resigned, saying:

"Recent events have made my retention of the position impossible and quite inconsistent with my duty as a judge acting as Chairman of the Maritime Industrial Commission, appointed as I was to represent the public interest."

Early in November both the Chairman and the Deputy Chairman of the Stevedoring Commission resigned. The Deputy Chairman (Mr. R. W. Nicol) made it plain that he resigned because of interference and dictation by the Minister for Supply and Shipping (Mr. Beasley). The Commission had removed from the register 14 wharf labourers who had disobeyed its orders; and the Minister, with a threat of a general strike hanging over his head, ordered their reinstatement. Sir Thomas Gordon, Director of Shipping, took over the administration of the Commission, reinstated the men, and explained that the Minister's action was necessary to maintain the shipping services.

The Government has lost considerable prestige in the electorate through a recent attack by a Minister from his place in the House upon the impartiality of the High Court, an attack which the Minister (Mr. Calwell) afterwards brushed aside as a "mere rhetorical flourish". The Acting Prime Minister was in charge of the House at the time but offered no rebuke. The Government has lost prestige, also, through the action of the Acting Prime Minister (through Senator Collings, the Minister for Railways) in seeking to intimidate the Commonwealth Commissioner for Railways in respect of a court proceeding to which the Minister was a party.

CIVIL AVIATION

DURING the election campaign and during the referendum campaign, when it was clear that the community's objection to socialism and to regimentation was likely to result in a "No" majority, Mr. Curtin gave the undertaking that his Government would not socialize any industry while the war was on. In November, during Mr. Curtin's absence in hospital, the Acting Prime Minister announced that the Government intended immediately to nationalize inter-state air-lines. He said that all employees in the industry would

be fairly and justly treated; that the assets of the air-line companies would be taken over on fair and just terms. He said that he made this early announcement not only that private operators might know the Government's policy, but also that the Commonwealth might tackle the many pressing problems associated with civil aviation. A Bill to give effect to its intentions would be introduced into Parliament early in the New Year.

There is a large section of the community, even of that section opposed to Labour politically, which thinks that the nationalization of the air-lines is desirable. In Australia the railways, tramways and bus services are practically all run by the Government and this section thinks that the addition of the air-lines to the Government traffic services is a natural development.

A RESPITE FOR THE ARMY

FROM time to time references to the inactivity of the Australian Army since its successful campaign in New Guinea have appeared in American papers. At first Australians were not disturbed by these references for they knew that the American press, generally, had not given an adequate account of the part played by the Australian forces in New Guinea. Nevertheless repeated American comment on the Prime Minister's statement that Australia had 800,000 men in the Services, and that they were resting in Australia, began to disturb Australian opinion and early in December the Commander-in-Chief, Sir Thomas Blamey, who was visiting General MacArthur at Leyte in the Philippines, felt it necessary to say, in an interview, that, in due time, the Australians would participate in the Western Pacific campaign.

"I am unable to say when and where they will be used", he said. "They have been assigned to General MacArthur's command and are being disposed by him. The Australian fighting divisions are trained to the minute and ready to go. No political problems are involved in their participation. There is no distinction between the A.I.F. because practically the whole Australian Army is now volunteer. In the fighting formations enlistments are about 95 per cent. Over the whole Australian Army the percentage of enlistments is well over 80. This means that Australians can serve anywhere the Allied Commander-in-Chief in the South-West Pacific requires them."

General Blamey spoke of the hard fighting in which Australians had been engaged in New Guinea, and said that the period in which their major forces had been inactive had been spent in a brief respite for the men and in training and equipping them for further action. The men themselves were eager to come to grips with the enemy and to hasten the end of the Pacific war. The Royal Australian Air Force also would be used in the campaign.

Answering a question on the "cleaning up" of enemy forces still in New Guinea and the Solomons, General Blamey said that the term "cleaning up" was scarcely apt. The enemy in those areas was contained. He was effectively out of the war in the sense that he could not influence any operations, but plans for eradicating him were another matter. Eradication would be a long and difficult task. General Blamey said that there was no suggestion that Japanese in those areas were colonizing in the strict sense. They were not intermarrying with the natives, which was the essence of colonization. They

were, however, growing their own food and thereby tending to become self-sufficient until such time as they were dug out.

FOOD FOR BRITAIN

As there had been suggestions in the press that Australia was not meeting her obligation to supply food to the United Kingdom, the Government recently made a statement "in order to avoid misunderstanding with the British Government". The statement set forth that in 1938-9 Australia produced 963,000 tons of meat. She consumed 722,000 tons herself, sent 223,000 tons to the United Kingdom, and exported 18,000 tons elsewhere. In spite of drought, it was expected that she would produce 1,000,000 tons this year. It was hoped that, by rationing, the civilian consumption would be reduced to 540,000 tons. In respect of the balance, Australia had undertaken to make and observe the following allocations:

	Tons
United Kingdom Ministry of Food and Forces.	178,000
Australian Forces	124,000
United States Forces	158,000

With regard to dairy produce the position is less favourable. The production of milk in 1938-9 was 1,189,000,000 gallons. In 1943-4 the production had fallen through drought and dearth of man-power to 1,052,000,000 gallons, of which 716,000,000 gallons were used to produce butter, 78,000,000 gallons to produce cheese, 63,000,000 gallons for condensed and powdered milk, and 195,000,000 gallons for consumption in liquid form. The figures for butter production and allocation were:

	1938-9 (tons)	1944-5 (estimated tons)
Production	203,000	145,000
Australian consumption	100,000	76,000
Export to Britain	97,000	47,000
Exports elsewhere	6,000	22,000*

THE BUDGET

EARLY in September the Treasurer (Mr. Chifley) brought down a budget in which war expenditure was estimated at £505 million, which is £39 million less than last year. The non-war expenditure is to be increased by £6 million. The total revenue was estimated at £358 million (an increase of £16 million). Taxation is expected to yield £286 million, excluding £33 million to be reimbursed to the States. Income tax is expected to provide £200 million of which three parts out of four will come from individuals and one part from companies. Excise duties on liquor, tobacco, &c., will come to £46½ million, sales tax to £27 million and customs duties to £20½ million. Pay-roll tax will provide £11 million and entertainment tax £5 million.

During 1939-40 Australian taxation was £144 million, or £20. 13s. a head. In 1943-4 it was £324 million, or £44. 13s. 7d. a head, an increase of more

* To Australian Forces 13,000 tons, to U.S.A. Forces 9,000 tons.

AUSTRALIA

than 100 per cent. In the same period the national debt was increased by £1,025 million, or £324. 15. 1d. a head.

A NEW LIBERAL PARTY

THE Leader of the Opposition (Mr. Menzies) has recently taken steps to unite the many groups that are in opposition to the Labour party, and they have now come together under the name of the Liberal party with him as leader. A conference of delegates from all groups in all the States met at Canberra in October and unanimously affirmed the need for unity. They agreed to go back to their organizations and recommend that they be dissolved and that one new organization be established.

A second conference was held in the middle of December when it was reported that all the organizations had agreed to disband and to help in the formation of the new party. At the conclusion of this conference Mr. Menzies voiced the fears of a large section of the Australian people when he said that the two months between the two conferences had been "as eloquent of political foreboding as any in Australian history". He went on to say:

"Australia is moving steadily towards several things, for all of which we must hold our present rulers accountable. The first is a growing indifference towards the war and our share of responsibilities in winning it. The second is a growing indifference towards the dignity and authority of the law under which all our freedom exists. The third is a growing disposition to call into question, and sometimes into vulgar abuse, the judiciary. The fourth is a growing feeling on the part of executive Government that Parliament is not the voice of the people, but is merely the recording instrument for decisions made elsewhere. The fifth is the growing indifference to the sensitive ideas of public morality, which alone have enabled free self-government to flourish in British countries. The sixth is the undermining of the vital basis of our economy on which we shall depend in the post-war days by party-political interference with the vigour and freedom of industry."

Political feeling is running high in the Commonwealth. There is likely to be a great revival of political discussion during the 22 months that the present Parliament has yet to run.

Australia,

January 1945.

SOUTH AFRICA

PARTY MANŒUVRES

ALTHOUGH the ultimate fate of Rundstedt's counter-offensive is still, at the time of writing, in doubt, its revelation of unsuspected German powers of resistance has caused hopes of a German collapse within a matter of months, which were so high after the Allied victories on the Seine, to fade. But confidence that 1945 must see the finish remains, with the result that here in the Union post-war problems tend more and more to dominate the political scene. Our war effort, of course, is being fully maintained, and we have been pleased indeed by the evident warmth and sincerity of the praise that has come to us from London and from Italy, but with the end in sight our thoughts are, not unnaturally, turning to the aftermath, and the question in everybody's mind is: how is South Africa going to shape when peace comes? How will the returned soldiers fare? What of social security and health and the feeding of the people? On what lines will industry and agriculture develop, and whither are we moving in our non-European and Native policies? It is these questions which, next to the war news, fill the columns of the newspapers and are discussed by politicians from Cabinet Ministers down to the rank and file in all parties. It is judged by many that a general election before the normal date of 1949 is likely, and jockeying for position has already begun.

Hovering on the edge of the political arena, but characteristically aggressive and vocal, is the National Socialist group—the New Order, the Ossewa-brandwag and the Grey-shirts. It must astonish an outsider that, at a time when four-fifths of the peoples of the world are bent on the extermination of Nazism, and are witnessing, as they have reason to believe, its death throes, a handful of Hitler's disciples should still be advertising their resolve to establish his system in the Union of South Africa, and are boasting that, within that system, South Africans will find their true political and spiritual home. But so it is: nor are there wanting observers who regard the danger as real. From the Communist and other Left quarters comes a constant plea for a united front against Nazism and Fascism based on the assertion that the workers, particularly the unskilled workers and non-Europeans, neglected by a capitalist-controlled Government, fearful of disturbing vested interests, will fall an easy prey to the Nazi type of propaganda, and that, in the general political upheaval which must follow the end of the war, it will not be difficult for a well-organized and unscrupulous group to seize the reins of government. Perhaps it is premature to belittle these fears, but we may at all events take comfort from the fact that the majority of the people of South Africa have at no time shown any marked liking for German doctrines or methods, and that, up to the present, the three Nazi factions have failed even to achieve unity among themselves.

Over against the National Socialists and denouncing them as traitors to

Afrikanerdom and followers of foreign ideologies stand the Nationalists, the official Opposition. This party finds itself to-day in an embarrassingly equivocal position. Although, even in the days of Dunkirk, it steered just clear of Nazism, its confidence in a German victory and the consequent necessity for establishing a form of government which would find favour in the Fuehrer's eyes led it to forswear traditional democracy as out-moded and doomed. It is not proving easy to resume a convincingly democratic coat of arms now that democracy is displaying not only its strength in battle but its hold on the sentiments of the people. But this *volte-face* is being attempted, and the proverbial short memory of the electorate is to be put to the test. Dr. Malan is a democrat once more. In addition, he and his followers are wooing the electors with an economic policy called controlled capitalism, the "unified direction of the economic life of the country", with a passionate insistence on the domination of the white races and a reinforced colour-bar, with a firm measure to control the Indian "menace" in Natal, and with spasmodic outbursts of virulent anti-semitism. If the Nationalists get into power these fine flowers of democratic faith are to be the principal adornments of the new Afrikaner republic, divorced from Great Britain, "victorious perhaps but crippled and impoverished in her victory—and after all, if we must have some affiliations with a larger country, why not with the sister republic across the North Atlantic, a country which is already showing such a keen interest in our economic future?"

THE PRIME MINISTER LOOKS AHEAD

WHILE deriving strength, no doubt, from the disunity among his opponents, General Smuts at the head of his Coalition Government is not without difficulties nearer home. It was hinted in the June issue of *THE ROUND TABLE* that the adherence of the Labour and Dominion parties was unlikely to survive the end of the war. The past six months have strengthened this impression. The Dominion party's open hostility towards the Government's Natal Indian policy* has already caused a good deal of friction, while a section of the Labour party last month publicly, though unsuccessfully, advocated that the party, while continuing to give its full support to the war effort, should forthwith resume its independence in other matters and withdraw its leader, Mr. Madeley, from the Cabinet. There is no doubt that, with post-war problems occupying the political stage, the relations of the United party with the Labour party will become increasingly important and delicate. In peace-time a coalition can hardly be expected nor is it necessary to the United party with its present big parliamentary majority, but obviously to use the power which this majority gives it would be an unsatisfactory substitute for the goodwill and willing collaboration of Labour in the main tasks of reconstruction. It is on this score that there is some uneasiness. These tasks were realistically described by General Smuts at the United Party Congress in Bloemfontein last month:

"The financing of the resettlement of our soldiers, of far-reaching schemes of

social betterment, of the necessary switch-over from war to civilian industry, will be only part of the job before us. There are other important and costly tasks. Social improvement must lead to a general levelling up all round, to a higher standard of wages and salaries, pressure for which has already begun in many directions. One can only hope for a corresponding increase in efficiency in service and production.

"... Communications with our neighbours will have to be greatly improved if we wish to do justice to our trade and other opportunities in the North. Again, for a balanced national economy and stable progress the conservation, proper use and large-scale development and settlement of the rural areas will have to be tackled *pari passu* with urban industrial development: both will be vast and expensive tasks.

"... More work, the better use of our man-power resources of all colours, more production and heavier taxation on all classes according to their ability: that will be the price to pay for social advance, for a higher level of social services which forms the next [to the war effort] national objective.

"... The great industrial movement which has set in in recent years and which is going to be greatly accelerated in the years to come will mean a much more profound change in the whole social and economic structure than most people appreciate to-day. For one thing it means a great migration from the land to the towns and cities. Industrialization means urbanization. It is a movement not only of the European but of the Native population.

"... Our traditional Native policies are bound to be profoundly affected by such a development."

Social improvements and higher standards of wages will naturally be welcomed by Labour; but they have shown no marked enthusiasm about "increased efficiency", and references to non-European labour and to changes in the Native policies touch the United-party-Labour collaboration on its weakest spot and raise the spectre of the 1924 pact between Labour and the Nationalists. Mr. Madeley's party clings tenaciously to its "civilized" labour policy. Representing as it mainly does the skilled European artisan, it resists strenuously any encroachment on his privileges, well guarded at present by the apprenticeship laws, the principle of the "closed shop" and the colour bar. While to the Nationalists the colour bar is an instrument of race purity, to the European trade unionists it is a necessary safeguard against the "unfair" competition of the black man and consequent European unemployment.

The practical implications of this attitude are being illustrated at the present time. We are short of houses; we are short of the workmen required to build new ones, but Labour refuses to agree to any relaxation of the apprenticeship restrictions or any modification of union wage standards to permit houses for non-Europeans to be built with cheaper non-European labour—an unmistakable indication that General Smuts's strong hints may fall on deaf ears and a disturbing augury for the future.

On top of the difficulties of coalition the Government is being faced with a good deal of criticism from within the United party itself. Injustices of taxation, the food shortage, incompetent "controls" and sabotage in the public service head the list of grievances aired at the recent party congress.

* See *THE ROUND TABLE*, December 1944, No. 137, p. 88.

With regard to taxation Mr. Hofmeyr as Minister of Finance met his critics with a fair and enlightening explanation of the difficulties of obtaining funds sufficient to finance the war and other services from people far readier to deal generously with the collector for war funds than with the tax gatherer. Mr. Hofmeyr's apologia probably left the grumblers dissatisfied but secretly glad that they were not obliged to run his department for him.

A BAN ON THE BROEDERBOND

THE high light of the Congress was General Smuts's announcement that he proposed to declare the Broederbond a political organization and ban its members from the public service. He described this "bond of brothers" as a "dangerous, cunning, political Fascist organization of which no civil servant, if he is to retain his loyalty to the State and the Administration, can be allowed to be a member". It is impossible in this article to tell the whole story of the Broederbond and its connection with the Nationalist party, as well as with the National Socialist group previously mentioned: the story goes back many years and reveals, together with innocent economic and cultural aims, the deepening bitterness and isolationism of a section of the Afrikaans-speaking South Africans. It must suffice for the present to say that the storm of protest which the Government's action brought from Dr. Malan and his followers came as no surprise. The Prime Minister is charged with falsifying facts and with persecuting "Afrikaners". The Broederbond, it is said, is no more secret in its aims, no more inimical to the State than the Sons of England, the Freemasons or the Jewish Board of Deputies. One charge, however, is not denied, namely that the Broederbond exists to promote in every sphere the interests of Afrikaners. The word "Afrikaner" does not include the English-speaking people of South Africa.

PUBLIC HEALTH

WHAT may prove to be a serious storm is brewing up over the question of the health services. The Commission, after a lengthy and thorough investigation, has unequivocally condemned the present provincial system as inadequate and out of conformity with modern conceptions of health, and has recommended the establishment of a national health service controlled by the central Government. These recommendations have received considerable popular support, chiefly on sentimental grounds, and have in addition been blessed by a substantial number of doctors. But the Prime Minister, without by any means rejecting them *in toto*, gave them a distinctly cool reception. They were "idealistic" and "impracticable". In addition, no doubt, he foresaw grave difficulty in persuading the Provincial Councils voluntarily to submit to dictation in matters of public health. A debate on the subject is sure to take place during the coming session, and may develop into a full-scale discussion on the wider question of the future relationship between the Provinces and the Union Government. Under the Act of Union hospitals, together with all except higher education, fall exclusively within the jurisdiction of the four Provincial Councils, who act independently of one another. The feeling is growing that, if the post-war

era is to witness real advances along the road to social uplift and betterment, matters of such vital importance as health and education must be subject to more centralized control and direction. Another occasion for debating this thorny subject will arise out of the recent negotiations between the Government and the Provinces on their financial relationships, the difficulties of which are illustrated by the new Bill to promote Native education—at the Union Government's expense—since the Provinces claim with a good deal of reason that, with the limited powers of taxation at their disposal, they cannot afford this luxury. But it is evident that, in general, poverty or no poverty, the Provinces will resist as they have always resisted any material abridgement of their autonomy.

DEPARTMENTAL POWERS

ONE other question of considerable importance is likely to be discussed this session; the question of "delegated legislation". The necessity for giving unusually wide powers to the executive in war-time is of course realized, but critics of the "new despotism" in South Africa point to the state of affairs existing long before the war, and in the last analysis their desire for greater parliamentary control springs from a deep faith in democracy, coupled with a belief that Parliament must be supreme in fact as well as in name if true democracy is to survive.

It seems then that, in so far as the transition to peace conditions occupies the attention of the House during the next few months, the old political forces, the old differences and quarrels, temporarily neutralized or subdued under the stress of war, will again come into prominence. It may be true that the last five years have brought about a quickening of the national consciousness reaching towards new horizons, and an awareness that South Africa's destiny for a generation or more may be determined during the next few momentous years: the vision may be there, but the will to translate it into reality is still limited by the survival of those ancient hatreds and prejudices, of race, colour and class, which not only divide party from party, but threaten the internal unity of any party that sets forth on a really progressive and enlightened programme.

That the present Government shares the vision of a better world and is resolved to do everything in its power to secure its fulfilment cannot be doubted and is confirmed by the terms of the recent White Paper on "Reconstruction", which proclaims the ideal of "a healthier, better nourished, more fully educated, well housed, usefully employed, happy and prosperous nation, whose individuals are secured against certain social disabilities, whose land use is based on a sound system under which exploitation is obviated and the interests of future generations are safeguarded".

We must pray that the diverse peoples of this complex country will play their part in realizing this ideal, for without that spirit of service to which General Smuts has so often referred, Governments are powerless.

South Africa,
January 1945.

NEW ZEALAND

AUSTRALIA AND NEW ZEALAND

THE discussions at Canberra in January 1944 between representatives of Australia and New Zealand were resumed at Wellington on November 1, when Australia was represented by Mr. Forde, the Deputy Prime Minister, and Dr. Evatt, the Minister of External Affairs. At the opening session there were also present the High Commissioners, for Great Britain Sir Harry Batterbee, for Australia Mr. Dalton, for Canada Mr. Riddell, and the New Zealand High Commissioner in Australia, Mr. J. G. Barclay. In his opening speech the Prime Minister, Mr. Fraser, said that the Canberra Pact* had been criticized on the ground that it was unilateral and slightly unfriendly towards the United States, and even to Britain. Australia and New Zealand, he said, had never been closer to the mother country and the other Dominions than at the present moment, and they believed that the thrashing out of their problems and of world problems would be helpful to their sister Dominions and the United Kingdom. The principles of the Canberra Pact had been most beneficial at the Conference of British Commonwealth Prime Ministers since held in London. In some quarters there had been some wonderment as to what Australia and New Zealand were driving at. They were two British nations, democratic countries with the same social and economic ideals. Both Governments saw alike on practically every problem and had the same political, social and economic principles. It was fit, proper and beneficial for them and for the whole Commonwealth that they should understand each other as far as possible.

Mr. Forde said the objective of the Pact was the fullest possible collaboration in all external policy. It was a dynamic document to be applied to new problems and situations. Its guiding principle was that both Governments should consult together on foreign policy, for they had a vital interest in the post-war settlement in Europe. As trustees for their people they must safeguard them against another world war, prevent the resurgence of Fascism and carry out positive objectives of social security and economic justice.

In his concluding speech Mr. Fraser divulged only the general tenor of the resolutions. The two Governments, he said, had already asserted the supreme importance they attached to the establishment of a general international organization. The basic principles of its charter should be quite clear, and human welfare and security should be its central objective. All its members should pledge their co-operation in carrying out, by force if necessary, the decisions of the organization for preserving peace. The success of the organization would depend on the support and leadership of the greater Powers, but it was essential that all members should be enabled to participate actively in its general control. They agreed that the Security Council should have special powers for the settlement of disputes and the

prevention of aggression. They considered that the doctrine of colonial trusteeship, expressed in Clauses 28 to 31 of the Canberra Pact and already applicable to the mandated territories in which they were concerned, should apply to all colonial territories, and that the main purpose of the trust was the social, economic and political welfare of the native peoples. The organization should have a permanent Mandates Commission, to which colonial Powers should report and which should be empowered to visit dependent territories. "We believe", said Mr. Fraser, "that this is the natural implication of the spirit of trusteeship for dependent peoples, and we are willing to subscribe to a general undertaking that, in effect, as regards both colonies and mandated territories, we regard the purpose of the trust as the welfare and advancement of the native peoples."

The Conference proposed a regional South Seas Commission in which Governments might pool their experience, and collaborate in furthering the welfare of the dependent peoples, who should be associated with the secretariat and with the welfare and research agencies of the regional body.

FULL EMPLOYMENT, SECURITY AND WELFARE

THE Conference emphasized its belief that full employment was fundamental to all international co-operation to promote human welfare, and should be clearly recognized as the objective of both national and international policy. Agreements, said Mr. Fraser, for the encouragement of trade, to be successful, must operate in a world not afflicted by unemployment. There must be a recognition by each nation that full employment is the first need for itself and for all other nations. Each Government should pledge itself to the appropriate policy to ensure full employment by those means which will contribute best to the maintenance of employment in other countries. Mr. Forde, too, emphasized security and welfare as basic principles.

"Fascism, poverty or repression", he said, "in any country are a menace to the peace and welfare of the world and nations must concert together to remove such conditions. We have started by consulting each other, and that action should not be taken as being exclusive or isolated. The spirit of understanding and mutual accommodation we wish to show towards each other is the spirit we also wish to show to all other nations who share our objectives."

Immediately after the termination of the session of Parliament on December 15, Mr. Fraser, as Minister of External Affairs, left New Zealand on an extended visit to the island dependencies and other groups.

FAVOURABLE RECEPTION IN PARLIAMENT

THE influence of Mr. Nash, who has been specially interested in international affairs for many years, is evident in the statements issued from the Conference. Before relinquishing his post as New Zealand Minister in Washington he participated in various conferences on the organization of peace, and was present in Parliament during the December sittings to present the U.N.R.R.A. Bill and explain the agreements. The reception accorded to his statements indicated that Parliament was unanimous in accepting New Zealand's obligations. The U.N.R.R.A. Bill calls for the appropriation of

* See THE ROUND TABLE, No. 134, March 1944, p. 168.

£2,600,000 for relief in the distressed and devastated countries, of which 10 per cent will be paid in New Zealand currency and the balance in goods. Mr. Nash's appeal to New Zealand to go to the limit in restoring the health and well-being of the distressed nations was received with applause, and the Bill was passed without a division. Mr. Nash also submitted the report of the New Zealand delegation to the Monetary Conference at Bretton Woods. Our quota to the Monetary Fund is assessed at £1,562,500, of which probably £750,000 is to be subscribed in gold and the balance in New Zealand currency. The main object of the agreement is to discourage over-importing, while protecting the nations from an undue curtailment of imports. Mr. Nash assured the House that membership did not necessarily involve a return to the gold standard. As chairman of the New Zealand delegation, he had consistently asserted that the New Zealand Government did not propose, and would not agree, to waive its right to select imports. It would so order its total imports as to ensure that the necessary exchange for current transactions would always be available. Our net quota for the International Bank for Reconstruction and Development is the same as for the Fund, except that, in special circumstances, it will be paid in full at the outset. Should New Zealand become a member of the Bank, the 20 per cent would be paid in gold to the equivalent of £312,500, and in New Zealand currency to the equivalent of £2,812,500. Though complementary to each other, Mr. Nash explained that the Monetary Fund and the Bank are quite distinct. The former is to facilitate the day-to-day import and export business and short-term transactions. The function of the Bank would be to give confidence in fields of international investment where otherwise fear and uncertainty would predominate. Whether the plans would commend themselves to the various Governments in their present form or not, there could be no gainsaying the basic ideals underlying their formulation, namely, the happiness, prosperity and general well-being of all peoples.

CHINESE IMMIGRATION

In the last moments of the session, through the all-embracing medium of a "washing-up" Bill, Parliament passed a striking gesture of goodwill towards a great ally, China. By Clauses 9 to 11 of this measure, together with the Finance Bill, all our immigration laws discriminating against the Chinese were repealed. The most obnoxious feature, the poll-tax, was described by Mr. Nash as a blot on our legislation. Henceforth any Chinese coming to New Zealand will be subject only to such tests in the issue of permits as apply to all aliens. New Zealand's anti-Chinese legislation dates back to 1881 when there were 5,004 Chinese in the Colony, representing the residue, for the most part, of the gold rushes of the 1860's. New Zealand then came into line with the Australian Colonies by imposing a poll-tax of £10. In later years the British Government, feeling some sympathy with the ideal of a white Australia and a white New Zealand, was slightly reluctant to disallow the anti-Chinese legislation of the Colonies. The appearance of Richard Seddon as Premier of New Zealand was the important factor. A mining district first sent him to Parliament in 1879 as a firm opponent of

the Chinese and he now seized every opportunity of tightening up the restrictions. Against opposition in the Legislative Council in 1896, he increased the poll-tax to £100 and limited the number of Chinese who might be brought into the country to one for every 200 tons burden of a ship. There being then only 3,711 Chinese in New Zealand, it would appear that the danger was not increasing, yet the Immigration Restriction Act of 1899 placed the Chinese in a position inferior to the natives of India who had begun to arrive in small numbers. In 1905 Seddon had resolutions passed by Parliament objecting to the Chinese indentured labour in South Africa and he did not relax any of our restrictions. The recent influx of Indians and other Asiatics has been markedly greater than of Chinese. The census of 1936 showed 2,161 Chinese-born residents in the Dominion, being a decrease of 27 per cent in the preceding 15 years, while 2,189 Indians represented an increase of 12 per cent. The removal of this discrimination, which has been warmly welcomed by the Chinese Consul General in New Zealand, has evoked no protest whatever in the Dominion.

POPULATION AND IMMIGRATION

THE population question has been causing a good deal of anxiety in recent years. The cessation of immigration since the war began has accentuated the steady decline in the rate of increase for the past quarter of a century. In the Year Book for 1944 the Government Statistician states that, in the five years of the depression, 1931 to 1935, the net exodus from New Zealand was 9,918. An inflow then set in, but it was so slight that the excess of arrivals in seven years from 1936 to 1942, including three war years, was only 14,106. Meanwhile the rate of natural increase, the Statistician says, has reached a critical position. In 1936 the excess of births over deaths touched the lowest point, 7.89 per 1,000 mean population. Obviously with a rate so low there would, in the near future, be a stationary or more probably a declining white population. Though economic factors are not the only, or possibly not even the most important cause, yet the immediate cause of the low increase was the economic depression which began in 1931. There had since been some recovery in the birth-rate which, in spite of the higher death-rate, had restored to the population a modest margin of growth. The present population of the Dominion is estimated at 1,642,041, including 96,939 Maoris who show a vigorous increase. The organizations interested in immigration have been disappointed at the failure to get a reassuring statement from the Government regarding post-war policy. When a deputation from the Dominion Settlement and Population Association waited on the Prime Minister in December, all the comfort he could offer was that the Government would regard sympathetically the immigration of orphans from the United Kingdom and even from other countries, since these would not involve housing difficulties. They would be glad to get 1,000 carpenters from Britain to assist in housing, but unfortunately Britain needed all her artisans. The first duty of New Zealand was to her own soldiers returning from overseas service. "Whatever it costs", said Mr. Fraser, "our first responsibility is to carry out their rehabilitation to the limit of our resources."

In November a large party of Polish refugees from Russia and Persia, including upwards of 700 orphaned children, arrived in New Zealand as guests of the Dominion until an opportunity occurs for them to return to their fatherland. Mr. Fraser gave an assurance that, if any wished to remain in the Dominion, the Government would warmly welcome them. Meanwhile they are living in comfortable camp quarters with their own school teachers, doctors, nurses and other officials.

LABOUR AND THE TRADING BANKS

RESOLUTIONS of the Labour Party Conference in New Zealand have so often heralded, or coincided with, Government action, that special importance now attaches to them. In October the party Conference decided to call upon the Government to consider the promotion of a State Trading Bank by immediately acquiring the privately owned shares in the Bank of New Zealand. According to a report in the party's official newspaper, the *Standard* of November 16, the matter was brought to a head when, amid scenes of unprecedented enthusiasm, the Conference adopted a recommendation of the Finance and Policy Committee. The chairman of that Committee contended that, although the Government now had effective control of currency and credit, those arrangements could be swept away over night by a change of government, but if a State Trading Bank was a legislative fact, then it could only be changed in the sight of the people, namely, in Parliament.

The left wing of the Labour party has for years been dissatisfied with what it describes as the orthodox finance of Mr. Nash, and the satisfaction expressed at the adoption of the present resolution was enhanced by the fact that Mr. Nash himself seconded it. In doing so he explained that, at the last Conference, he had expressed the opinion that it was not necessary at the time to take over the Bank of New Zealand. Whilst supporting the present proposals, he did not think that they would bring the advantages some people expected, but he believed it was in the best interests of the country that such a proposal should receive unanimous support, if that were possible. "A State Trading Bank", he said, "could be used as an instrument of government policy only to the extent that its administration was just and efficient, and that the price charged for services rendered was fair and in accord with their value to the recipient." A State Trading Bank could carry out the services for the Government which the Bank of New Zealand now provided and could handle loan disbursements to help farmers and traders in their business. "But", he added,

"it could not provide costless credit, or what was often called debt-free money. If the Government, after full consideration of the recommendation of the Committee, decided to acquire the shares, and I believe it would so decide, then it would take every possible benefit from the Bank to the advantage of the country and its people. So long as it was not thought that there was magic in the ownership of a bank or that miracles could be performed by simple ownership, then they were on the right track."

The Labour Conference, Mr. Nash said, had the power to make the policy of the party, which was submitted to the electors, who decided whether it

should become law. If the electors so decided, then it was for the parliamentary party in power to decide how to give effect to the policy. If the setting up of a State Trading Bank was necessary to give full control of credit and currency, then that was in accord with the policy of the party as submitted to the electors at all elections. By this decision the Labour party is believed to have reached unanimity on a subject which has divided it sharply for some years.

The announcement evoked a chorus of protests from the Chambers of Commerce and a special meeting of the shareholders of the Bank. Since the Seddon Government in 1894-8 rescued the Bank from threatened collapse, the State has held a controlling representation on the Board. It nominates four out of six Directors. The total issued ordinary share capital of the Bank is £6,328,125 in £1 shares, of which the Government holds about a third, leaving in private hands 3,750,000 shares. The number of shareholders in New Zealand is 7,700 and the average holding £450. In London there are 1,400 shareholders with an average holding of £420, and in Australia 250 shareholders with an average holding of £510. On the market values ruling at the time of the Labour Party Conference it would cost the State about £9,120,000 to buy out the private shareholders.

THE STATUTE OF WESTMINSTER

SOME disappointment is expressed at the failure of the Government to implement the promise to the House in the Governor General's speech in February 1944 to adopt the Statute of Westminster. The prospect of its adoption evoked considerable public interest and prompted the publication of two books on the subject. One, edited by J. C. Beaglehole, contained five lectures by Professors of Victoria College, and the other was by A. E. Currie, a constitutional lawyer of standing. Both favoured the adoption of the Statute.

SALARIES OF MEMBERS OF PARLIAMENT

PARLIAMENT, early in October, appointed a Select Committee to consider the salaries paid to members. It was recognized that the honoraria members received, namely £450 in the House of Representatives, and £315 in the Legislative Council, were inadequate to meet the expenses involved, especially as sessions have been much more frequent since the war began. The Committee found that members have to devote all their time to parliamentary duties and it believed "that membership of Parliament should not be confined to citizens with unearned income to meet the expenditure required for the maintenance of their home and social life. To ensure the freedom of judgment of members, payment for full-time services should be made from government funds, and it was undesirable for members' honoraria to be supplemented from outside sources." Allowing £150 for tax-free disbursements, many members had to pay £37. 10s. in national and social security charges on an assessed income of £300, while their net income was not more than £200. By private arrangement Ministers in the Labour Government had given a portion of their salaries to subsidize the incomes of private

members on the Government side of the House. The Committee recommended that members of the House should receive £500 a year with an allowance of £250 to cover expenses incurred in the course of their duties, and that members of the Council should receive £375. The Finance Bill, through which these increases were implemented, also gives the Speaker of the Lower House £1,000 a year (with allowance of £100), instead of £900 (and £100), and the Chairman of Committees £750 (and £150) in place of £675. The salary of the Speaker of the Council was raised from £720 to £800, and that of the Chairman of Committees from £450 to £500. Provision was also made for the number of Cabinet Ministers to be increased from 10 to 12, the two extra Ministers to receive the same salaries as the others. Hitherto they were paid by contributions from their colleagues. The salaries of Parliamentary Under-secretaries are raised from £600 to £800. Though the Bill passed as a measure agreed on between the parties, it was severely criticized as highly inopportune in view of the existing grave labour unrest under war restrictions, though the Labour Party Conference recommended the increases in October. Sections of the working class, who, under the stabilization of wages, have been denied increases, have angrily accused Members of Parliament of selfishly looking after themselves.

New Zealand,
January 1945.

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

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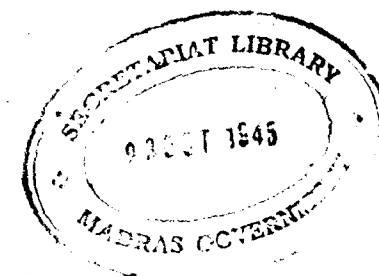
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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE HEIRS OF VICTORY

WORLD OUTLOOK FOR THE LABOUR GOVERNMENT

AS this issue of THE ROUND TABLE goes to press comes news of the unconditional surrender of Japan. The guns are silent at last all round the globe; and the new Labour Government in Great Britain takes up its task of rebuilding a peaceful order in a world for ever transformed by the release of the vast and mysterious forces within the atom.

The last of the transcendent services that Mr. Churchill rendered to his country as Prime Minister was a characteristic act of magnanimity, when he invited his challenger, and as it proved his successor, Mr. Attlee, to accompany him to Potsdam for the first part of the Three-Power conference. It has proved of the highest value both to Great Britain and to the world-wide alliance, for it has made possible an agreed conclusion to the conference in which both British parties have in effect concurred, and has brought about a smooth transition in the conduct of foreign policy from Mr. Anthony Eden to Mr. Ernest Bevin. So far as the British share is concerned, indeed, the Potsdam plan may be fairly regarded as the posthumous work of the victorious coalition Government.

The course of the election campaign also assisted to the same end. Although it would be unfair to expect the Labour party to subscribe to any abstract dogma of "continuity of foreign policy", if by that is meant a rule that could compel a party in office to act against its conscience, it was a wise restraint on both sides that kept foreign affairs largely outside the vehement and impassioned debate into which the campaign developed. Consequently the commanding Labour majority cannot be construed as giving a mandate for fundamental change in the conduct of foreign relations. But although the election was plainly decided upon domestic issues—a truth that it is important for the friends and enemies of Great Britain abroad to appreciate—this is not to say that the electorate is apathetic about foreign policy. There were clear indications of a prevailing conviction that foreign relations during the war years had been in good hands, and that it was desirable they should proceed on the lines that had been made clear by successive pronouncements of the United Nations. One of these signs was the marked personal popularity enjoyed by Mr. Eden, in contrast with many other Conservative Ministers whose work had lain in the home field. Further evidence that a continuous foreign policy is likely to develop naturally, and not in obedience to any theoretic doctrine, is to be read in the important speech on the subject addressed by Mr. Bevin to the Labour Party Congress at Blackpool, three months before he himself was invested with the office of Secretary of State. Without in any way compromising his Socialist creed, the arguments he adduced and the instances he chose implied at every turn that the governing factors of British foreign policy—and indeed of British policy towards the other partners in the Commonwealth—are the forces operating in the world

outside; that these forces determine British interests for all parties alike, and that a party in office is only free to apply its distinctive doctrines in the foreign sphere subject to its overriding duty to ensure that these interests are not betrayed.

This underlying principle has inspired the diplomacy of all the successful Foreign Secretaries of the past—certainly not excepting the late Arthur Henderson, Mr. Bevin's Socialist predecessor. It supplies the practical content of the doctrine of continuity—for, although interests are not immutable, they change less frequently than the party complexion of Governments. In one of its most important corollaries the principle may soon be found to impinge powerfully upon the domain of domestic affairs. The King's Speech at the opening of Parliament foreshadowed the inauguration of a far-reaching plan for nationalizing some of the basic industries of the country. It was for this that the Government sought the mandate of the electors; and, having gained it, they have an unchallengeable right to proceed with their projects. But those projects have to take account of the fact that Great Britain has not a self-sufficient economy. Two articles in the present issue of *THE ROUND TABLE* emphasize from different points of view what must be the governing economic truth for a long time to come: that as a nation we have to earn our living in a competitive export market, and that after the war we must take up that task, for the first time since the Industrial Revolution, without the aid of an inherited position of advantage. The object that Socialists believe nationalization will serve is a fairer distribution of the national income. They will find that it must be pursued with due regard to ensuring that there shall be an adequate income to distribute. The unavoidable test by which nationalization in each case must be justified is imposed by the question whether the nationalized industry will be better or worse able to help the nation maintain itself in the export market.

Of the British interests that, as has been said, necessarily mould British imperial and foreign policy the first is the maintenance of world peace. The Labour Government inherits from the Coalition what it certainly would not wish to change, and could not change if it would, a central place in the peace-preserving system of the United Nations. Its status in the league for world order is defined in the San Francisco Charter; the policy appropriate to that status in the situation following victory is now published in the Potsdam plan. Jointly with the United States and the Soviet Union Great Britain assumes the responsibility for providing the nucleus and leadership for collective security, the first implication of which is the putting of decisive force behind international law. In his Blackpool speech Mr. Bevin insisted that his party face all that is involved in this responsibility. The days are past when one party could claim to be the chief apostles of collective security, while leaving to their opponents the advocacy of the national armament required to establish it. Mr. Bevin stated explicitly that Great Britain must satisfy her chief associates that she was prepared to put into the field such military force as might be required to discharge the responsibilities she had undertaken; with such measure of compulsory national service as the provision of that force might be found to require. With the accession of the

speaker to the Foreign Office it may be taken that the support of collective security and the provision of the required armament are placed above the arena of party contention.

LABOUR IN THE TRIPLE ALLIANCE

In association with the other two leading Powers, Great Britain falls naturally into the central place. This character is accentuated by the Potsdam decision to fix in London the standing secretariat of the periodic meeting of Foreign Ministers, including those of France and China, which was projected at Yalta. Thus the Labour Government will find itself in a unique relation to what seems destined to become the principal organ of international administration or supervision. The central place of Great Britain in the inner circle of the United Nations is not merely geographical. Between Soviet Russia, the land of completely state-controlled industry, and the United States, the defiant fortress of competitive enterprise, British economy, after a long period of gradual encroachment by the State, stands in an intermediate position. Mr. Churchill and Mr. Eden have been very widely regarded as natural mediators and interpreters between the American and Soviet Governments whenever they have difficulty in finding a common political and economic language. The advent of a Socialist Government to power at Westminster has led many to expect some shift of policy, sufficient to create an easier relationship with the Russian ally, and a correspondingly embarrassed one with the American. This is the obvious reading; but in practice it may not turn out so simple as that.

There is a possibly justified feeling that in recent Anglo-Russian negotiations the British point of view has been expressed with less than its full force owing to the diffidence of Conservative statesmen who feared that their unreserved loyalty to the Soviet alliance was questioned by sections of opinion at home, and that it needed fresh demonstration at every stage. The outstanding case is of course that of Poland. Universal relief and applause greeted the announcement from Yalta that the Powers had reached agreement on the constitution of a Government for Poland which all might recognize. It soon became apparent, however, that the language of the agreement was quite differently understood in London and Moscow; and in the subsequent negotiations it was the Russian view, very little modified, that prevailed—to the grave prejudice, in British eyes, of the future status of the ally Britain had gone to war to defend. Either plainer speaking at Yalta, or more vigorous assertion of the British case afterwards, might have secured better terms for Poland. But in order that plain speaking and vigorous negotiation may be possible without giving offence it is necessary that there should be as much as possible of solid common ground between the negotiators; and this condition may be better fulfilled between Governments both professing different brands of Socialism than between Conservative and Soviet Ministers. Mr. Bevin is a man of blunt utterance, and is well placed to take a strong though friendly line in the many difficult questions that will present themselves in Anglo-Soviet relationships. The Polish question will come up again, in connexion with the "free elections" which are promised as a means

to the setting up of a Polish Government with a mandate from the people instead of from Poland's allies. A fair field is guaranteed to all "democratic" parties, and further secured by the welcome decision of the Berlin Conference to give free access to the press of the world. But "democracy" is the most ambiguous term in modern politics; it may convey very different meanings to British and to Russian ears, and there will be important interests for the British Foreign Office to watch.

Other great questions in which Great Britain and Russia have potentially divergent interests may have been discussed at Potsdam, but no agreement is recorded: the question of the Straits, the question of Persia and of the Near and Middle East generally. The Blackpool speech suggests that Mr. Bevin will treat all these questions realistically. He understands the secular urge of Russia towards warm water; he understands also the strategic necessities of Great Britain's Mediterranean route to Asia. These are the elements of what the old diplomacy knew as "the Eastern Question"; and there is every reason why Labour Ministers, in the favourable situation provided by the twenty-year alliance and their own affinities with Soviet thought, should be able to handle it firmly, and to the advantage of Anglo-Russian friendship.

On the American side—although the disappearance of Mr. Churchill undoubtedly came as a shock to public opinion throughout the United States—there is compelling reason why Mr. Attlee and his colleagues should speedily establish the most intimate relations with Washington. All differences of political doctrine are dwarfed into insignificance by the bond of joint moral responsibility that the two nations imposed upon themselves when they launched into warfare the apocalyptic engine of the atomic bomb. Henceforth mankind must handle forces that to-morrow may generate the material conditions of an earthly paradise, but to-day are already capable of destroying the entire structure of human civilization. The urgency of creating an international authority that can hold these awful forces in leash is suddenly raised to an immediate issue of life and death for the race; and Great Britain and the United States, invested with trusteeship for the world by the perilous secret they momentarily control, have a mandate for united action to which socialists and individualists alike must bow.

For the rest, a marked "leftward" swing in American foreign policy, perhaps influenced in some slight degree by the result of the British general election itself, is predicted. The pointed censure on General Franco passed at the Berlin Conference is said to be one sign of it; and Mr. MacLeish, the Assistant Secretary of State, has spoken publicly of a "virtual revolution" in the policy of the State Department. Since the Labour Government on its side is bound, on grounds of economic need alone, to pursue the closest possible collaboration with the United States, the prospects for the continuance of Anglo-American friendship should not be impaired by the change of administration in both countries.

That Labour looks forward to the renewal and strengthening of ties with an older ally than either the Soviet Union or the United States is shown by Mr. Laski's remarkable revival of the proposal for an organic union with a

France now presumed to be passing into complete left-wing control. Though any approach to union must wait upon a true national impulse on either side, and cannot be founded merely on affinities between the parties in temporary power in the two countries, the gesture of the Chairman of the Labour party for solidarity across the Channel is in tune with the deepest interests of Great Britain in the coming age.

THE TASK IN GERMANY

To these four Powers, as principal trustees for the future of Europe, now opens up the vast programme of co-operation outlined in the report of the Berlin Conference. The scheme for the treatment of conquered Germany, including disarmament, reparation, allied administration, re-education, and ultimate reconstitution of a united Reich, has no parallel in history. Some of its political implications are discussed elsewhere in this number; to the economic aspects of the plan THE ROUND TABLE will have to return on a future occasion. The dismantling of a great part of the capital equipment of German industry, in order both to destroy the country's power to make war and to offer such restitution as is possible to the countries she has ravaged, is a key to the meaning of the whole. It is indeed the very German State itself, almost one might say German society, that is being dismantled, in order to be put together again by slow stages, from the bottom upwards. This gigantic task of rebuilding a modern State from its foundations would be sufficiently formidable if it were being undertaken under the control of a homogeneous authority. It is still more complex when it has to be done by four independent Governments in association, differing in their political philosophy, each charged with the administration of a part of the subject territory, and yet bound to fit their assigned parts into a concerted pattern. The difficulty, however, is the great opportunity of our age. This unique form of condominium propounds such an exercise in international action as the world has not known. The four Powers mainly responsible for the success of the new world organization are given, what the League of Nations never had, the chance to develop the spirit of co-operation in positive, continuous and constructive action. The effect of the plan upon Germany may in the end be less important than its effect upon the planners themselves. As English history proves, the organs of government and administration developed in practice to meet the needs proved by experience are more potent and enduring than any devised in advance by theorists. Such organs are bound to grow up as the allied task in Germany proceeds. By the time, certainly distant, when Great Britain, the United States, the Soviet Union and France are able to report that their work is done, and that a purged and renascent Germany is ready to take her place in the comity of nations, the development of their mutual relations may have brought into view the outlines of the world society of the future—a society that, in the age of atomic power, must come into existence and control if the world itself is to survive.

WHAT NEXT IN INDIA?

AN article by a correspondent in India elsewhere in this issue describes the Viceroy's effort, with the backing of His Majesty's Government, to form an interim national government possessing *de facto* most of the powers of a Dominion. With this effort THE ROUND TABLE was in full agreement; and the breakdown of Lord Wavell's Conference at Simla is to be deeply regretted. The breakdown was to some extent redeemed by the Viceroy's courageous acceptance of responsibility for failure. This was more than a gesture, more than a device for holding the door open for a new effort and moderating the sense of frustration which was bound to assail political India. It was characteristic of a new phase which Lord Wavell initiated in the effort to bring India to complete national self-government. From Lord Linlithgow's Declaration of August 1940 to the White Paper of June 1945, it remained British official policy that it was for the Indian parties, interests and communities to come together and reach agreement, and for His Majesty's Government, standing aside meanwhile, to ratify the result subject to certain conditions. Both in form and in essence the Cripps offer was a clarification of that policy, combined with the suggestion of a mechanism whereby agreement among the several interests in India could be attained.

The White Paper, followed by Lord Wavell's invitations to the Simla Conference, set British policy on a new and more constructive tack. His Majesty's Government accepted the responsibilities of their own position by taking the lead, not indeed in framing a new constitution, but in advancing the immediate practice of national self-government. This is the only sound road to a new constitutional régime, which must be Indian-made but cannot be made by the Indian parties in the vacuum of opposition; which can be made only as a result of years of effort and compromise in negotiation, drafting and ratifying, years during which there must obviously be something better in the way of national government for India than the present makeshift. The Viceroy must have been sorely tempted to put the helm over when the Simla Conference ended and to revert to the old negative attitude of "We have done our best, now it is up to you." That he beat down this temptation and held to the new course of constructive endeavour is itself a valuable gain.

But more was gained than that. Amid the dissidence of the Indian parties the world scarcely noticed the agreement of the Indian communities. For a long time it has seemed that a system of guaranteed proportions—for the Muslims up to parity with the caste Hindus—not merely in the legislatures but in the executives also, was essential to a solution of the communal problem in constitutional terms. (Pakistan on the best showing is no solution, for both Hindu and Muslim nation states would be left with their communal problems still to solve.) Hitherto the Congress party, as the most powerful representative of the majority, had held out against the principle of Muslim equality at the Centre; they expelled Mr. Rajagopalachari for this very

heresy. At Simla they accepted it. The Hindu Mahasabha violently protested, but political India as a whole was undoubtedly with the Congress and the minority groups who accepted Lord Wavell's formula as a basis of discussion.

The Simla Conference did not break down on the communal issue. As our correspondent in India makes clear, it broke down on a party issue. The point of difference was not the number of Muslim seats in the "Cabinet", but who was to nominate their occupants. The split was not between the Hindus and the Muslims, but between the Congress and the Muslim League.

The communal problem as such was solved, so far as an interim national government was concerned, by acceptance of the Muslims' claim to parity. By refusing to accept the claim of the Muslim League, the Viceroy brought his Conference to an end. To have accepted it would indeed have led to breakdown through a split with the Congress, and probably with the Punjab Unionists. But behind Lord Wavell's immediate decision lay a fundamental point of principle.

To have accepted the League's claim to nominate all Muslim members of the Viceroy's Council would have been to set the seal of British authority upon the totalitarian party system in India. Left to herself, India may indeed choose the totalitarian system, adjusted to her communal peculiarities. But it is patently not the part of Britain, while she is still in the position of ultimate responsibility, to promote this development, so foreign to her own traditions and to the democratic ideas that she has taught to India. Acceptance of Mr. Jinnah's demand, put forward in the face of claims not only by the Congress, but also by other Muslim groups, would have identified the whole Muslim community with the Muslim League, and have deprived of hope of representation in office those Muslims who exercised their democratic rights to support other parties or other leaders.

The obligations of His Majesty's Government are to the Indian minorities, not to the Indian parties representing them. The British Government are bound to see that any new constitutional régime in India is fair to the Muslims, but they retain their right to judge whether their obligations have in any particular circumstances been fulfilled. Mr. Jinnah's demand on this occasion related, indeed, only to an interim government, without prejudice to the ultimate settlement; but to have accepted it would have implied to the minds of everyone concerned that, when the time came for a new constitution to be framed, the decision whether the obligations of His Majesty's Government to the Muslims had been adequately fulfilled would be taken, not by the Government, but by Mr. Jinnah and the Working Committee of the Muslim League.

The question of principle would not have arisen had it been plain for the world to see that the League did in fact represent such an overwhelming majority of the Indian Muslims as to demolish any claims on the part of other groups, Muslim or partly Muslim though they might be, to be represented by one or more members of the Governor-General's Executive Council. The Viceroy, however, had to take facts as he found them, and the fact he could not overlook was the existence in the Punjab of a Government

with a Muslim majority and a Muslim Premier, distinct from the Muslim League and in some respects hostile to it; in the North-West Frontier Province of a Congress Government mainly composed of and supported by Muslims; and in the rest of India of numerous groups and parties—including of course the Congress itself—claiming Muslim allegiance. Whether this evidence truthfully represented the actual state of Muslim opinion to-day it was impossible for Lord Wavell to judge. There have been no provincial general elections since 1937, and none for the Central Legislature since 1934.

It seems therefore that the only way to escape from the immediate deadlock on principle is to hold provincial elections* with the objective, not merely of proving or disproving the Muslim League's case, but (equally important) of clearing the way for revived provincial self-government. Whether, if this were done, either Mr. Jinnah, or his opponents on this issue, would accept the result in the sense of bowing to the Viceroy's reconsidered decision as to which groups, in the light of the election returns, should be represented among the Muslim members of his new Council, is open to doubt. But there seems to be no other way of creating a new tactical situation that will enable the Viceroy to try again, putting forward perhaps fresh devices for "saving face" and easing compromise. For the nature of the actual problem is tactical; the main issues of policy have been settled—maximum immediate self-government under the existing constitution; guaranteed representation of minorities in the executive; equality for Muslims with the caste Hindus. That His Majesty's Government and the Congress party, not to mention other parties and leaders in India, have come together so far on a practical plan of advance is a remarkable achievement even in the face of presently disappointed hopes.

As this is being written Lord Wavell is holding a conference with Provincial Governors, from which some new proposals may emerge. If so, they must be referred to London for consideration by the new Secretary of State and his colleagues. Lord Wavell may not find the Labour Cabinet so slow to convince as he obviously found their predecessors; but there are dangers that they may err in other directions than that of excessive caution about political advance within the present constitution. They may be tempted—though admittedly Sir Stafford Cripps's plan of 1942 gave little suggestion of this—to go too far in yielding to the claims of the Congress, representing chiefly the Hindu middle class, and thus precipitate a conflict with the Mussulmans and the Scheduled Castes, who are in truth the under-dogs of India, and as such protégés of the Left Wing in Britain. Or they may err—and here the Cripps plan was indeed a warning—in over-stressing again the problem of an ultimate constitutional settlement in India, by comparison with the need for immediate practical advance, which will give India some further necessary experience of self-government before she takes over complete control, will enable problems of post-war reconstruction to be tackled forthwith as no caretaker régime like the present can tackle them, and

* The decision to hold early general elections for the central and provincial legislatures was announced on August 21.—*Editor*.

will give the best opportunity for Indian parties and interests to work out together, in an atmosphere of realism and compromise, the new constitution which they alone can frame.

One more thing needs to be said. The defeat of the National Government in Britain removes Mr. Amery from the Secretaryship of State for India. That his departure is unregretted and even applauded by political India is a plain fact. But it is equally certain that the judgment of political India is unjust. Through five difficult years Mr. Amery has attracted to himself the odium inevitably incurred by policies that were imposed by war conditions beyond his control, and sometimes, we may guess, secretly opposed by himself as spokesman for India in the Cabinet. When confidences are open and history comes to be written, the opinion of India and the world will recognize the outgoing Secretary of State as a true friend of Indian self-government, to whom later generations of Indians, enjoying the political freedom which he helped to safeguard and increase, will owe a large debt of gratitude.

THE TWILIGHT BETWEEN WAR AND PEACE

THE primary long-distance aims of our post-war reconstruction policy must be the re-creation of a free international trading system with a steadily expanding world trade, and the successful prosecution of our internal policy for the maintenance of full employment; failure in either of these aims would involve the collapse of our secondary plans for increasing social security and improving general living conditions through our housing and nutrition policies. But between us and the successful unfolding of the major reconstruction programme lie the obstacles of the twilight period in which the war economy must be as quickly as possible dismantled and a peace economy restored. It would be folly to ignore either the difficulties of this period or the permanent damage which might be done to long-distance aims by lethargy, muddle or misdirection in coming months.

DEMobilIZATION AND RE-CONVERSION

THE magnitude of the economic and social readjustment which is needed now that the European war is over can best be indicated by examining the scale on which the redistribution of man-power must go on. On V.E. day there were probably about 8 million people in the armed forces and the munition industries. The vast bulk of these will have to change their jobs within a short period of the final end of the war: perhaps about one-half of them will have been released within a year from now. If demobilization of the Services and the munition industries takes place at that rate it means that, within one year, one-half of the man-power will be released which was mobilized for war in five years. Demobilization would thus be carried out two and a half times as quickly as mobilization.

This is indeed a formidable administrative undertaking—and demobilization itself, whatever the rate at which it is carried out, is essentially a harder process than mobilization. Whilst the power for war is being built up there is one simple and single purpose—a maximum war effort. Mistakes and temporary maldistribution of resources do not matter. But in peace the aims of industry become multifarious; there has been no single target (and in the half-light of “phoney peace” accurate sighting is particularly difficult). Economy of resources must be re-established; goods must be made at the right times and in the right proportions. Otherwise (once the present feverish craving for goods at any price has passed) the consumer in the home and in the export markets will not buy, and resources will be wasted. The factors controlling the distribution of labour become much more complex: on the one hand there are millions of workers, each relatively free to choose his own job; on the other are thousands of employers who must find profitable markets for their goods before they start to take in labour at all. And whereas during the period of mobilization for war those entering the

munitions industries usually found their weekly earnings increased by the change of employment, those who are now no longer needed in their war-time work face the prospect of substantially smaller earnings, and often less attractive conditions of work, if they seek employment where in the national interest they are desperately needed—say, in the textile industry, the mines, or one of the industries that produce building materials.

The prescription for success during this transition from war to peace is speed. Powerful economic and social forces are being unleashed; and the only choice is between guiding and canalizing these forces and being submerged by them. Those leaving the Services and the munition trades must find other work; nothing can stop this process, and efforts to slow it down beyond what is required for the complicated winding-up of the Japanese war and the occupation of Europe would lead to serious trouble both at home and in the Forces.

The cost of failure to ride this storm would be immense. It would certainly mean the frustration of many of the long-term economic schemes for reconstruction. If, for example, industry found it impossible to readjust itself quickly enough to absorb the ex-servicemen or the displaced munition workers, and unemployment occurred on a large scale, there would be widespread distrust of the Government's promises to prevent unemployment. An irresistible clamour would arise to introduce the Government's long-term plans for maintaining employment; but such plans, if put into operation at that stage, could do no good and would simply lead to inflation. The pathological dread of unemployment, active enough already in the Services and at home, would be intensified, and the way left open for the advocacy of all those nostrums of restriction, both in the national and the international field, by which desperate and short-sighted sectional interests sought to safeguard their own position before the war.

The problems of reconversion and decontrol cannot, in fact, be solved at the speed required unless the whole of the energy and initiative of the nation is brought to bear. The State has responsibilities in that it must organize the release of workers and soldiers, help to prepare them for their new jobs, maintain the necessary social priorities in production during the transition, and devise the means by which industrialists can be freed to go about their tasks of peace. But at the same time the State must do everything possible to re-establish the sense of personal responsibility, by widening the area in which the individual manufacturer and worker can take the initiative, make his own choices and run his own risks. For if four million persons and scores of thousands of firms were encouraged to stand back while the State re-created for all of them personally a new niche in economic society, the one result would be paralysis.

Before the break-up of the Coalition Government the Minister of Labour outlined a fair and flexible scheme for re-training and re-settling labour after the war. It recognizes that re-settlement is a personal problem, establishes means by which advice and guidance will be available to all, and provides special facilities for special classes: the disabled ex-serviceman; the apprentice whose training has been broken; the student whose courses have been cut

short; the small trader whose business has disappeared whilst he has been away. But much less has yet been said by the Government about the parallel action, of freeing business for peace-time work, that must be taken if the labour released and re-trained is to find employment. Several months ago the Board of Trade announced that special facilities would be afforded, in the shape of limited quantities of labour and raw materials, for firms anxious to begin preparatory work for post-war export trade. These facilities have been widely granted; and the Government has announced and started to execute its policy for the disposal of State factories. But what remains to be done is to indicate to industrialists, with all possible speed and precision, how much of their capacity, and what labour and raw materials, they can expect to be able to use in coming months for home and export trade.

NATIONAL PRIORITIES

AND here the fact must be faced that the tasks now confronting the nation are out of all proportion to our national resources in men, materials and industrial capacity.

Up to the moment of the sudden Japanese collapse we were necessarily organized to fight a war as formidable as that against Germany and one that might still last into 1946 or even 1947. We had deployed a great military force, embracing all three Services, against an enemy in the remotest quarter of the globe, were providing large forces for a lengthy and perhaps turbulent occupation of a great part of Europe; and we had to do this without infringing the principles of a demobilization scheme which entitles those who have served their time in the Far East to come home and every serviceman to get out of uniform simultaneously with those of his own age-and-service group.

Under these restraints and hardships we have to make good the present shortage of something like a million homes before there can be an end of "involuntary co-residence". (After the last war we succeeded in building only 1,200 houses in the first year and a quarter, and six years after the Armistice the total was only 300,000.) Our stocks of coal have probably never been lower and—what is still more serious—the output per man-shift is smaller than ever before and is still diminishing. This means that our prospects of domestic comfort and industrial activity next winter are grim and our hope of doing anything to meet the desperate fuel needs of our friends on the Continent or of seizing an unparalleled opportunity to regain and expand one of our most important pre-war export trades is sadly remote.

Then there is the task of first honouring and then enlarging the present exiguous clothes ration; here again is a bleak prospect, with the cotton industry apparently suffering a net loss of operatives in spite of the substantial numbers that have recently been released by the Government for this express purpose from other work. Furniture, carpets, pots and pans are only examples of other essential goods of which the housewife will not for much longer tolerate the present scarcity. We need more food, for ourselves and for our European neighbours, and we can therefore afford no slackening in the war-time food production drive. Yet, after housing and

coal, perhaps the easement most earnestly coveted by the civilian is better service, in the shops and by road and rail, and the precious time and tissue that such improvement would save.

The re-equipment of British industry must also come high in the order of priority; and we must seek to use the opportunity that transition from war to peace production offers so to strengthen and diversify the economic structure of the pre-war depressed areas that they run less risk of once more becoming black spots of social desolation.

But not one of these peace-time objectives can be fully achieved, and few can even be approached, unless we are enabled to import—and import on a scale much larger than ever before. We must have food (wheat, fats, meat, sugar, citrus, not to mention the semi-luxuries) and raw materials (such as timber for houses, rubber, oil, metals) from abroad. We cannot for long continue to get them under lend-lease or mutual aid, or by an indefinite accumulation of debt. Nor can we help to pay for them, as we did in times past, by the interest on our foreign investments, for these we have largely sacrificed in war. There is therefore a quite simple choice between two alternatives: a great all-round fall in our standard of living, even from the present austere level, or an expansion of exports to at least five times their present size (that is, to a size at least 50 per cent larger than the pre-war). We can make no sound progress with our domestic reconstruction programme—still less can we undertake the world responsibilities which our achievements in the past five years force upon us—unless by a supreme effort we free ourselves of the embarrassment of a rickety balance of payments.

The State must play its part in the handling of this thorniest of all problems. It must seek to make such arrangements in regard to our immense foreign debts that we are not completely exhausted in an effort to meet international commitments incurred for the most part in the pursuit of victory. It must seek for international commercial and financial arrangements which will result in a swelling tide of world trade of which we shall reap some advantage. It will be compelled for a period to control imports and the international movement of other assets. But the State cannot create exports. That must be done by the business man. The function of the State must be limited to freeing exporters from war work at the earliest possible moment and to devising means whereby the manufacturer will be encouraged to look at trade for foreign markets as taking precedence of trade for the home market. The new Government must declare itself on these important matters. It should make it clear beyond peradventure (if what Government spokesmen have from time to time suggested is still a firm Government policy) that exporters must not wait to be told by the Government what to export or to which markets; that any export to any market, provided it is for prompt payment, is in the national interest; and that it is for exporters to judge where their long-term interest lies and make their selection accordingly from among the numerous opportunities which temporarily (but perhaps only for a year or so) are offered by a world that has been starved of both capital and consumer goods for several years.

CONTROL OF INFLATION

So long as the dearth of man-power and other national resources in relation to total demand persists, the Government must somehow secure that resources are used in accordance with the priorities of national interest. But besides this positive function there is a negative one which the Government must also do its best to discharge: that is, the curbing of inflation. For some time there will be much more money in people's pockets than would be needed to buy the goods in the shops at anything like present prices. Service gratuities will steadily increase the amount; so will post-war credits, as they are released. As soon as family allowances (under the recent Act of Parliament) begin to be paid, a further £50 million a year will swell consumer incomes. Both employers and trade unions will be powerfully tempted to raise wages, especially in trades and industries where large and rapid expansion is desired. Now the Government cannot by itself prevent these inflationary tendencies from getting out of hand, with disastrous consequences to the whole reconstruction programme. A high degree of statesmanship on the part of business men and trade unionists, and continuing restraint and patience on the part of the general public, are indispensable if we are to make safe progress through the twilight period towards our post-war goal. But it is none the less on the Government that the heaviest responsibilities here lie, particularly in the use it makes of the two-edged weapon of taxation to restrain consumption and at the same time encourage risk-taking and initiative.

THE ADAPTATION OF CONTROLS

THE natural recuperative powers of our damaged and distorted economic system are very great. But they will have their full effect only if the vast majority of the community are given scope to contribute to the restoration by exercising their own initiative. The task of the State, therefore, in the transition is the delicate one of arranging that first things are produced first and inflation curbed, without smothering the vital processes by which things are produced at all. The skill and success of the Government in steering this middle course will be properly judged by its handling of the various economic controls through which, during the war, our economic power has been geared to the making of munitions. Clearly all the controls cannot be swept away in a day; and clearly delay in removing those which are no longer needed would serve only to jam the administrative machine. But many of them are interdependent: food control, for example, is at present necessary not only to ensure fair shares of food, but to help stabilize the cost of living and also to honour the pledge of a guaranteed market to the farmers. In many cases, therefore, a particular control cannot safely be removed without considering its effect on the general structure of controls and perhaps finding alternative means of continuing to secure some of its indirect results.

In this necessary adaptation of the controls, there are two chief principles which may enable us to steer the middle course. First, controls which have been enforced because of scarcity (consumer rationing is the outstanding

illustration) should be removed *pari passu* with the disappearance of scarcity so that they die a natural and timely death. And, secondly, we should seek as far as possible to operate our broad transition priorities through general financial controls rather than through detailed physical controls which must take into account individual circumstances. For instance, it should be possible to make use of differential taxation for the control of production priorities to a much greater degree than is done at present. If we wish to retard the output of luxuries until the output of essentials is guaranteed, even steeper luxury taxes than the present provide the simplest and administratively the cheapest way of doing this. If we wish to divert energies into the export trade, we must somehow, for instance by use of the purchase tax, make it pay the manufacturer and merchant to sell abroad rather than at home. We must seek to employ the full force of the price system to bring about the results we require. And, indeed, the restoration of the normal operation of the price system and the abolition of the numerous anomalies of the price structure which have crept in under cover of the war will put back into our hands a form of economic control well suited to peace.

CONCLUSION

THE redistribution of man-power, the accomplishment of the national tasks of first priority and the avoidance of inflation, are the three main problems that we must solve in the period immediately before us.

We start the period with many heavy liabilities but with some important assets. On the debit side must be set the loss in battle of many of the finest men, the war weariness of many in the community, the dispersal of our pre-war foreign holdings and the accumulation of enormous foreign debts, the inevitable deterioration during war of much of our capital equipment, the disruption of the channels of trade, particularly in the international field, and the virtual collapse of the economic systems of many countries, which must react upon our own prosperity. On the other hand, during the war we have built many new factories and provided much industrial equipment which, fully used, may add notably to our post-war productive capacity. We shall have large stocks of some raw materials (wool and aluminium, for example) and machine tools, of which full advantage should be taken by getting them into the hands of producers as quickly and as cheaply as possible. We shall have the advantage in industry of the application of many new scientific ideas which have been brought to fruition since 1939.

Provided (and it is a big proviso) that we continue to show in the post-war period those qualities of tolerance, responsibility and good temper which have been revealed during the war, it should be possible to make increasingly rapid progress towards something like pre-war standards of life. Furthermore, on reasonable assumptions about the volume of employment and industrial productivity after the war, within five or six years from now our national income might well be 15 or 20 per cent greater than it was in 1938; and if during the transition we can lay the foundations of a successful policy of full employment and a steadily expanding world trade, then within the next decade or two there would be available resources for sweeping away

completely the grosser forms of poverty and for re-housing the whole of our population on an ample scale in well-designed towns and cities.

The immediate question is whether public opinion can become sufficiently well informed and far seeing to tolerate, and indeed demand, the life of hard work and continued austerity which the present circumstances of a nation still organized on a war footing demand. A further question follows from the first: will the new Government by its leadership nourish the growth of such an attitude to life and show sufficient toughness in making its contribution to the national effort? For however responsive the public may prove itself to simple and courageous exposition of the facts and perils and opportunities of the present situation) and we can here put our expectations high if we remember how often since 1939 the public has been ready to accept harsh decisions before the Government was ready to take them), the Government will constantly find itself challenged by the national interest to adopt unpopular measures and postpone the adoption of policies for which some sections of the press and public are clamouring. Let us hope that, with the General Election well behind us, we shall again find ourselves a fundamentally united nation, determined to discharge the vast international obligations the war has bequeathed, to find with all speed a separate home for every family that wants one, and to prosecute a relentless drive for exports until we find ourselves able to buy essential imports without needing to bend the suppliant's knee to anyone.

IRELAND RE-EMERGES

THE victorious armies of the United Nations have not only liberated Europe from despotism and terror but Ireland from fear. Four days after the unconditional surrender of Germany the Irish Government revoked the various censorship orders which have for nearly five years poisoned the wells of public opinion in Ireland. Once again we can describe the Irish scene, remembering that if Hitler and all he stood for had triumphed such a thing would have been impossible.

NEUTRALITY

A GREAT deal of nonsense has been written and spoken about Irish neutrality. Primarily Ireland remained neutral for exactly the same reason as the other small European nations (including Portugal, Britain's oldest ally)—namely, the natural instinct of self-preservation. Ireland was the only British Dominion which exercised her right to remain neutral. But, quite apart from historical reasons which did not apply elsewhere, Ireland alone in the Commonwealth was potentially exposed, practically unarmed and totally unprepared, to the full blast of the *furor Teutonicus* in the shape of the *Luftwaffe*. From a military point of view it is argued here that, at least during the first two years of the war, a belligerent Ireland would have been a liability rather than a support. In this view Great Britain, which was hard put to it to defend herself, would certainly have been hindered rather than helped by having to defend Ireland as well. In any event the ships of the British navy could not during those years have used the Irish ports, for they would have had neither anti-aircraft guns nor air cover to protect them.

But there is more to it than that. Any attempt to bring Ireland into the European conflict in 1939 would almost certainly have led to civil war. Even amongst the older generation of Irishmen, so many of whom fought in the last war, there was a lively recollection of the fact that their sacrifice was in vain and that the British Government, as always, had subsequently conceded to violence far more than it ever dreamed of giving to the generous and friendly Ireland for which John Redmond spoke in August 1914. Moreover, to many Irishmen the war in its opening stages appeared as another round in the everlasting game of power politics. There were even a few influential people, including some very near to Mr. de Valera, who believed, and blinded by hatred perhaps even hoped, that Germany would win, and that our best course was to stand aside. It was therefore quite impossible for the Irish Government to enter the war as a belligerent in 1939. The valid charge against them is quite other, namely that, when the real issues became manifest, they deliberately chose to impose and maintain an attitude of moral neutrality which was both dishonest and unreal; to foster the delusion that we were not dependent for our safety and supplies on British sea-power; and to suggest that we could maintain our independence as a nation if Britain were defeated.

Only on two occasions during the conflict did Mr. de Valera indicate that

he was even dimly aware of what was at stake. Speaking at Galway on May 13, 1940, just after the invasion of the Low Countries, he 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. Again, speaking at Cork on December 14, 1941, just after the United States was attacked, he said that it would be unnatural if we did not sympathize in a special manner with the American people, but that we could only be a friendly neutral. But his real, and rather frigid, mind was revealed more accurately during the recent Presidential campaign in another speech made at Galway when he said that our true interests lay in taking no sides at all. This policy of national emasculation, which inspired the public attitude of his Government, completely ignored the moral issues involved.

It found its full expression in the operations of the Press Censorship department presided over by Mr. Frank Aiken, the Minister for Co-ordination of Defensive Measures (a long title signifying little), whose prejudices are stronger than his intelligence. This censorship operated not only over Irish publications of all kinds but even over everything written here for publication elsewhere. Serious penalties were provided for any breach of the regulations. For obvious reasons no attempt was made to censor public speech, and so one might denounce Hitler and all his "works and pomps" at a public meeting; but such denunciations did not carry beyond the sound of the speaker's voice. Moreover, the censorship of mails was very stringent, even personal opinions of no military significance being deleted upon occasion.

No one will deny that some form of censorship is necessary in time of war or grave national emergency; but the Irish censorship was not only more drastic than that of other countries but also absurd, ostrich-like and tendentious. For example, opinions concerning the future economic policy of Ireland were altered to conform with the Government's views; and on at least one occasion offensive personal comment was inserted in the margin of the proof-sheets of an article. Extracts from the neutral press abroad were often forbidden publication. The outspoken comments of an Irish Catholic bishop on Nazi doctrines were suppressed. Obituary notices of Irish soldiers were mutilated out of recognition, the words "killed in action" being deleted. No war films could be shown in the cinemas.

But the censorship also had its lighter side. In a photograph of Mr. de Valera addressing an all-party recruiting meeting outside the Bank of Ireland, Dublin, the Royal Arms appeared over his head on the portico of the Bank. This very unneutral symbol had to be deleted from the picture before publication. On another occasion a bewildered editor was informed by a prominent censorship official that the British Isles no longer existed, a remark worthy to rank with that of Louis XIV concerning the Pyrenees!

There was in fact no end to the absurdities and perversities perpetrated by these political bureaucrats. Special ingenuity was exercised in persecuting our leading newspaper, the *Irish Times*, which made no secret of its wholehearted support for the cause of the United Nations. Even its greyhound racing results had to be submitted for censorship, lest some hidden hare might emerge; and on two occasions it appeared without a leading article in

mute protest against the censor's activities. Mean tyranny of this kind is of course quite ineffective and only recoils on its authors. That it occurred proves the smallness and lack of humour of Mr. de Valera, and the stupidity of his Government. Anyone who desired to know the truth had only to turn on the wireless and listen to the objective news bulletins of the B.B.C., or to purchase an English newspaper, the circulation of which, strangely enough, was not prohibited. But the censorship, by its attitude of moral indifference, and even on occasion of marked anti-British bias, created an atmosphere of unreality which, while increasing our inferiority complex, did not improve our sense of proportion. It was clear that if some of Mr. de Valera's colleagues had their way even more drastic totalitarian methods would have been applied.

The reaction to these restrictions became apparent after the announcement of the German surrender, when disturbances took place in Dublin following demonstrations of rejoicing by the students of Trinity College, many of whom come from Northern Ireland. The conduct of the students provoked the crowd outside the College, who burnt a Union Jack. Some students from the North then burnt an Irish flag, and the crowd retaliated by breaking the windows of the College and those of the British and American representatives. Due apology was subsequently made by the Provost of Trinity and the Irish Government respectively for these unseemly incidents. Nevertheless, they should not obscure the truth that the vast majority of Irish people are sincerely glad, and indeed thankful, that the United Nations have emerged victorious.

The strangest example of the Government's idiosyncrasy was, however, afforded by Mr. de Valera's call on the German Minister in order to condole on the death of Hitler. The official explanation of this piece of ceremonial tomfoolery was that it was "formally correct". As the German, like other diplomatic envoys to this country, is accredited to His Majesty the King, it would be interesting to know on whose behalf or at whose request this sympathetic visit was paid. But, apart from this constitutional conundrum, Adolf Hitler's decease was at least doubtful. It may therefore be presumed that the former German Minister, who has now retired into well-merited oblivion, was as much discommoded as his visitor by this "formality". Recalling the words of His Holiness the Pope concerning "the Satanic spectre of National Socialism", one can only regret that the representative of an Irish Government should have expressed even "formal" grief on the occasion of its destruction. It should, however, in fairness be pointed out that the Government's attitude on the death of President Roosevelt was far other, for on that occasion not only did the Dáil adjourn its sitting but Mr. de Valera paid a warm tribute to the deceased President.

PRIVATE CO-OPERATION

THERE is of course another side to the picture and, in justice to Mr. de Valera and his colleagues, it should be clearly stated. Although outwardly and publicly correct to the point of inhuman frigidity, Ireland's neutrality was in reality benevolent so far as the United Nations were concerned. Mr.

de Valera undoubtedly honoured his undertaking that our territory should not be used as a base for operations, military or political, against Great Britain or her Allies. On the contrary, it is an open secret that the Irish army throughout the war worked in close co-operation with the British General Staff. Information was exchanged, a close watch kept on German agents, most of whom were caught and interned, and our army supplied by Britain with the arms and munitions necessary to transform it into an efficient force. In this connexion an amusing story was told at the time of the British and American notes concerning the German and Japanese representatives in March, 1944, to the effect that, when the Irish army staff assembled to arrange for the military measures ordered by the Government, the proceedings were interrupted by a telephone message from the British head-quarters in Belfast announcing the dispatch of a further supply of arms and ammunition to the Irish army. Be that as it may, there is no doubt that more than a quarter of a million Irish men and women, of whom at least 150,000 served in the armed forces of Great Britain and the Dominions, took part in the British war effort. It is indeed probably no exaggeration to say that there was hardly a family in Ireland who had not at least one member so engaged. In the economic field the *liaison* between the two countries was also continuous and complete. British and American tankers filled our petrol cans, British coal maintained, with some difficulty, our reduced train service, and Irish factories produced essential goods for the British market. The air-port at Foynes was also of incalculable advantage to the British and American transatlantic service. The official actions of the Irish Government, being based on reality, thus belied their public performances, which were founded on fiction.

While many Irishmen, therefore, rejoiced at Mr. Churchill's warm and generous tribute, in his victory broadcast of May 13, to the services and sacrifice of our fighting men, they felt that some of his other remarks might better have been left unsaid. Most people in Ireland recognize the restraint which the British Government exercised in regard to Ireland during the war, and it was both unnecessary and undesirable to point out that they might have been forced to do otherwise. That they did not do so will contribute powerfully to that "mutual comprehension and forgiveness" which Mr. Churchill prays for in the years to come. His suggestion that Mr. de Valera's Government spent their time during the war in "frolics" with the German and Japanese representatives, if witty and perhaps natural, was hardly justified, for the verb "to frolic" is not included in Mr. de Valera's vocabulary, and his Government's relations with these gentlemen were on the whole never more than formality required and fear compelled.

MR. DE VALERA REVIVES PARTITION

THE Irish people are quick to resent outside interference. Delivered almost on the eve of the Irish Presidential election, Mr. Churchill's outburst played directly into Mr. de Valera's hands, and he was not slow to take advantage of it. Already, in March, 1944, he had used the occasion of the American intervention to force a general election, from which he returned with an increased majority. In his reply to Mr. Churchill's broadcast on May 18,

Mr. de Valera, after pointing out that Britain's necessity would become a moral code if Mr. Churchill's views were pressed to their logical conclusion, asserted that Ireland's neutrality was due to partition. This statement is patently false. No doubt partition fulfils for the average Irish politician, both North and South, the same function as the Versailles Treaty provided for Hitler as a useful and indeed necessary scapegoat. But, although the ordinary Irishman naturally resents the fact that his country is politically divided, and is irritated by the border and all it stands for, he also recognizes that it is the inevitable result of a long chain of political and religious differences which cannot be ignored. Moreover, he is fast beginning to realize that the essence of democracy is agreement to differ on such matters. Our neutrality was not therefore due to partition but to the causes already indicated in this article. It has undoubtedly made partition permanent. Yet, as Mr. Churchill recently reminded us, only the bridgehead which Northern Ireland provided for the British and American forces made our neutrality possible.

Mr. de Valera proceeded to bolster up his statement with an untenable hypothesis and a false analogy. His problematical discussion of what might have taken place had England lost the war and Germany, occupying six south-eastern counties of England, embarked after some years on a war for the freedom of small nations, was not only absurd in itself but had no relation to Irish conditions. The inhabitants of the six Northern counties of Ireland are Irish. They have freely, and by a majority, agreed to remain under the British Parliament. That decision was regretfully accepted and ratified by the representatives of the rest of Ireland. Mr. de Valera is unfortunately incapable of realizing that the supreme task in Ireland is the fusing of a mixed community into a common nationhood. It has recently been well said that for him "time does not move forward and the nation which he has in mind is that which perished for ever with the downfall of the Gaelic order after Kinsale" in 1601. His goal is a Gaelic republic in which those can have no part who are not prepared to accept his ideology without demur. Replying to Deputy James Dillon in the Dáil on July 17, he stated that, as a result of the External Relations Act of 1936 and the Constitution of 1937, "We are an independent republic associated as a matter of our external policy with the states of the British Commonwealth", and added the illuminating comment, "The state is what it is, not what I think or say it is." That way Irish unity can never be attained.

THE PRESIDENTIAL ELECTION

YET Mr. Churchill's attack and this fallacious reply played an important part in securing the election of Mr. de Valera's nominee to the Presidency. The office of President is peculiar to Ireland, no other Dominion having such an official. He is in effect a Governor-General elected directly by the people, and not nominated by the King on the advice of the Government as heretofore. He is not, however, Head of the State, as Mr. de Valera, and others less well informed, like to describe him, for under the Executive Authority

(External Relations) Act, 1936 (passed by Mr. de Valera's own Government), he has no functions in regard to external affairs, all our diplomatic representatives abroad being accredited by His Majesty the King. Nevertheless, under the Constitution of 1937 the President has three important functions: namely, an absolute discretion to refuse to dissolve the Dáil (or House of Commons) on the advice of a Prime Minister who has ceased to retain the support of a majority; power, after consultation with the Council of State, to refer any Bill (with three exceptions) to the Supreme Court for a decision whether it is repugnant to the Constitution; and in certain circumstances, after consultation with the Council of State, power to decline to sign a Bill until it has been submitted to a referendum. The late President, Dr. Hyde, under the second of these powers, referred to the Supreme Court a section of the School Attendance Bill of 1942 which gave the State power to interfere with the right of parents to decide where their children should be educated (i.e. to send them to Great Britain or abroad); and it was declared unconstitutional. Mr. de Valera, during the Presidential campaign, made it clear that the Government wanted a party President on whom they could rely and with whom "there would be no friction, no time lost in settling up difficulties that should not have arisen"; in other words, a President who would not exercise his reserved functions, which protect the fundamental rights of an ordinary citizen against an unscrupulous executive.

Candidates for the Presidency must be nominated by not less than twenty members of the Houses of Parliament or four county councils. Thus, unless agreement between the parties is reached, as happened when Dr. Hyde was unanimously selected in 1938, a contest is inevitable. Although on this occasion the other parties were again willing and anxious to agree to the selection of a non-party candidate of national stature, Mr. de Valera refused to do so and put forward as the official candidate of his party Mr. Sean T. O'Kelly, the deputy Prime Minister. Mr. O'Kelly, who began his career as an attendant in the National Library and a member of the Dublin town council, subsequently represented the Sinn Féin organization at the Paris Peace Conference. His chief claims to distinction are that when Minister for Local Government in 1937 he secured the retirement of the secretary of that department, Mr. E. P. McCarron, one of our most competent civil servants, and that on another occasion he made a silly speech about "whipping John Bull". In politics he has consistently, and quite efficiently, played the part of Sancho Panza to Mr. de Valera's Don Quixote. He is not likely to act differently in future. For the rest he is an amiable person who will no doubt fill the largely nominal rôle allotted to him. His opponents in the election were General Sean MacEoin, a hero of the "Black and Tan" war, popularly known as "the blacksmith of Ballinalee", an honest, simple representative of agricultural Ireland, who was the nominee of Fine Gael, the principal opposition party; and Dr. Patrick McCartan, a medical man turned farmer who played a fairly prominent part in the revolutionary movement up to the Treaty of 1921 and then retired in disgust from public life. He was nominated at the last moment as a protest by the Farmers' and Labour parties, but was in effect the only independent candidate.

THE RESULT

THE election campaign was on the whole conducted with decorum. As the contest proceeded it became clear that Mr. O'Kelly could not expect a walk-over, although the Government party is the only one that has any kind of political organization. Finally Mr. de Valera, who stumped the country on Mr. O'Kelly's behalf, told the electors in effect that foreign observers were watching to see how the election would go, and that if the latter were not elected by an overwhelming majority the influence of the Government would be seriously weakened and the safety of the country endangered! As Fianna Fail, the Government organization, is less a political party than an act of faith in Mr. de Valera, these appeals had the desired result and Mr. O'Kelly was duly elected President. The first preference votes were: Mr. O'Kelly, 537,965; General MacEoin, 335,539; and Dr. McCartan, 212,834. As the election was carried out under proportional representation and Mr. O'Kelly had not a clear majority over the other two candidates, it became necessary to ascertain the second preferences of Dr. McCartan's supporters. Of these 67,748 were non-transferable, no preference being indicated, 117,886 went to General MacEoin and 27,200 to Mr. O'Kelly, thus ensuring his return by a majority of 111,740. Over three-quarters of a million electors did not vote and there were over 40,000 spoiled votes, which would seem to indicate that a substantial portion of the electorate regarded the proceedings with indifference if not contempt. Many thousands of spoiled votes were due to the fact that the Government, in order to secure a large poll of their supporters, held the local elections on the same day. As a result many electors thought they could indicate their preferences on the two ballot papers consecutively, with results scarcely complimentary to the Presidential candidates. The Government did not secure complete control of the local councils as they had hoped, but the Fine Gael party lost heavily to independent candidates who reflected the desire of the electors for less politics and more efficiency in local government. Most people expected that Mr. O'Kelly would have a clear majority. In fact he had nothing of the sort, the first preference votes showing that Fianna Fail, as a party, was in a minority. The Presidential plebiscite, for such indeed it was, did not therefore give Mr. de Valera the vote of confidence for which he had asked, although no doubt he secured his main object in the election of a puppet President. It is certainly remarkable that an independent candidate, without organization and practically unknown, should after a few weeks' campaign have polled over 200,000 votes; and it suggests that the Irish people may be beginning to think for themselves.

So Ireland re-emerges from the fog of war, somewhat chastened, slightly dubious, yet not without hope. One thing is, however, certain. In the new world which confronts us Ireland cannot stand alone. The events which made our neutrality possible in this war are unlikely to recur. For the future therefore, if we wish to survive, we must pursue a policy of mutual defence with the other Western European States. In such an association Great Britain and Ireland, alike desiring peace and ordered progress, would fulfil their natural and historic rôles as guardians of the Western gates.

Ireland, July 1945.

GERMANY UNDER ALLIED CONTROL

A POLITICAL STUDY OF THE POTSDAM PLAN

THE Potsdam declaration contains the text of the agreement reached between the Big Three as to the "political and economic principles to govern the treatment of Germany in the initial control period". The two Articles which are the most important for the political future of Germany and which had not been so far included in the military directions of Shaeff and its successors are Articles 9 and 10.

Article 9 provides that the aim of the administration in Germany shall be "the decentralization of the political structure and the development of local responsibility". The decentralization to which this Article refers is not the first step towards a splitting up of Germany into several separate states. In fact, the reference in Article 3, IV to one of the purposes of the occupation as being "the eventual reconstruction of German political life on a democratic basis" and the "eventual peaceful co-operation in international life for Germany" seems to indicate that ultimately it is contemplated that a regenerated and democratic Germany shall be admitted to the United Nations club as a single state. In any case, at this stage of the occupation separatism or federalism is not a live issue. The control of Germany by the occupying nations must be of such a direct and strict nature that the problem of whether one or more German states shall be allowed or encouraged to emerge must remain academic for some years to come. The disadvantage of separate independent states is that partition would mean the creation of more frontiers in Europe. It would be reversing a historical force, namely the movement for German unity, which had acquired great momentum and would therefore give rise to a strong desire on the part of the Germans to achieve this unity again. A genuine and spontaneous breaking up of the German State is very unlikely; the erection of the fragments into separate states would always be looked on by the Germans as something imposed on them to their disadvantage; and after controls are lifted, whether it be in ten or fifty years, there would inevitably be political tension in central Europe owing to the attempts of the Germans to restore the unified Reich. The break-up of Germany entails economic and financial disadvantages and difficulties in the way of communications and transport. That is presumably why the Potsdam declaration states that, while local self-government and democracy are to be encouraged, "certain essential central German administrative departments headed by State Secretaries shall be established, particularly in the field of finance, transport, communications, foreign trade and industry". Before the Potsdam conference it was feared in some quarters that the administration in the four zones might be so different, or at least so different as between the Russian and the Western zones, that after years of occupation this might lead to the division of Germany into two or more states. The statesmen at Potsdam, however,

by setting up the departments dealing with central matters under the Control Council, have ensured sufficient central direction to make any organic growth of separate states virtually impossible. The setting up of succession states to Germany would have to be a deliberate political decision, which would be contrary to the tenor of the Potsdam document.

RECONSTRUCTION FROM THE BOTTOM

THERE will, however, be political results from decentralization which will make the new German State very different from the Germany of 1939 or of 1918. While the Potsdam policy is one of decentralization, in fact the task of the armies in Germany has been one of reconstruction from the bottom. The first task in local government was to appoint Burgomasters and the necessary officials to deal with police, rationing, food distribution, utilities, &c., in the *Gemeinde* or parish, which is the lowest administrative unit. The progress in the higher administrative levels differs from region to region; but where it has been possible to appoint the main officials in a province* (the highest local administrative unit) it has already become apparent that the *Oberpräsident** of a province, and the heads of the regions* into which the provinces are divided, will have a wider authority than their predecessors because of the disappearance of the central control in Berlin and because of the suppression of the party organization. For instance, agricultural and economic administration had been put by the Nazis under the control of the party. The resumption of direction by the local officials restores the pre-Nazi position; on the other hand, as a result of the elimination of central control from Berlin in such matters as health or justice, where the Potsdam declaration has not provided for the re-establishment of any central authority, the local officials will now exercise the powers previously exercised centrally, subject, of course, as in everything else, to the supervision of Military Government.

In the West, the general principles on which it was intended to re-create the German local administration are very similar in all three zones, United States, British, and French. This is because the original plans were laid down by the Supreme Commander, whose authority was supreme in all three zones till July 1945. However, where there is no central control emanating from the Control Council, a different evolution in each zone in the administrative field is becoming quite marked, and of course is even more apparent in the Russian zone. These differences are not a disadvantage, since the removal of the control of Berlin and the substitution of the direction of the local Military Government authorities are inducing the corresponding German authorities to be more self-reliant, and by giving them larger duties than formerly are producing the conditions necessary for a vigorous local administration, which is the first prerequisite for the development of local democratic institutions.

In order to achieve this purpose, the Potsdam declaration lays down that local self-government shall be restored throughout Germany on democratic principles, and "in particular through elective councils", as rapidly

* Outside Prussia the nomenclature is different.

as possible. This is obviously a step which comes after the stage in which the Military Government is attempting to choose trustworthy local officials to run the essential services, such as police, food distribution, &c. Many months must still elapse before it will be possible to get any kind of register of local voters so as to make local elections possible, except perhaps in those areas where destruction has been light, records have been preserved, and population changes have not been too extreme. Such an area must be rare and would probably be a sparsely inhabited rural area.

Generally speaking, however, there seems no likelihood of regular local elections in the near future. There is, however, the possibility of a certain amount of political activity on the part of the German "democratic" parties, as the Potsdam declaration calls them, to the extent of holding meetings and seeking to win adherents. The decision at Potsdam to permit political activity inaugurates a new policy; up to then it was in the Schaef area an offence punishable by a Military-Government court for Germans to engage in party political activity. It is, of course, too early to estimate the effect, or even the usefulness, of such activity. With the functioning of a German local administration, it is an essential step leading up to the holding of elections. In the new local administration, officials will emerge who can act as leaders of the communities. It is, however, necessary that the Germans should be encouraged at the same time to take an interest in local politics by means which differ according to localities. Various experiments have already been made, such as the formation of citizens' committees and the appointment of voluntary part-time officials to maintain liaison between the local administration and the population.

After what is described by the Potsdam agreement as "the successful application of these principles to local self-government" it is stated that the aim is to introduce into "regional provincial and state (*land*) administration" as rapidly as possible "representative and elective principles". While this is obviously a desirable aim, since it is ultimately intended to bring Germany into the family of nations, it would seem that this stage will not be reached for a long time. The reason is that the political development of the Germans depends on their good behaviour, and on their re-education in democratic principles, through which alone a genuine change of heart guaranteeing good behaviour can come.

In the light of the above observations on the decisions at Potsdam, and on the experience of Military Government, it is now possible to lay down the main lines of the political treatment of Germany. In the first place, the economic life of Germany and the solution of important administrative problems such as food and transport will be much more important than the activities of political parties. The economic future of Germany will be discussed in a forthcoming article; it is, however, obvious that as long as food supplies and other forms of essential production are at the famine level, political development in the sense of the emergence of a lively self-government is unlikely. Again, so long as the Germans do not realize that, having lost the war, they must pay and at once for the ruthless warfare they have carried on, so long must the setting up of any responsible German

Government even at the regional or provincial level wait. The Germans will have to learn how much they have earned the hate of the world for their atrocious acts; and they will also have to be genuinely convinced that such odium is well merited and that the consequences in loss of territory and of economic production are both just and irreversible. These lessons will be difficult for the Germans to accept whole-heartedly, but until they do it will be impossible for them to have any effective political independence. That is why the occupation of Germany must be planned for a long time; twenty-five years is probably the absolute minimum.

EDUCATION MUST PRECEDE EMANCIPATION

THE Potsdam declaration repeats the policy that has appeared in every army directive on Military Government since long before D Day, namely that the Nazi party and all its institutions should be completely extirpated; that all Nazis of any importance or prominence should be excluded from public or business life; that militarism in all its forms should be destroyed; that all laws which discriminate on the ground of race, politics or religion should be abolished, and that the judicial system should be re-established on democratic lines. These objectives, many of which have already been reached by the Military Government, are not the really difficult part of the German problem. The revulsion from the Nazis who lost the war, the failure of their system to achieve the prize of ruling the world for 1,000 years, make it easy for the majority of Germans to co-operate with Military Government in denazifying Germany and undoing the work of National Socialism since 1933. The hard task in the re-education of the Germans is to get them to abandon militarism, to persuade them to give up the idea of a war of revenge, and to reconcile them to the idea of a truncated disarmed Germany. Even among anti-Nazi Germans in Germany or among refugees in Britain and the United States there is opposition, and the threat of trouble for years to come, arising from the cession of East Prussia to the Poles or the expulsion of the populations of the Sudeten land to a diminished Germany. If this feeling exists powerfully among some of those who have risked their lives and their all to fight Nazism, how much more is it to be found among the mass of the German population, who until his final defeat willingly followed Hitler in his bid for world domination. This is the reason why the permission to German political parties to function is, until the German spirit changes, of comparatively little importance. That is why the economic control of Germany and the measures taken for the re-education of Germany are of greater importance than the fostering of German political life. Through efficient economic control, for which an able German local administration is necessary, there will be achieved the objective of disarming Germany and thereby preventing yet another period of aggression, and the aim of making the Germans repair as far as possible the ravages of war for which they are responsible. Through re-education the difficult task of transforming the whole German aggressive environment must be attempted. Part of this programme of re-education consists in encouraging the development of democratic institutions, but not to the extent of giving the Germans any

real power until it is certain that they are willing to take their place among the peace-loving nations without any reservations as to the use of force to reverse the consequences of their defeat. The announcements on August 6 of General Eisenhower and Field Marshal Montgomery implementing the Potsdam decisions show that this will be the policy in the American and British zones. Emphasis at this stage is placed on the reopening of schools and the restarting of elementary education, together with the restoration of a free press. Elections and party activity are rightly regarded as coming later. Article 10 of the Potsdam declaration states that the formation of free trade unions shall be encouraged. This is another departure from the principles laid down by Shaef, which forbade the formation of trade unions until express permission was granted by Military Government. Here again, as in the case of the activities of political parties, the permission which is to be granted by Military Government will not amount to much, since the aims of Military Government will for the time being prevent either trade unions or political parties from exercising any real power. As long as the needs of the occupation armies cannot be met out of German production, and as long as the whole of that production will be devoted to satisfying those needs, and to providing the German people with the very barest essentials of life, there is no place for an effective trade-union movement. In the same way, as long as there is no German Government and as long as the persons on whom Military Government relies for administration have the position of officials, there is no scope for effective party activities.

To sum up, the Potsdam declaration has little that is new except the permission to political parties to conduct activities, the promise of local elections and the formation of trade unions. While these are a valuable step in local democratic self-government they are not likely for some time to have any positive effect, since power will continue to reside in the Military Government, acting through German officials not chosen on a party basis but on a system of trial and error. In the British and American zones some regard has been paid to the political affiliations of these officials since they determine to some extent the confidence which the local population will have in them. The fact that the Russians had allowed the so-called "democratic" parties to function made it inevitable that this latitude should be extended to the other zones. In the Russian zone four parties, the Communists, the Social Democrats, the Liberals, and the Liberal Catholic party, had already issued a united-front manifesto. It is likely, however, that party cleavage will develop on lines different from those which obtained before the war. Such issues as federalism, separatism, and collaboration are likely to cut across the old party divisions. However these parties develop, it is, as stated above, essential that before they can be entrusted with any power they must give convincing proof of a change of heart on the part of the Germans. The conclusion to be drawn is that the Allies should, until they are satisfied as to the new German spirit, continue to control Germany through a German administration of officials and not through a German central or provincial government based on political lines.

JURIDICAL STATUS OF THE ADMINISTRATION

IF, as is to be hoped, the Allies are very cautious in re-establishing any German government, the legal consequences of the emergence of German sovereignty or its exercise by the Allies will undoubtedly be both interesting and controversial. The extent to which the Control Council will be treated in foreign countries, whether Allied or neutral, as exercising all the functions of the German State will differ according to the interaction of the political and legal decisions in those countries. Though these fine points may be of interest to the international lawyer or to the theorist on sovereignty, the simple principle is that the Allies have sufficient power both actual and legal to do everything that they want in Germany. The war being over they are not bound by the limitations on an occupying army; they are free if they wish to cede German territory, to conscribe any Germans, including all prisoners of war whether captured after or before V Day, for labour of a nature or in a place inconsistent with The Hague conventions protecting prisoners of war (e.g. to clear minefields in the liberated countries or on the Japanese front); and to enact any German legislation they wish, including laws dealing with status or purely domestic matters. Outside Germany these rights may not be universally recognized for political reasons, but they will form the legal basis for recovering Nazi assets in foreign countries, and for the seizure and occupation of German Embassies, Legations, and other German government or corporation (in the American sense) property abroad.

The rights set out above are implicit in the declaration made by the Allies after the surrender. The fact that the Potsdam declaration states that for the time being no central German government shall be established confirms the view that all the rights of the German State have been taken over by the Allies, including the right to cede German territory. Doubtless in order to make all argument to the contrary useless, the ultimate peace treaty with whatever German State is allowed to emerge will contain a ratification of all the acts of the Control Council. Already a substantial amount of German legislation has been issued by Military Government. The Nazi party and its organization have been abolished; those activities of the party, such as social security, agricultural loans, &c., which were of benefit to the German economy have been transferred to other organizations. All anti-Jewish laws and administrative practices have been repealed; party courts, cruel and excessive punishments, and any legislation directed against the Allies have been abolished. This is only clearing the ground for the creation of conditions in which the re-education of Germany can have the best chance. This re-education will depend on the complete reorganization of the whole educational system taken in its widest sense, on the dispensing of impartial justice in the Military Government courts, on the stern punishment of convicted war criminals, on loyal collaboration with the Allied authorities in the administration of Germany, and on the emergence of political and religious freedom. This will all take a long time, since it will be the aim of all Germans to minimize the consequences of defeat. The result must be a long and thorough occupation of Germany.

NEW MEN IN THE UNITED STATES

THE PRESIDENT

THE United States is in the midst of a political miracle. That miracle is the making of a new American President. And the results have been so encouraging that we are all wondering whether it is not too good to be true. But the evidence is clear. Harry S. Truman is a representative American. He more nearly represents a composite of our national character and viewpoint than, perhaps, any President has ever done. He is politically shrewd and experienced. He has a remarkable calm and poise. He is patient and tolerant.

Mr. Truman does not have the polish and cultivation of many statesmen. He has no grand manner. His education has been simple and pragmatic. Most of it has come in the ten years since he became a Senator. During that period two big things happened to him: as head of the Senate Special Committee to Investigate the National Defense Program he learned more about our organization for war than any other person except President Roosevelt, and, possibly, Harry L. Hopkins. Second, Mr. Truman and his wife became very much interested in the Moral Rearmament Movement. Whether that interest still persists, this correspondent does not know. But quite evidently the invigoration given Mr. Truman's religious thinking is very pertinent to his policies to-day. He has become a kind of practical idealist, with a deep determination to seek the right and choose a God-directed course. Thus he is a man of persistent goodwill and spiritual *élan*. Mr. Truman is scarcely an evangelist. He is no religious zealot. But his deep and persistent turning toward God is important.

A third element should be mentioned. Mr. Truman is a sage politician, which means that he is a shrewd judge of men and events, an amiable consultant, a brisk and facile negotiator. His experience has all been in this field. He is, moreover, a quick and decisive man. He is able to make up his mind briskly after hearing the evidence, and, while he is firm, he is not beyond changing his conclusions as events unroll.

Mr. Truman is very close to middle-of-the-road. He has supported most of the domestic reform measures of the New Deal. But he is no New Dealer. He has already considerably altered the methods and men of the New Deal. But he would arrive at the same objectives. We are likely to see the same basic trends of Roosevelt policy continue, but with a change in tempo and atmosphere.

In foreign policy Mr. Truman has already shown to the world that he intends to follow the channels so clearly charted by his predecessor. As the difficulties of diplomacy with the Soviet Union began to protrude in the early days of the San Francisco Conference, he was unerringly sound. He is perfectly clear in his conviction that peace depends upon a reasonable working arrangement with Russia. He believes that, with firmness and vigor, as well as with patience and tolerance, it will be entirely possible to arrange

things with Moscow. He lays emphasis upon the value of trying to see things from the Russian point of view.

Marshal Stalin and Mr. Churchill must have found President Truman to be a "typical American". President Roosevelt was not typical, by any means. He was very much the cosmopolite. There are thousands of men *like* Harry S. Truman in the great American midland cities. They have his goodwill, his directness, his brand of idealism, as well as his laconic realism. Some of them might well have his dignity, his poise, his modest but assured acceptance of responsibility.

President Truman's American-ness explains, in part at least, why he has been already, and is likely to continue to be, very successful with Congress and with public opinion. He will not hesitate to lead the nation, he will not wait for the mass to move, but when he does lead he will do so in a manner which is thoroughly comprehensive and no doubt persuasive to the general group. He will not get out of touch with the people. He will speak in their language, move ahead but at their tempo. He is likely therefore to be a very useful President, a successful President, and no doubt a "great" President measured by the standard of achievement. He is not "great" in the sense of personal brilliance.

The overwhelming ratification of the United Nations Charter, which can already be forecast, is largely a result of the confidence the nation has in the new President. It is, of course, also a result of the inevitable course of events: the grim warnings of the war, the wise and realistic form of the Charter itself and the gradual world-awakening of American thinking. But if President Roosevelt had still been alive, the accumulated grievances of thirteen years in the White House would have made something of a political problem. The change has cleared the charged air. At this critical hour in world history, a President with a political "honeymoon" before him comes on the scene. Nothing could have been more timely.

Mr. Truman's action—when relations with Russia got thick at the start of the San Francisco Conference—in sending Harry L. Hopkins straight to the Kremlin showed a very sure touch in this most delicate of diplomatic problems. By sending Mr. Hopkins, he announced that he did not intend to break with Mr. Roosevelt's policies, commitments, or even methods. Since the Russians had every reason to trust Mr. Roosevelt, this was a good beginning. Mr. Hopkins was no stranger in the Kremlin. He had been there in very dark days. So he was the very man to negotiate away the irritating issues which threatened San Francisco. It is significant that Mr. Truman did not fancy the job could be done with Mr. Molotov. He went at once to Marshal Stalin. And his greatest present regret, it can be authoritatively stated, is that the language barrier prevents him from talking out problems with the Marshal over the transatlantic telephone as freely as he is able to discuss matters with the British Prime Minister.

THE SECRETARY OF STATE

THE appointment of James F. Byrnes as Secretary of State is another important augury. When Mr. Truman went to the Democratic Convention in

Chicago last summer he carried in his pocket a speech he intended to make, nominating Mr. Byrnes for Vice President. If organized labor had not objected to Mr. Byrnes, whom it considered too conservative, he would have been President to-day. Mr. Truman, who was the "dark-horse" choice as Vice President, retained the highest regard for Mr. Byrnes, and at the first opportunity has made him Secretary of State.

"Jimmy" Byrnes was 14 years a Representative in Congress, 10 years in the Senate, 16 months a Justice of the Supreme Court and for about the same period "assistant President" to Mr. Roosevelt in charge of organization of the war economy. That is a tremendous background in American government. It is not particularly a preparation in the technical field of foreign policy. Yet, as British parliamentary history has shown, the greatest foreign secretaries have not necessarily been the men most steeped in foreign affairs, but the men who most authoritatively represented their country.

Mr. Byrnes has surely learned much of American government. As his name shows, he is of Irish descent. His mother was widowed and impoverished before his birth in the aristocratic old town of Charleston, South Carolina. She was forced to leave her son in large measure to the upbringing of others. He was reared in a southern Protestant family, and had to learn stenography and go to work as a court reporter at an early age. He was politically apt, and at 30, a very youthful age for the United States, was elected to Congress.

By the time Mr. Roosevelt came to the White House Mr. Byrnes was an important connecting link between conservative southern Senators and liberal urban Democrats. He was *persona grata* with both groups, and hence of immense service in putting through Roosevelt legislation and maintaining party cohesion. The late President was very much devoted to him. He found Mr. Byrnes perhaps the most valuable single unifying factor within the Democratic Party.

Several big tasks now face Mr. Byrnes. First, he must do his part in the crucial personal diplomacy which opened with the meeting of the Big Three in Germany. Second, he must reorganize the antiquated, warped, ill-equipped and inhibited State Department. Third, he must be an important cog in the Cabinet group which will run the American government.

For the task of personal diplomacy, Secretary Byrnes is well qualified by temperament and aptitude. He is not greatly fortified by specialized knowledge. But he was an able participant in the Yalta Conference. Thus, like Mr. Hopkins, he must be to the Russians somewhat of a link with the group of Americans they knew and trusted. On his early return from Yalta, Mr. Byrnes gave the American correspondents and the Congress an extremely sagacious and lucid summary of events there. Mr. Byrnes can "find a formula" if anybody can. He can state a case persuasively and forcibly. He can think on his feet and in conference. He is witty, reasonable, patient. His personality is most engaging. He is not pompous. His shirt is not stuffed. He is undoubtedly far better equipped for the job than Cordell Hull was in 1933, when he became Secretary of State. In fact, Mr. Byrnes is quicker and more direct, lucid and forthright than Mr. Hull ever was.

Otherwise, his broad orientation is very similar to that of Mr. Hull. Both are Southerners, with a touch of the Wilson tradition and of free trade about them. So, all in all, Secretary Byrnes should be an able collaborator at Potsdam or the Kremlin or Downing Street or wherever he has to go. He will do a skilful job.

As to the reorganization of the State Department, much remains to be seen. Apart from the transcendent necessity of handling our Big Three relationships successfully, the complete house-cleaning of the State Department is the paramount task before Mr. Byrnes. The department was just "reorganized" by Mr. Stettinius with the appointment of a new Under Secretary and assistant secretaries. But it was a singularly contradictory and confusing job, for which Mr. Roosevelt has to bear much of the responsibility.

Now we shall see what Mr. Byrnes can do. Actually, the job has to be done from the ground up. Soon he should get legislation through Congress authorizing adequate State Department salaries. Always in American history a private income has been necessary to hold most State Department and embassy jobs. That has meant that ability was secondary to inheritance. Other branches of the government have been able to draft genuinely able men for brief tours of duty. But the State Department jobs had to be on a career basis. Thus very few men of outstanding ability came to hold them. They were in no adequate sense representative of American genius.

A good career service cannot be created overnight. Mr. Byrnes's job can only be accomplished in a generation, but if he sets a pattern the country will owe him a great debt. There is something to build on. The Department is not utterly devoid of talent. In the lower ranks there are numerous men of ability. But they need reinvigoration from the top. And much improvement can, naturally, come quickly. Some of the dead-hand reactionaries can be cleared out. Able young men can be recruited. Some of them can be given authority. They will soon learn their way. Such men have done perfectly well in the diplomacy of Lend-Lease, or the Treasury Department, both of which agencies have gone into foreign fields staffed on a very much higher level than the State Department has been.

It remains to be seen, naturally, just how far Mr. Byrnes, the middle-of-the-road man, really wants to go in clearing out conservatism. But his whole experience is on the side of realism and efficiency. Even if we do not sweep away all the cobwebs of conservatism, it will be a great deal to have efficiency. The test, perhaps, will be whether State Department policy toward Argentina and Spain stiffens. If at last the whole Department—not simply Mr. Hull—begins to be able to tell the difference between friend and foe in the great world cleavage, then we shall really have cleaned house. If the Department gives authority to a few of the individuals whom it used to call "prematurely anti-Fascist" then the millennium will have arrived. That is far too much to expect. Most Americans would settle for efficiency and the common touch in the State Department. That there is some chance of getting.

THE CABINET

MORE significant than all these specific tasks, however, is the shape of the whole. President Truman is building up an entirely different kind of Cabinet than we have seen for many years. Being a modest man, aware of his own limitations, he is setting up group government. It is a group, moreover, made up of Congressional veterans—of men who have served long in Congress, and are well trusted by it. At the President's right hand will be his deeply admired friend, Mr. Byrnes. Next down the line of the Cabinet will be Fred M. Vinson, Secretary of the Treasury. Mr. Vinson, like Mr. Byrnes, has followed a long and useful Congressional career with several years of responsible administrative service. He has specialized in financial affairs. Thus he brings expertness, administrative skill and the confidence of Congress to the Treasury.

Farther along in the Cabinet, the President has already made four more replacements. Two of them, likewise, are old Congressional colleagues: Clinton P. Anderson as Secretary of Agriculture and Lewis B. Schwellenbach as Secretary of Labor. Only in the office of Postmaster General, which for years has gone to the chief party organizer, and in that of Attorney General, which calls for an active lawyer, have non-members of Congress been appointed.

These men will not be rubber-stamps of a President. They will be full-fledged department heads, taking over important delegated duties. Mr. Truman will not be his own Secretary of State, or of the Treasury, as Mr. Roosevelt was. His new appointees will develop policy, it will be cleared with the President and in the full Cabinet, and they will carry it out. Much authority and free rein will be left in their hands. Moreover, Congress will give them authority and confidence, and the funds they need.

Thus we may look forward to several years of American government wherein the Cabinet is more independent of the President, and at the same time more closely co-ordinated with Congress, than at any time for many years. It ought to be a period of great unity between the executive and the legislative branches of government. It ought to be, indeed, because Congress has now taken over the executive. This unity should be productive of progress. It will not be progress of the Roosevelt type, in which great strides into new fields of social legislation are made. But it should be great progress in consolidating, perfecting, and effectively administering the legislation that has already been enacted.

THE WAR AGAINST JAPAN

THE United States is still gripped in a vast war program—the war against Japan. Our immense establishment of troops is being re-deployed from Europe to the far Pacific. The most stupendous logistical operation of all history is under way. Tens of thousands of soldiers are arriving at our Atlantic ports almost every day. They are processed, released on furlough, and then many of them are being re-equipped for Pacific warfare. Meantime, our Navy grows steadily and our air forces are rapidly intensifying their bombardment of Japan. An inexorable and imposing tide is rolling toward one goal: the destruction of Japanese militarism.

We do not know quite how difficult the job may be. The blockade already laid down against Japan is severe. The fire raids, and the pin-point bombings, have done fearful damage. But we are far from sure that bombing and blockade will bring Japan to her knees. The assumption has been that landings, and possibly costly land campaigns, would be inevitable. After the toll of Okinawa, however, we have been wondering whether we must pay the highest price.

Therefore, the present expectation is that bombardment and blockade, raised to still higher intensity, will follow for some months. Undoubtedly we are making swiftly advancing preparations for landings in Japan and on the China coast. But there is a widely expressed hope that these landings may come at such time and in such tactical strength as to avoid the penalties of Okinawa. Certainly the Navy, which is paying an admittedly high price for the Kamikaze attacks, would like to cut the cost.

We are somewhat encouraged at the success of the American trained and equipped Chinese divisions, and hope to multiply them. T. V. Soong's consultations with Marshal Stalin in Moscow are also encouraging for civil settlement within China. But all these peripheral factors do not themselves strike at the central core of Japanese resistance. That, we fear, will have to be done with tanks and flame throwers and bayonets and grenades and machine guns, on the beaches and in the caves. We can only hope to reduce resistance—before we land—to the point where the toll will not be so desperate as the price we have paid all too frequently across the Pacific.

THE FURTHER OUTLOOK

WITH the ratification of the United Nations Charter, with our continued participation in the political meetings that are shaping a world's destiny, it is encouraging to note some signs of maturity. Our people have come a long way. Our leaders have taken their stand on the thesis of "one world".

Our major problems are not to-day of world relationship, but of adjustment at home. The threat of social and economic discord is not far beneath the surface, and merely awaits the pressure of unemployment to bring it to an acute crisis. The virus of racial hatred which spread across the world has not yet been purified among us. We are not mature in our labor relationships.

In a year or two, the great challenges to President Truman will be not alone the political peace conferences in Europe and Asia. They will be the perils of adjustment within the United States. He is evidently preparing for that day. He has fixed his policy position somewhere near the center. Labor is not happy about the result, for its influence within the government is far less than in the days of Mr. Roosevelt. The balance of forces is very even. Government will speak, one may hope, for the people. Labor and capital will both have to recede from present extreme positions. We live in strenuous times, and the end is not in sight.

United States of America,
July 1945.

STRATEGY OF THE WAR. XXIV

A FAR EASTERN APPRECIATION

This review of the course and of the strategic conceptions of the Japanese war was written before the use of the atomic bomb; and on the assumption that it would not be used. The text is given practically as it was written, since it outlines the development of the Allied campaign and may therefore possess some historical value.

When the writer says that he had assumed the atomic bomb would not be used, he does not mean to take sides in the controversy about whether it ought to have been used. That question is not relevant to an article on strategy.

IN the revulsion of feeling after victory in Europe, it is rather tempting to view the war against Japan as a minor affair—a sort of North-West Frontier incident, important enough to the people on the spot, but appropriate to paragraphs on the back page of the newspapers at home. That has never been the view in the United States; and it is not a view which is anywhere justified by the facts. Though it is quite true that the Japanese would probably never have embarked on their adventure in December 1941 if the Germans had not seemed to be winning, they were never merely a German satellite. Indeed in some ways Japan is intrinsically an even more formidable Power than Germany.

There are more Japanese than Germans; and they are more homogeneous and fanatical. This means that their army is as strong—it numbers about six million men—and composed of better soldiers. Take, for example, the most recent engagement in Burma, when the Japanese were trying to break out eastwards over the Sittang river. Nine thousand dead were counted, and the prisoners numbered 3,000, mostly sick and wounded. Had the Germans been in the same fix, the figures would probably have been reversed; but since we were dealing with Japanese, the figure of prisoners was considered astonishingly high, previous experience having shown that the Japanese commit suicide rather than surrender.

Before the war the Japanese Navy was the third most powerful in the world. It has been gradually destroyed or immobilized by air power, but that could not be foreseen in 1941, and would not have happened but for two factors. The fleet was called upon to operate at immense distances from its bases and where effective air cover could not be supplied. Indeed, the weak point in the Japanese calculations seems to have been the failure to provide any proper proportion of carrier-borne aircraft. The Americans grasped sooner the fact that a modern fleet is very largely a mobile aerodrome; and the second main cause of the destruction of Japanese naval power is the incredible number of aircraft carriers with which an American fleet is supplied. One fleet alone—that operating against the main Japanese islands—can put over 1,000 aircraft into the air simultaneously, and is reported to include 100 carriers.

The Japanese did not neglect the rise of air power. Generally speaking, both their machines and their pilots are good; and they have employed novel tactics. For example, the suicide planes which they have employed recently have not been ineffective. If there had been more of them, or fewer Allied ships, the effect of these suicide tactics might well have been crippling. As things are, the number of men whom even the Japanese can train and devote to certain death is limited. Probably, as in all air forces which indulge in stunts, the irreplaceable cream of their air force has been skimmed off and the quality of the whole has suffered irreparably for no permanent result.

In the air and on the water, therefore, the Japanese power is but a shadow of its former self. That is the price which Japan has paid for embarking on a major war with an insufficient economic and industrial background. So far as food is concerned, the Japanese soldier is notoriously unexact and can live on almost any country. The Japanese economy, however, is largely dependent on imports. No doubt considerable stocks were accumulated before the war began and while sea transport from the territories overrun was virtually unhampered. But now that command of the sea has been lost, together with most of the original merchant marine, Japan can only live on her stocks, and she cannot live on them very long. In addition, her industrial regions have now been exposed for some months to continuous and increasingly severe air bombardment. It would be a mistake, as we now know from an examination of Germany, to imagine that armament production is at a standstill; and a great deal of Japanese production is in Manchuria, which, until Russia joined in, had been only lightly attacked; but it must be severely curtailed, and it never was on the German scale.

STRENGTH AND DISPERSION OF THE JAPANESE ARMY

THE Army was originally equipped for the job it was designed to do. This consisted of skirmishing in China and jungle battles elsewhere. The Japanese Army is therefore not mechanized in the European sense, and its armament though ample is light. Some part of its early victories was due to this very fact, since in the islands, Malaya and Burma it was far more mobile than its opponents. In parenthesis, this statement is not intended to deny the effect of surprise. The disaster at Pearl Harbour on December 8, 1941, was inflicted by something under 200 Japanese aircraft, owing to the fact that the Americans were caught napping.

To return to the Army, it is still practically intact. In nearly four years of war its casualties (including a mere guess for the total incurred in China) have been certainly under a million, so that numerically speaking recruits have far surpassed losses. It is, however, strategically even worse deployed than the German Army in 1944. About 2,000,000 men are in China—half of them watching the Russians. Between a quarter and half a million are in Burma, Malaya, Indo-China and the Dutch East Indies. About as many more are in the other Pacific islands. Assuming therefore that the main Allied assault is to be directed against the home islands, over half the Japanese strength must be absent from the battlefield. A very formidable force will, however, be there; and it remains to be seen whether the extremely feeble reaction to air and sea

attack is a deliberate attempt to reserve everything for the day of invasion, or reflects weakness in equipment. There cannot be weakness in numbers. Suppose that the Allied troops which landed in Normandy on D-day had had to face not 50 divisions, many of them mediocre, but 150 good divisions; suppose they had had to travel not 100 miles but 2,000 miles; suppose that they had found not a 100 per cent friendly but a 100 per cent hostile population—on these suppositions some idea can be formed of the task of invading Japan directly.

PROSPECTS OF THE FINAL ASSAULT

THOUGH the Japanese repeatedly give out that they are expecting this invasion, the Allies are by no means committed to it. Indeed the strategy they have so far pursued and the stage which it has reached gives them the choice of several plans. Let us first of all deal with the operations which have no bearing, or only a minor bearing, on strategy. Credit belongs to the Australians for inflicting the first defeat on land on the Japanese when they saved Port Moresby, and their counter-offensive (with American support in the later stages) gave them back the whole of eastern New Guinea. Since then they have been engaged against Japanese garrisons—numerically not much, if at all, weaker than themselves—in western New Guinea, New Britain and Borneo. It is, of course, proper that the Australians should clear what is the outer perimeter of their own defences, and in so doing there is no waste of effort. But these operations have little bearing on the main assault on Japan.

Next come the operations of Admiral Mountbatten's men in Burma. Here again, a remarkable defeat has been inflicted on a Japanese army which, eighteen months ago, was swarming to the attack on India. This campaign has been valuable strategically. It has recovered great oilfields and—what is more immediately important—great rice-growing districts whose loss was partly responsible for the famine in Bengal. It has cleared a land route to China, though this is less of an achievement than it sounds because of the tremendous development of the air-transport route. When autumn comes, or even before the autumn when the monsoon is over, these forces may clearly be expected to shake the Japanese hold on South-east Asia and the East Indies and to avenge the disaster of Singapore. In certain contingencies, this work would have a bearing on main strategy in so far as it prevented the Japanese from withdrawing to reinforce their armies in China and deprived them of supplies. If the Japanese were wise, they would be withdrawing already. There is no reliable evidence that they are doing so; and it may well be that, as in Hitler's case, regard for prestige will cause them to make a lot of useless and strategically foolish sacrifices.

Coming now to the main theatres of the war, the pattern of operations is plain. The Americans have crept gradually across the Pacific to the Gilberts, the Marshalls, the Carolines, Iwojima in the Bonins, the Philippines, and the Ryukyus in that order. They are now well placed to deliver their main assault either against the Japanese in China or against the Japanese in Japan. Which they will choose is not necessarily disclosed by the present concentration of air and sea bombardment (in which re-deployed British forces are

taking a substantial part) against Japan proper. It seems more and more likely that the Allied blow will in fact be delivered at the heart of the Japanese Empire, but there are tempting arguments in favour of another course. A successful invasion of China would destroy nearly half the Japanese Army and would meet with a friendly population. It might not take very long. In the military sense, the Chinese masses, through no fault of their own, have so far had not much more than a nuisance value against the Japanese. The Chinese Communist Army has done no serious fighting for years. But during the past year Chiang Kai-shek has been engaged in reorganizing his army. Instead of a mass of indifferent divisions he may now possess an effective-fighting instrument of quite a few divisions properly trained, equipped, and disciplined. That is one force with which the Allied invaders would join hands. Meanwhile on the northern frontier looms the sombre and enigmatic cloud of the Russian Far Eastern Army. It will be remembered, as a matter of interest, that before the Japanese started the "Chinese incident" at all they satisfied themselves by outrageous provocations to the Russians along the Amur River that the latter were likely to remain on the defensive. But circumstances have greatly changed since those days. What has not changed is that Russian intervention would be quickly decisive.

These considerations presuppose, however, that the air offensive is a feint; and in all probability it is not. In scale and intensity it is, on the whole, greater than that which reduced Germany to chaos; and we know now what chaos that was. The instrument of the offensive up to August 6, when the atomic bomb was first used, has been mainly incendiary bombs—not the little fellows that were showered on London, but monsters weighing up to 800 lb. No A.R.P. services could possibly cope with attacks, each of which delivers several thousand tons of these bombs. That is the first sign that the Americans really mean business against the main Japanese islands. The second sign is the ferocious fighting for Okinawa, a large island in the Ryukyu chain which stretches between Formosa and Japan. The capture of this place took two months and cost a heavy price in casualties and in shipping. It is only 400 miles from the southernmost Japanese island of Kyushu; and it looks as if the Americans paid this price because Okinawa is the best advanced base for the building up of an invading army. It was formerly within the sphere of operations under Admiral Nimitz's command but has just been transferred to that of General MacArthur—another sign that land operations from it are contemplated. This remarkable commander will have his main base in the Philippines, and his advanced base on Okinawa. He has already collected there one whole army (the 10th under Stilwell) and three air fleets; and, as indicated later, the redeployment of the American armies from Europe has begun.

Moreover, every Japanese port and the strait between Kyushu and Honshu have been heavily mined, and this seems clearly another part of the process of disorganizing and immobilizing the Japanese defences. Lastly the combined American and British fleets have been operated close inshore; and probably have been deliberately trailing their coats in order to test the strength of the coastal defences. In spite of all this softening up and splitting up, enough

has already been said to show that an invasion of the main islands would be a far more difficult and hazardous operation than any so far undertaken in this war either in the East or in the West.

Ample forces are available, if they can be deployed. In the air, probably over 2,000 machines, land and carrier based, could be operated at the same time. On the sea, the British section of the fleet alone totals 400 warships. On land, quite apart from General MacArthur's original forces, the First American Army has been switched from Europe to the Far East; and if we are to judge from the size of the American contingent estimated to be necessary for the occupation of Germany, between 50 and 70 American divisions will ultimately be transferable from Europe to Asia. The difficulty will be to deploy them. Europe is sometimes tempted to think that too much shipping is concentrated in the Far East; and it is certainly true that lack of shipping elsewhere is the most serious single cause of the economic trials actual and forthcoming. But what has been said about the formidable nature of the task of invading Japan forces the objective observer to admit that the shipping claimed for the Far East is not too much. The sooner the job in the Far East is finished, the sooner the world's shipping can be properly redistributed.

HOW LONG?

How soon will that be? The writer personally thinks that the Japanese are even more determined than the Germans to drink the cup of defeat to the dregs. Such obstinacy is, of course, national suicide; but reason plays an even smaller part in the actions of the Japanese military chiefs than it did in the actions of the Nazis. The Allies have already tried to induce them to surrender by issuing a statement of terms which (as the Australian Government has critically observed) are rather less harsh than those imposed on Germany. But the old tag *quem Deus vult perdere, dementat prius* has proved true again; and the terms have been refused. Just as Hitler hoped to the last to be able to throw an Allied invasion back into the sea, so the Japanese have not given up hope of repelling an assault. They might lose hope if the Russians came in against them, but not at once. Indeed there are indications that they are concentrating their armies in China towards the north with the intention of fighting it out if the Russians come in; though they would stand no chance against the veteran and victorious divisions from Europe, equipped with overwhelming artillery and armour.

Mr. Churchill's last strategical pronouncement before leaving office was that the Japanese war might end sooner than had been thought possible. Some of the reasons for this optimistic view have been given above. We have reached the last minutes before the decisive hour in the Far East—the hour which will decide not indeed whether the war will be won but whether it will be won quickly.

POSTSCRIPT

SINCE the above was written, the Russian offensive against the Japanese army in Manchuria has been delivered, and its progress against forces hitherto intact and probably nearly as strong numerically as the Russians has fully

justified the contention that such an offensive would be decisive. It is most remarkable that an offensive on this scale could have been delivered only three months after the end of the war in Europe—the contrast between trans-Siberian mobility in 1945 and in 1906 is truly astonishing. The offensive seems to have been fairly general along the whole of the immense arc stretching from Outer Mongolia to Vladivostok; and the Japanese have been quite unable to hold the mobile artillery and armoured divisions which have overrun key sectors of their front. Whether they could and would have launched counter-offensives in due course will probably now never be known, since the use of the atomic bomb seems to have convinced the Japanese military hierarchy that further resistance would be futile.

As for the bomb, it is a truism to say that it has revolutionized strategy. Let us detail what it has done. Unlike any previous new weapon except the stratosphere rocket—a relatively puny affair—it can be said of the atomic bomb that no counter-measures seem possible except bombing the places where it is made and whence it is launched. Even if this or any less hazardous measures were conceivable, they could not be developed in time to be effective now; and it is the present that counts. For no previous new weapon in the whole history of warfare has been anything like so devastating—the nearest comparison is the plague which is reputed to have destroyed in a night the whole Assyrian army besieging Jerusalem. Two bombs—two only—caused between 300,000 and 400,000 casualties. In such circumstances, neither human courage nor any other kind of equipment counts at all. Warfare becomes literally intolerable to the side which does not possess means either of defence or of retaliation. All questions of strategy or of tactics become irrelevant. All defences, both material and moral, collapse. Provided that the aeroplane carrying the bomb has a base within flying distance of the target; that it cannot be or is not destroyed en route, a single atomic bomb can do over an area of about four square miles what the eruption of Mont Pelée did to the island of Martinique (when there was one survivor in a town of 40,000 inhabitants); and of course the area of damage and casualties on less than an obliterating scale is much greater than four square miles. It is, however, only fair to recall the fact that but for the bitter struggles of the preceding 3½ years, the Americans would have had neither bases so near to Japan nor an enemy so nearly on his last air-legs. It was this long and bloody preliminary work which enabled the atomic bomb to be launched with every chance of success. That does not mean, however, that such preliminary work will always or ever be necessary in future.

The final strategical development of the second world war is therefore such as to make all past strategy and tactics irrelevant and obsolete. It can only be hoped that an invention which has ended a war in approximately five seconds will make all wars impossible for at least five centuries.

WAR AND THE WEALTH OF BRITAIN

The following address, under the title SOME BRITISH POST-WAR PROBLEMS, was given to the Bond Club of New York on February 20, 1945, by the Hon. R. H. Brand, Representative of H.M. Treasury in the United States, and is published by permission of the author.

ECONOMY OF A SMALL ISLAND AT WAR

I SHOULD like to say to start with that when I chose as the title of my speech "Some British Post-War Problems" I had in mind economic and financial and not political problems, and I meant the problems of the United Kingdom alone and not of any other part of the British Commonwealth. I say that because the relationship financially, for instance, between the United Kingdom and other parts of the British Commonwealth is not always clearly understood. I remember, for instance, after the last war reading a book devoted to an examination of the resources of the United Kingdom in relation to the British war debt. In this study the assets, national income, and so forth of Canada, Australia and other parts of the British Empire were added to those of the United Kingdom in order to find the answer. When therefore I speak of the resources or the debts of the United Kingdom I am speaking of the resources available to and the debts due from the 47 million people who live in England, Scotland, Wales and Northern Ireland, and no one else. I have heard it said on occasions when the United Kingdom's external indebtedness is in question, "Well, anyhow, you needn't bother about what you owe India or other parts of the Commonwealth, because you are all one concern and you can make them do what you like." Nothing of course could be more incorrect. We can only pay a debt due for example to India, Australia, Canada or any of the Crown Colonies by the same means as we pay a debt due to any foreign nation or any other part of the world.

What I am considering, therefore, is the position of the United Kingdom alone. I do not intend to give you many figures. But I want to draw in large outline a picture of our position as it has been affected by the war, and there may be some advantage in painting with a broad brush. Let me begin by comparison between the five largest belligerents in this war—the United States, Russia, the United Kingdom, and Germany and Japan. The United States and Russia are both continents by themselves. They have immense resources, immense productive power of their own, and have been able to rely almost entirely on those resources, though of course they have had also to secure certain essential imports from other countries, and though Russia has also received very large assistance in the way of munitions from you and also from us. Germany is not a great continental Power like the United States and Russia, but it is a considerably larger land Power than the United Kingdom, and what it wanted from outside it has taken by force during the last four years from the vast territories which it has occupied. Japan has also

followed Germany's example and lived on China and its rich conquests in the south-west Pacific. What Germany and Japan have taken by force the United Kingdom has had to secure either by cash purchase, the cash being secured from the sale of investments or out of its current resources, by United States Lend-Lease, by Canadian Mutual Aid, or by arrangements with other countries to accept our sterling obligations, that is in effect by borrowing. It is very easy to understand how with the smallness of our island and the relatively very large population living on it we should necessarily end the war with very large obligations to other countries. Of all the great raw materials we have in abundance only coal. We have fought for ½ years a great war on land and sea all over the world, and we set ourselves to produce and have produced immense quantities of munitions as well. In normal times we cannot make our living out of our own country alone. We had before the war to import annually nearly £1,000 millions (at pre-war prices) of imports from abroad. And therefore we had to have very large exports. During the first 18 months of the war, when France was at first fighting with us, and then when we were alone, we tried to go on making our living and to export to the utmost as well as to fight. Towards the end of 1940, for instance, the British Government sent a mission to all the South American countries, on which I and others went, to try to increase our exports to that part of the world. But it was already obvious that difficulties of shipping, difficulties of getting the raw materials or the labour in England for exports, were too great. You may remember it was just about this time that my dear friend, Lord Lothian, explained to the American public that our external resources were becoming exhausted. Then Lend-Lease came to our rescue, and what with Lend-Lease and later Canadian Mutual Aid, and the fact that we were able to purchase imports from many countries, not against exports, but against blocked sterling, we were relieved from so extreme a necessity as to fight as we have done and keep up our exports as well. Particularly because of Lend-Lease we were able to divert many hundreds of thousands of extra men into the services or munitions. In fact as a nation we, so to speak, "went off to the wars" and left our business to look after itself.

WAR DEBTS OF THE UNITED KINGDOM

BUT the food, the raw materials, the ships, the munitions, which we have thus obtained from outside have not been the main cause of our great external indebtedness. That has been caused by our having had to finance the war, to put it briefly, from Gibraltar eastwards to Burma. Just as, apart from the European theatre of war, the war in the Pacific has been, apart from Chinese, Australian and New Zealand help—and no countries in the world have done more within the limits of their resources than they have—your burden, so our burden has been the Middle East, India and Burma, though it should not be overlooked that India herself has borne relatively to her resources a very great burden also, and though you have liberally aided us with Lend-Lease munitions. So far as we are concerned, however, it is the external expenditure in North Africa, in Egypt, in Palestine, Iraq, Iran, Abyssinia, and in India and Burma that accounts for a very large proportion

of our external indebtedness. You may say it has been the height of imprudence to outrun the constable so far in this part of the world. But should we have stopped Rommel if we had not done so? Moreover, there would have been no Burma campaign, and the position of India would have been very different from what it is and the Burma Road would never have been opened. I believe, therefore, you will be satisfied that we took the right course.

The total result of the war, so far as external finance is concerned, is thus as follows: First, the United Kingdom spent in this country out of its own and the sterling area's current earnings of dollars up to March 31, 1943, plus dollars obtained from liquidating investments, about \$6,000 millions. Since then we have continued to spend large sums out of our current earnings. For instance, the United-Kingdom-plus-sterling-area expenditure in the United States in 1944 is estimated at nearly \$1,300 millions. Secondly, we have spent in Canada all our earnings of dollars, and have found additional Canadian dollars by selling back to Canada sterling investments amounting to 700 millions of Canadian dollars. Thirdly, in addition to having had to liquidate other large amounts of foreign investments (altogether including United States and Canadian investments we have sold \$4,000 millions) the United Kingdom has incurred liabilities to other countries which calculated in dollars amount to about \$12,000 millions, and of course we are still incurring liabilities, particularly in the Middle East and India. I may add that we on our side have also done our best to assist our Allies. The Reciprocal Aid we have given to the United States up to the end of September 1944 amounts to over £700 millions (\$2,800 millions). In addition we have given in Mutual Aid to our other Allies about £490 millions (\$1,960 millions). Since your national income is from four to five times as big as ours, you have to multiply these figures four or five times to represent an equivalent strain on you. Anyone who cares to make this simple calculation for himself will see that the United Kingdom has also played its part in Mutual Aid.

The result is that almost every other country (leaving out of account North America), whether it be Portugal, Sweden, Switzerland, the South American countries, India, the Middle Eastern countries, the Dominions, or the Colonies, such as East and West Africa, Ceylon and so on, will have improved its creditor position and in every case we shall be the debtor. As, with the exception of certain neutrals, they are almost all United Nations, even those who have not shared with us in the actual fighting will have the satisfaction of feeling that the debts we shall owe them will have enabled us to help to bring their cause to victory. This indebtedness, which, unlike a commercial debt, has left behind it no productive assets, can clearly only be redeemed over a long period of time. You are all quite well aware of the great difference between an internal and an external debt. In the case of an internal debt, the real sacrifice has been made at once. If, for instance, we build a locomotive in England, we have expended the labour and material at once. We have made the sacrifice represented by the total effort required. What remains is a debt within the community. It is all in the family. If we borrow money abroad to buy a locomotive abroad, we must expend labour,

material and effort in future to repay our debt by exporting some material article of equal value. The burden remains for the future. In other words, it is out of future exports only that we can repay our debts.

THE NEED FOR EXPORTS

THE help we have had from outside has enabled us completely to distort our peace-time economy. The 47 million people in the United Kingdom have been mobilized for war to a point beyond which it would be impossible to go, and beyond perhaps what even Germany has been able to do. Out of 33 million men between 14 and 65 and women between 14 and 59, 22 million are in the services or in industrial employment. This is far higher than anywhere in the services or in industrial employment. This concentration of effort is directly due to the fact that we were able to rely so greatly on outside assistance. We have abandoned, as I have already told you, most of our export trade, and in volume in 1943 our exports were only 29 per cent of what they were in 1938. We have got to build our export business up again, and indeed greatly increase it, and till we do so we shall not be able to make both ends meet. Notwithstanding your huge war production, you have managed not only to keep up and increase your civilian consumption, but to keep up also to a far larger extent than in our case your pre-war commercial exports. This is certainly an outstanding feat, but, mobilized as we are, it is far beyond our capacity. Meanwhile, if the war stopped now, our exports would be only one-third of what they were in 1938. It is generally estimated indeed that in order to balance our external income and expenditure (excluding external debt service) we shall have to raise our exports to 150 per cent in volume of the 1938 figure or five times the present figure. This is because we have lost invisible exports in the way of income from investments, shipping and so forth.

Our exports in 1938 and at 1938 prices and expressed in dollars amounted in value to \$1,880 millions, or if calculated at present prices, that is at, say, 180 per cent of 1938 prices, to \$3,384 millions. An increase of another 50 per cent in volume would in terms of money bring the figure to about \$5,000 millions. In 1944 they were over \$1,000 millions. It must be borne in mind, however, that this latter figure would in any event be very rapidly increased after the end of the war. The world is starved of goods, and if we were able quickly to reconvert our war industry to produce them, we could no doubt in a short time secure a very great increase in exports. Thus a rapid reconversion of our export industries as soon as war conditions permit is of the greatest importance to us.

You will see, therefore, that both our main external problems join together in emphasizing our need for exports. We want them first in order to live; we want them then to repay our indebtedness. We shall no doubt make every attempt, notwithstanding our urgent needs, to reduce our imports to whatever extent they are not essential, since to pay our way and to be independent financially must be our very first aim. But in the main our imports represent essentials for life and industry, and it is questionable how we can compress them.

For an authoritative statement of how the British Government looks on these questions I cannot do better than quote to you a few sentences from a speech made by the Chancellor of the Exchequer in October last:

"Finally," Sir John Anderson said at the end of his speech, "I want to say a very brief word about our external financial position after the war. We shall emerge with heavy overseas obligations, but at the same time our credit throughout the world will stand very high. I hope I am not being unorthodox in suggesting, at such a gathering, that the basis of national credit is the character of the people, their courage, their determination and skill, and above all their productive efficiency. I do not think that anyone need be apprehensive about our possession of these real assets. Now that means that our financial indebtedness can be translated into physical terms of production. I tell you, and I speak under a sense of responsibility, that I believe we can see our way through. We can meet our obligations in a realistic way: that is by producing goods that other countries will want. The process will take time, but it depends in the main, not upon skilful financial adjustments, but upon the willingness of our own people to recognize that, as they fought their way to freedom, so they can work their way to security and progressive improvement in all their material conditions. It depends also upon recognition by our creditors that they have a common interest with us and must collaborate. They must be reasonable and not seek to treat war debts on the footing of ordinary commercial obligations. Practically the whole of our external obligations incurred during the war are to our Allies and associates in the war. We have incurred a debt to them—but have they not also incurred some kind of a debt to us which they too can pay, by their confidence in us which has stood a much sterner test and by their practical co-operation with us?"

A MORE PRODUCTIVE FUTURE

To this authoritative statement by Sir John Anderson I should like to add some general comments of my own. First of all I wish to stress that the significant and fundamental characteristic of the present age is the greatly increased possibilities of wealth production, which applies, or can be made to apply, to the whole world. In the great industrial countries the production of wealth, it is estimated, increases yearly by some 2 per cent or 3 per cent. In other words the production of a nation over 10 years should be up by 20 per cent or 30 per cent. This is the vital factor which, notwithstanding the war, should enable the standard of living to be gradually increased everywhere and with it, of course, given reasonable conditions, international trade. This is the first point to bear in mind.

In the second place you should remember here that our exports, while a vital element in our own problem, represent a very small proportion of our total national production and income, something between 2 per cent and 3 per cent now, I think, and normally about 10 per cent. With increased wealth production we should have no difficulty at least in producing sufficient exports of the kind needed by the world, and I believe at the right price and of the right quality.

In the third place it is clear that, so far as the needs of our creditors are concerned, we shall have a market. They will not have to pay their own currency

for them. They will use their sterling balances to buy them. But of course a debtor who has not enough to eat and is out of work is not much of a debtor—we must therefore export enough to buy our essential imports first, in addition to what we can export to meet the needs of our creditors.

CONDITIONS OF RECOVERY

FOURTHLY we come down therefore to our ultimate problem, namely, how we are to find a sale for what I may call our ordinary exports up to an amount 50 per cent greater than in 1938. The first essential is, of course, our own efficiency, so that we can compete in quality and price with other nations. This is our own job. I have no doubt there is much to be done, particularly with certain great industries, for example, coal-mining and cotton textiles. In the case of other great industries we are well able to compete. When put to the test in the war we have not failed to show the necessary efficiency and I have no doubt we shall succeed in future. The second and final essential is that there should be a good foreign market, indeed an expanding foreign market. We cannot *by ourselves* insure that such a market will exist. It depends on the rest of the world and how things go. If it were necessary to assume that international trade, namely, the total trade of the world, cannot be increased beyond, say, the 1938 standard; if, in other words, the cake can get smaller perhaps, but can never get larger, then our task will undoubtedly be very difficult. For, *ex hypothesi*, if in such circumstances we increase our export trade by 50 per cent, all others together must decrease theirs by the same amount.

But, as I have pointed out, there is absolutely no need for the size of the cake to be limited. There are endless unsatisfied wants in the world and also a capacity for increased production of wealth with which to satisfy them. Thus under favourable conditions total international trade ought greatly to increase. In that case our exports would increase and yours too and everybody else's. To put it shortly, the more we export, the more you export. Exports are imports and vice versa. It depends on the end from which you look. We all grow rich or poor together, and foreign trade like internal trade is simply the mutually beneficial exchange of goods and services. Forgive me for these elementary remarks. We all know they are true, but we often forget them in practice. If foreign trade does greatly increase, our own problem becomes comparatively easy, provided we can surmount our immediate post-war difficulties. For together with some other nations, particularly in Europe, who face the same sort of difficulties, we ought, with a push from our friends, to be able to float ourselves off on the rising tide. Thus the answer is that we can be prosperous and thus surmount our difficulties most easily if the rest of the world is prosperous and stable, and particularly if your country is prosperous and stable—and I would emphasize the word "stable" in both cases—and if then through free and multilateral trade we can greatly increase the international exchange of goods.

But undoubtedly a terrible war like the present one is not the best prelude to usher in a world of stability. There is above all the condition of Europe,

the greatest producing and trading area of the world outside your own country, with its countries devastated and impoverished, and some of them altogether without any means of their own quickly to restore their economies. And not only that, but with hatreds and divisions greatly deepened by the war. For us to make a beginning towards peace and stability requires some special measures of assistance towards this part of the world.

But beyond that we all know more or less what is needed to make things better. Every business man, for instance, knows that a flourishing and stable international trade depends more on political security and peace than on anything else, and on confidence that there will be peace and that nations are settling down together. It will depend in the next place on financial and economic stability, particularly in currencies and exchanges. My memory as a banker goes back to the years before 1914, and when I think of those days I realize how very far we have travelled from those stable or apparently stable and happy days. When I tell my children, or other young people, that in those days there were no passports, except to Russia, they do not believe me. There had been no war involving all Europe for 100 years. There was absolute confidence in the great currencies of the world. Nobody thought anything could happen to dollars, sterling, francs or reichsmarks. I am quite sure that many of the most distinguished bankers in London had not the faintest idea, in those days, what the "transfer" problem meant. We have got to get back to something equivalent in terms of political and monetary security to those halcyon days. And, as you know, we are nowadays all setting our sights much higher even than that. For in those days we were certainly not without bad slumps and booms and unemployment. Now our economists have encouraged all our Governments to undertake to solve all unemployment, and to do away with slumps and booms. Let us hope that we shall be successful in this difficult task as well.

AN INTERDEPENDENT WORLD

BUT whether we are talking of political security, exchange stability, or avoidance of booms and slumps, we must recognize that none of them can be reached without international co-operation. Peace is international. Nothing is more international than booms and slumps. The world is now so tightly woven together that international co-operation in these fields is absolutely necessary, and co-operation above all between the United States and the British Commonwealth and the sterling area. It seems to be absolutely natural, indeed inevitable, that our two great Commonwealths should co-operate in the closest degree, and beyond that should join in supporting world-wide co-operation. But when it comes to the world we have to go cautiously. Impractical idealists who long for some simple and immediate solution, for some sort of world government, for something which decides everything and which will force rather than persuade the independent States of the world, are the most fatal guides. We are only at the beginning here of a long and immensely difficult road. Nevertheless we have to start upon it. There are risks in it, but they are nothing in my opinion to the risks we all

shall run if we each try to go our own way. That is what the hard-boiled realists, who think they are hard-headed too, but who are certainly short-sighted, forget. It is for these reasons that we should welcome the efforts made at the Dumbarton Oaks and Bretton Woods Conferences.

I had burnt into my mind in the years after the last war the disasters which then happened to Europe, largely because the problems were not understood by the world's statesmen. I watched them from near at hand in the City of London. They were in my opinion a direct prelude to this war. It will be an act of major statesmanship to avoid them this time, and of necessity the responsibility must largely devolve on your great country. A discerning friend of mine who knows my country well said to me the other day that he included among the devastated countries the City of London, and nothing in his view was more important to stability and international trade than to enable it once again efficiently to perform its world-wide functions. You will certainly not expect me to dissent from this view, and I believe it will find sympathy and support in such an audience as this.

In addition to helping those devastated countries which, through no fault of their own, since they were not aggressors, are not in a position, whatever their efforts, to restore themselves without help, another great responsibility—more important than anything else in view of your immense economic power—will be yours, and that is to maintain a high degree of prosperity and stability in this country. We on our side have the responsibility of assuring as far as we can prosperity in our country and maintaining and strengthening the sterling area as a very important element of stability in the world.

If all this can be done there would be good hope that we might in a reasonable measure of time achieve success in raising international trade to a much higher level and that in that case the problems of my country and of others who have suffered will be solved in the best manner possible. But no one can yet say whether all this will be done or whether the world will, in fact, find the political and economic security that is necessary for prosperity. If it does go astray and if there is less security and less progress in every direction, then our task will be more difficult.

What is certain is that, whatever Government may be in power, the British Parliament will insist that no stone shall be left unturned to maintain the standard of living and the employment of the people, and we might then be forced to carve out such prosperity as we could achieve in a more limited fashion. Personally I draw confidence from a very simple thought. There are in the United Kingdom 47 million willing buyers of the primary products and the raw materials which millions of sellers in other countries will want to sell. It cannot be that we should find it impossible either directly or indirectly to supply what they also want and so to complete a mutually beneficial exchange, and moreover without injury to the world at large. But it remains that the best hope of the world is in a common and co-operative policy to be pursued at least by the United States and the British Commonwealth and the sterling area, by means of which the difficulties of each country may be solved through the prosperity of all.

CHINA'S STRUGGLE FOR CONSTITUTIONALISM

TASK AWAITING THE NATIONAL ASSEMBLY

PRESIDENT CHIANG KAI-SHEK'S proposal that a National Assembly to inaugurate constitutional government in China be convened next November was approved by the *Kuomintang* Party Conference in May and by the People's Political Council in July. As hopes of a *Kuomintang*-Communist *rapprochement* recede, it is generally believed that the only way of avoiding civil war in China after the defeat of Japan is by the introduction of full constitutional democracy with recognition of the legal status of all parties, including the Communist Party. In an address last March, President Chiang surveyed the history of *Kuomintang*-Communist differences and outlined the present demands of the Communists and the concessions offered by the *Kuomintang*.

"The latest demand of the Communists", said President Chiang, "is that the Government should forthwith liquidate the *Kuomintang* rule and surrender all power to a coalition of various parties. The position of the Government is that it is ready to permit other parties (including the Communists) as well as non-party leaders to participate in the Government. It is not, however, ready to allow the *Kuomintang* to relinquish its power of ultimate and final responsibility until the convocation of a National Assembly."

President Chiang then went on to announce the Government decision to convene the National Assembly on November 12 next, the eightieth anniversary of the birthday of Sun Yat-sen, the Father of the Chinese Republic. It thus appears that the long struggle of China's progressives to replace one-party rule with full constitutional democracy is drawing to a close.

China's struggle for constitutional government began half a century ago, but it was not until after the overthrow of the authoritarian and effete Manchu monarchy that the attainment of constitutional democracy was brought within the bounds of possibility. China's first written constitution, known as *The Nineteen Articles*, was adopted in 1911. In January, 1914, Yuan Shih-kai, a former Manchu official, dissolved Parliament and made himself virtual dictator. In 1916 he attempted to become Emperor and the coronation was actually fixed for February 9. Rebellion broke out, and before it was suppressed Yuan had died. Another shortlived constitution was adopted in 1923 when the corrupt and cynical Tsao Kun became President.

Dr. Sun Yat-sen envisaged three stages in China's political evolution—military unification, political tutelage and constitutional democracy.

"The first stage", wrote Dr. Sun, "is a destructive stage in the sense that the revolutionary party must destroy the monarchy and uproot the corrupt officialdom. The second is a transitional stage during which County Governments should be autonomous and the people should learn to exercise political rights and fulfil

political obligations. . . . After all Counties have become self-governing, they will each elect a representative to a National Congress, which will adopt a permanent constitution of the Republic and organize a constitutional Government."

The first stage, that of military unification, is usually regarded as dating from the establishment of the Nanking Government in 1928. The second stage—political tutelage—Dr. Sun regarded as being of relatively short duration. It was at one time expected that full constitutional democracy would be achieved in 1937, but the outbreak of war with Japan prevented the convening of a National Assembly, and until this year President Chiang has insisted that the difficulties in the way of calling together a National Assembly, with much of the country under hostile occupation, were insuperable. During the period of political tutelage China has been governed by a Provisional Constitution adopted on May 12, 1931, by the National People's Convention.

THE DRAFT CONSTITUTION

THE Final Draft Constitution of the Republic of China was published on May 5, 1936. It is based on Montesquieu's "Separation of Powers" principle as well as the novel "dual power" theory enunciated by Dr. Sun: the two powers were the *cheng ch'uan* (the political power of the people) and the *chih ch'uan* (the governing power of the State). The Draft Constitution, though borrowing quite considerably from the Constitutions of France and the United States, is clearly in line with traditional Chinese thought and Dr. Sun's *San Min Chu I* or Three Principles of the People. Dr. Sun Fo, Dr. Sun Yat-sen's son, has explained why the Chinese Constitution must be based on the Three Principles.

"To understand why we should provide in our Constitution that our Republic is a *San Min Chu I* Republic, we must first grasp what *San Min Chu I* really means. It consists of three principal parts. . . . The purpose of *Min Tzu Chu I* (nationalism) is to make China an entirely independent state, free from the control of any other country or nation. The purpose of *Min Chuan Chu I* (democracy) is to make China a really democratic state in which its sovereignty will be vested in the body of its citizens. The purpose of *Min Sheng Chu I* (people's livelihood) is to improve our social and economic system so that all the people will be able to find means of satisfying their livelihood and their rights of existence. Although this is the simplest and most rudimentary interpretation of *San Min Chu I*, yet it is precisely what this great doctrine means and it is precisely what we want China to be."

On another occasion Dr. Sun Fo described the *San Min Chu I* as China's three freedoms: "freedom from foreign slavery, freedom from political tyranny, and freedom from poverty and economic exploitation."

The Draft Constitution was produced on the initiative of the Central Executive Committee of the *Kuomintang* which in December 1932 appointed a committee of eminent jurists under the chairmanship of Dr. Sun Fo. The Draft Constitution took more than three years to produce and was revised seven times. Under it there will be a People's Congress consisting of between 1,800 and 2,000 delegates elected for a term of six years. Delegates will be elected by universal, equal and direct suffrage, and by secret ballot. Citizens

who have reached the age of 20 will be entitled to vote. The powers and functions of the Congress include the election of certain Government officials as noted below, the power to initiate and hold referenda on laws and the power to amend the Constitution. The Congress will be convened by the President of the Republic once every three years for a session of one month.

The Head of the State will be known as the President and will be elected by and responsible to the People's Congress. As in the United States, the President will be Commander-in-Chief of the armed forces. The President's term of office will be six years and the retiring President will be eligible for re-election. Should he die or become incapable of discharging his duties while in office, he will be succeeded by the Vice-President, elected by the People's Congress.

Power of government will be vested in five organs as follows:

1. The supreme executive organ will be known as the Executive *Yuan*, and the President, Vice-President and Members will be appointed and removed by the President of the Republic.
2. Legislative functions will be exercised by the Legislative *Yuan*, the President, Vice-President and Members of which (estimated at 270) will be elected by the People's Congress every three years.
3. The Judicial *Yuan* will be the organ through which the Government will exercise its judicial power. The President and Vice-President of the Judicial *Yuan* will be appointed to office for a term of three years by the President of the Republic and will be responsible to and may be recalled by the People's Congress.
4. The fourth organ of government, known as the Examination *Yuan*, will determine the qualifications of and select candidates for public service. The President and Vice-President of the Examination *Yuan* will hold office for a term of three years, will be elected by the President of the Republic and will be responsible to the People's Congress.
5. Power of impeachment and audit will be vested in the Control *Yuan*. The President, Vice-President and Members of the Control *Yuan* will be elected by the People's Congress and will hold office for three years.

The President of the Republic may summon meetings of the Presidents of the five *Yuan* for purposes of consultation and discussion, and such a body will constitute a sort of inner Cabinet. Members of the Legislative and Control *Yuan* will be debarred from concurrently holding any other public office or from engaging in any business or profession.

For purposes of local government it is intended to lay great emphasis on the County and smaller areas rather than the Province in order to eradicate provincialism and separatism. The three units of local government are the *Hsien* (County), the *Pao* (Municipality) and the *Chia* (Ward). There will be roughly ten households to the *Chia* and about ten *Chia* to the *Pao*. The *Chia* Council will consist of household heads, but the *Pao* and *Hsien* Councils will consist of representatives elected from the households.

One section of the Draft Constitution is devoted to "National Economic Life". It is laid down that all subterranean minerals and natural forces belong to the State, and that all public utilities and enterprises of a monopolistic

nature shall be operated by the State. A section is devoted to education, and it is stated that "every citizen of the Republic of China shall have an equal opportunity to receive education". Children between the ages of 6 and 12 shall receive free schooling. All educational institutions will be subject to State supervision.

There has been some adverse criticism of the Draft Constitution. One suggestion, which may well be adopted, is that the post of Vice-President be abolished and that during the President's absence the Presidents of the five *Yuan* act in his place. Some exception has been taken to the fact that tremendous power is vested in the Presidency and to the infrequency with which the People's Congress will meet.

Great practical difficulties will have to be overcome before China can become a democracy in the western sense. Dr. Wang Shih-chieh, one of China's leading liberals who was appointed Foreign Minister on July 30 in place of Dr. T. V. Soong, has repeatedly emphasized these practical difficulties. He has referred to the difficulty of holding elections in the more remote Counties and in areas of high illiteracy. The July meeting of the People's Political Council considered very carefully the problem of elections and it was agreed by an overwhelming majority that every effort should be made to hold fresh elections before next November; but that, where this cannot be effected, the delegates elected before the war shall attend the National Assembly in a provisional capacity.

The change from one-party rule to constitutional democracy cannot be accomplished in five minutes, and it is gratifying that steps have already been taken to reduce the control of the *Kuomintang* over the Government. On the recommendation of the *Kuomintang* Party Conference, all offices of an administrative character which have been functioning under *Kuomintang* direction (such as the Ministry of Information) will be handed over to the Government. Between June 1 and August 1 all Party headquarters in the army were abolished and control of the *San Min Chu I* Youth Corps was transferred from the Party to the Government.

THE KUOMINTANG AND THE COMMUNISTS

PERHAPS the greatest obstacle to attaining constitutional democracy in China to-day is the lack of national unity. The differences between the Chungking Government and the Yen'an Communist régime have increased of late. The policy of the Chungking Government is to seek a solution of the problem by political rather than military means, but extremists within the Government and the army have made it increasingly difficult for the moderate elements to reconcile the conflicting points of view. Armed clashes between *Kuomintang* and Communist forces occur with alarming frequency, the most recent being reported from Shensi province towards the end of July.

Major-General Patrick Hurley, the United States Ambassador to China, made strenuous efforts last year to bring the Yen'an and Chungking leaders together but without success. He visited Yen'an several times and was apparently impressed with Communist guerrilla activity and civil administration. He urged President Chiang to form a coalition government and thus

secure a more effective and vigorous resistance to Japan. President Chiang rejected this proposal and insisted that no political agreement was possible so long as the Communists maintained their own armed forces.

The Communist terms for a political settlement were explained by General Chou En-lai, a member of the Central Executive Committee of the Chinese Communist Party, at a press conference in Chungking last February. General Chou said:

"The Chungking Government has rejected the Yen-an régime's proposals for

- (1) the establishment of a democratic coalition government;
- (2) the creation of a united high command;
- (3) the abolition of one-party rule.

A tripartite conference consisting of the *Kuomintang*, the Communists and the League of Chinese Democratic Parties should be called to draft political plans."

The Communists, from their headquarters at Yen-an, claim to control a million square miles of territory inhabited by nearly 100,000,000 people. Three aspects of Communist policy have evoked the praise of those foreigners who have visited territory under their control:

- (1) Their perfection of the guerrilla technique of fighting.
- (2) Their policy of agrarian reform.
- (3) Their success in eliminating illiteracy.

After the Sian episode of December 1936, nominal agreement between the *Kuomintang* and the Communists replaced the armed strife of former years. United in their opposition to Japanese aggression, the *Kuomintang* and the Communists refrained from provocative action. Within recent years, however, relations have become increasingly strained and the Communists have now repudiated President Chiang's leadership. Their representatives refused to participate in the July meeting of the People's Political Council in Chungking. The problem is complicated by the entry of the Soviet Union into the war against Japan. Russia's terms are not publicly known, but they may well include an insistence that the *Kuomintang* and the Communists co-operate to a far greater extent than has hitherto been acceptable in Chungking. Dr. T. V. Soong, the Premier of China, has visited Moscow and the question of *Kuomintang*-Communist collaboration was no doubt thoroughly explored. It would be most unfortunate if the Polish tragedy were to be repeated, with Soviet Russia recognizing one Government and the western democracies another.

The intention of the Chungking Government to convene a National Assembly next November may provide a *modus vivendi*, especially if the adoption of a constitution is speedily followed by unfettered elections in which the Communists feel free to participate.

When adopted, the constitution will go far to satisfy China's critics both at home and abroad. It will help to bring China into line with other progressive countries and, if successful, will undoubtedly serve as a model for other Asiatic countries. It would be idle to deny the immense obstacles still to be overcome, but the fact that the Chinese are concentrating on constitutional reform after eight years of war is an encouraging sign.

INDIA

THE WAVELL PLAN

EARLY in June the Viceroy returned from a ten weeks' stay in Britain bringing with him the offer of a substantial advance in self-government under the existing constitution. As an interim arrangement pending agreement between the major political parties and communities on the communal basis of a new constitution, the offer was enthusiastically received by politically minded Indians in general, and the Viceroy invited the political and communal leaders to confer with him at Simla on the formation of a new Central Government. Here, however, the major parties were unable to reach agreement among themselves on the division of power between them, and the British initiative failed.

The British proposals were explained by the Viceroy in a broadcast to the Indian people on June 14, and by Mr. Amery in statements in the House of Commons on the same day. Broadly they amounted to an effort to ease the political tension in India caused by the hostility of the main political parties to the Government on the basis of constitutional claims that are frankly irreconcilable. The present Government of India consists, in the majority, of representative Indians who, as Mr. Amery acknowledged, have served India well and patriotically. The weakness of their position has just been stated. The British Government still hope that the main parties will reach an agreement by which they can take advantage of the British offer of full self-government after the war. Mr. Amery was careful to repeat this offer and to add that there could be no question of Britain's imposing a settlement on an unwilling India, or taking the responsibility for enforcing self-governing institutions at a time when she was, by their purpose, withdrawing from all control of British Indian affairs.

Meanwhile, however, there were tasks connected with the continuance of the all-out war effort against Japan and preparations for post-war reconstruction and development which could not wait for the adjustment of long-term political issues. As the Viceroy put it, "India has great opportunities to be taken and great problems to be solved, which require a common effort by the leading men of all parties". The British Government, accordingly, were prepared—this is a rough paraphrase of both Mr. Amery and the Viceroy—to make suggestions on the basis of which the main parties and communities, pending eventual constitutional changes, might, they hoped, agree to co-operate with each other and the British in the Central Government to the benefit of India as a whole. It was hoped also that the parties' experience in office would expedite agreement between them on the method of working out the new constitution.

Now for the terms of the British offer, which, as Mr. Amery said, while it owed everything to the initiative of Lord Wavell, his deep sympathy with India's national aspirations and his firm belief in its future greatness, was an

agreed national offer on the part of Great Britain to the people of India. The basis was the reconstitution of the Viceroy's Executive Council, so as to make it an all-Indian body except for the Viceroy and the Commander-in-Chief, who would retain his seat as War Member. That meant that the Finance and Home Members would, for the first time, be Indians; and in addition it was intended that the portfolio of External Affairs, hitherto held by the Viceroy, should be placed in the hands of an Indian so far as the interests of British India are concerned. This would be accompanied by the appointment of fully accredited representatives abroad and so constitute a definite enhancement of India's international status.

For the first time also the members of the Executive Council were to be selected by the Governor General in consultation with Indian political leaders, although their appointment would be subject to the approval of the King Emperor. To this end the Viceroy proposed to call into conference Indian leaders both of central and provincial politics, and invite from them a list of names for the new Council. The Council would represent the main communities and would include equal proportions of caste Hindus and Muslims, this being, as Mr. Amery pointed out, an essential condition indispensable to agreement. The new Council would, if formed, work under the existing constitution; for—to quote Mr. Amery again—there was no change in that constitution which would not be regarded as giving a bias in favour of either Hindu or Muslim claims in regard to the ultimate constitutional settlement. Equally the Viceroy's power of veto must remain as a necessary protection for the minorities, whether against immediate injury or against decisions of the Council which might prejudice the constitutional future, and to secure the fulfilment of British obligations towards the States. The Viceroy in his broadcast promised that the veto should not be exercised unreasonably. Mr. Amery pointed out that it was a power of which the main purpose was to safeguard Indian interests. He added that, to emphasize this aspect of the Viceroy's position, the British Government had decided to appoint a High Commissioner in India as in the Dominions to represent British commercial and other interests. This would avoid any possibility of placing the Viceroy, on any particular occasion in his dealing with the Council, in a position of being concerned at one and the same time with the defence of Indian interests and the representation of the material interests of Great Britain.

An agreement by the parties to co-operate at the centre would, it was hoped, have reactions in the Provinces. Mr. Amery and the Viceroy looked forward to the reinstatement of responsible Governments in the Provinces which are at present being ruled by Governors under the breakdown section (S. 93) of the present constitution. They hoped these would be Hindu-Muslim coalitions—the basis for which would have been laid by the arrangement at the centre—thus smoothing out communal differences and allowing Ministers to concentrate on their heavy administrative tasks.

The Viceroy in his broadcast outlined three main tasks for the new Executive Council. The first was to prosecute the war with the utmost energy until Japan was utterly defeated. The second was to carry on the

government of British India, with all the manifold tasks of post-war development, until a new permanent constitution could be agreed upon and come into force. The third was to consider, when members thought it possible, the means by which such agreement could be achieved. The acceptance of this programme by the main parties was accordingly a condition of their being invited to co-operate in the Government. It was also made clear, however, that the success of the plan depended on agreement between the political parties on the composition of the new Government. If the meeting should fail, said the Viceroy, "we must carry on as at present until the parties are ready to come together". Mr. Amery for his part declared it was not the intention of the British Government to introduce any change contrary to the wishes of the major Indian communities; and he added that, in the absence of "general acceptance", the existing arrangements must necessarily continue.

RECEPTION OF THE PLAN

On the same day as he broadcast the Viceroy sent out invitations to a conference at Simla on June 25. Those invited were Mr. Gandhi and Mr. Jinnah as the recognized leaders of the two main political parties; Rao Bahadur Siva Raj to represent the scheduled castes; Mr. Tara Singh to represent the Sikhs; the Premiers of the Provincial Governments or, for the Provinces being governed under Section 93, those who had last held office as Premiers; the leaders of the Congress party and the Muslim League in the Central Assembly and the Council of State and the leaders of the Nationalist party and the European group in the Assembly. The Viceroy announced also that orders had been given for the release of those members of the Working Committee of Congress who had been arrested in August 1942 and were still in detention. There were eight of them, including, to mention the most notable, the President, Maulana Kalam Azad, Pandit Nehru and Mr. Vallabhai Patel. Simultaneously orders were given rescinding the ban on the Working Committee. These measures at once created a favourable sentiment among the Nationalist public and restored to the Congress party enough of its official machinery to take decisions binding on the party.

The Viceroy's broadcast breathed a spirit of magnanimity which made a wide appeal and helped to gain a good, even enthusiastic, reception from the country as a whole for an offer that represented a compromise between the Nationalist and the Muslim claims. The general feeling was that this was a way out of the deadlock, which the Congress party could follow without loss of face, and that, whatever the constitutional provisions, a Government composed largely of Congress party and Muslim League was one against which the Viceroy could not lightly exercise his power of veto. Added to that, Congress politicians in the Provinces were anxious to resume office; and Congress industrialists, in the interests of the trade discussions on which they were engaged in Britain and the United States, were anxious to see political conditions in India stabilized. In Nationalist India, accordingly, there was a large body of support for acceptance. As was to be expected, however, the leaders of the Congress party and the Muslim League examined the proposals

with a finer comb. These parties exist for the purpose of realizing long-term constitutional programmes, and, if not disinterested in the day-to-day government of India, look at the terms of any offer of responsibility primarily from the point of view of their implications for the self-governing constitution which Britain has undertaken to give India the opportunity of forming after the war. Neither found the implications of the Wavell plan, as it was generally called, quite satisfactory. Mr. Gandhi almost immediately objected to the stipulation that the new Government should contain equal proportions of caste Hindus and Muslims, which was "stereotyping religious division on the eve of independence". Various other objections were raised by Mr. Gandhi, clarifications were sought on one point or another, and time was asked for the Congress Committee, before the conference was held, to consider the offer in the light of these clarifications. Mr. Jinnah, the Muslim League President, also sought clarifications, but without mentioning the points on which he desired them, and asked for the postponement of the conference in order to consult his working committee. The Viceroy handled them both with a mixture of tact and firmness, and finally got them to Simla and to the conference table on the appointed days. But, as someone unkindly commented, the process had been not unlike that of getting mules into a train.

THE SIMLA CONFERENCE

THE conference assembled with only one change in its composition. Mr. Gandhi had objected that the Congress party must be represented by an official of the party and not by himself, who was only an unofficial adviser. The Viceroy accordingly invited the Congress President, Maulana Kalam Azad. At the same time he informed Mr. Gandhi that, whatever the technical position, he would value his help, and Mr. Gandhi came to Simla in the capacity of an adviser to the Viceroy and the conference. The conference was in session off and on for three weeks, but the story is brief. At the end of three sittings the delegates had accepted the British proposals, subject to agreement on the composition of the new Central Government and the procedure to be adopted in submitting the names of the candidates to the Viceroy. They adjourned to settle this delicate matter—one primarily between the parties themselves rather than between them and the Government—by private discussion. They reassembled to report no agreement, adjourned to try again and reassembled still in a state of disagreement. At this stage the Viceroy suggested that, as it seemed to be impossible to adjust the various claims in an arithmetical formula, he might try to compose a Government which, having regard to the personalities chosen as well as the distribution of seats between the parties, might be acceptable as constituting a fair balance of power. He invited each party to assist him by submitting the names of individuals they wanted to have in the Council, but made it clear that he would not necessarily restrict his choice to these lists, nor need the parties feel committed to accepting any Government he might compose. All agreed to co-operate in this way except Mr. Jinnah, who said he must first consult the working committee of the Muslim League. The committee's

decision was against submitting a list of names without an assurance—which the Viceroy refused to give—that all the Muslim members of the Council would be chosen from it. The Viceroy nevertheless composed a tentative Government; but Mr. Jinnah refused to accept the Muslim representation, and the conference was at an end.

The conference thus broke on Mr. Jinnah, but its failure was in fact due to the absence of any understanding between the main parties on the principles of the future constitutional settlement. Mr. Gandhi, as already mentioned, had objected to the British stipulation that the new Government should contain equal proportions of Hindus and Muslims. His reason was that, having regard to the composition of the conference—from which the communal Hindu organization, the Mahasabha, was excluded—this party formula reduced the Congress party to the level of a caste Hindu organization. This would prejudice the status of the Congress party in the constitutional controversy, in which the Congress claimed to be the spokesman of all Indians, regardless of creed or caste, who stood for independence on the basis of a united India. Mr. Gandhi accordingly preferred that parity should be inter-party—that is between the Congress party and the Muslim League—rather than inter-communal, the effect of which would be to recognize the right of the Congress party to be represented by members of any or all communities.

For various reasons the Congress working committee took a different view. Congress-League parity meant that, if Congress wanted to have the Muslim constituents represented in the Council, they could do so only at the expense of the caste Hindu representation; for the Muslim League, being quite frankly a communal organization, would not nominate Hindus. On the other hand, under caste-Hindu-Muslim parity and provided their status as a political organization of all communities, including Muslims, was acknowledged, the Congress party could claim all the Hindu seats and some of the Muslim seats as well. The Viceroy met them to the extent that he allowed all parties to nominate whom they pleased to the Council. The Congress responded by giving him a complete team in which there were five anti-Pakistan Hindus, two Congress Muslims, pro-Congress politicians from the minor communities and three members of the Muslim League. It was in fact the National Government of the Nationalist Hindu aspiration.

Ranged against Congress were the scheduled castes' representatives, who wanted three representatives in the Council selected by them and not by Congress. The scheduled castes are bitterly hostile to Congress, although on economic and social rather than constitutional issues. But the main opposition came from the Muslim League. Taking their stand on the two-nation theory, which is the basis of their claim to the division of India, the Muslim League had made it a condition of their entry into an interim Government that they should have equality with the Hindus, which meant, they explained, equality of political power for the Muslim League with anti-Pakistan elements. That implied that the Muslim League would be content with nothing less than half the Cabinet. By way of compromise they gave it to be understood that they were prepared to co-operate if given the whole bloc

of Muslim seats, which were expected to number five in the Council of fifteen. As things were, however, they conceived themselves threatened with the loss of two to Congress and one to the Muslim Premier of the Punjab with whom the League has a family quarrel. The League might accordingly be reduced in the Council to such a minority that, having regard to the intentions of the Congress party—which they heartily distrusted—and to the known inclination of the British in favour of a united India, the Muslims of India would before long, the Viceroy's veto notwithstanding, find themselves subjected in fact to government at the centre by a Hindu majority.

The Muslim League leader accordingly refused to compromise on the claim that all the Muslims in the Council should be chosen by the Muslim League. It was not an easy claim to justify on the basis of the present political situation in the Legislatures in India, although the elections, of which there have been none in the Provinces since 1937 or at the centre since 1934, might radically alter the situation in favour of the League. On the other hand, the Congress party's claim to a seat for the Nationalist Muslims at the centre is equally dubious. The day when Congress could claim political influence among Muslims is over, although they still have some distinguished Muslim supporters; and the North-West Frontier Province—but there is no communal problem there—has at present a Congress Ministry. Although the Viceroy refused to acknowledge that the Muslim League was the only political organization of the Muslims, the evidence is that he did not intend to concede to Congress the claim to a Nationalist Muslim seat either.

The break-up of the conference found the Congress party annoyed that the Viceroy had not implemented the Wavell plan without the Muslim League. However, the imposition of what would virtually have been a Congress Government on what is by far the largest political organization of the Muslims was excluded, not only by the terms of reference to the conference, but also by the fact that it might well turn out a somewhat dangerous experiment for those who have to enforce it. The Muslim League for their part demanded that the British Government should give them an opportunity through elections to prove the representative status which they claimed at Simla. The main conclusion to be drawn from the failure of the conference is that effective progress in the transfer of power to India depends on the possibility of finding ways and means of removing the Muslim fear of Hindu domination at the centre. Pakistan is one answer, but there may be others less drastic.

India,

July 1945.

GREAT BRITAIN

UNFORESEEN LANDSLIDE

TO anyone outside this country the election results must have been inexplicable. Looked at from close at hand, the most remarkable feature of all was that they were not in the least foreseen. We have, like everyone else, our political prophets and experts, men trained to gauge the political temperature aright. This time, irrespective of party, they were all of them wrong.

The story goes—how true it is one cannot tell, but it bears the marks of credibility—that Mr. Churchill and Mr. Attlee, speculating together at Potsdam before the count, agreed that the most likely outcome would be to leave the Churchill Government with a majority of about twenty; and neither can have relished such a prospect, because in a House of 640 members any majority under fifty provides too slight a working margin. Whether one cheers or weeps at the substantial Labour majority which has eventuated, we can all concur that a stalemate would have been noxious. The most deplorable of all possibilities would have been the necessity for another early, and probably equally inconclusive, General Election.

Though these risks have been averted by the country's decision, they were real enough. It was wishful thinking to have imagined that an election stalemate would have brought about a restoration of the war-time all-party coalition. One of the events of the annual Labour party conference, held at Blackpool towards the end of May, was a declaration that Labour would in no circumstances enter into another coalition with the Conservatives after the election was over. At best, the fight in the constituencies would have been too fresh in the minds of both sides to make a subsequent renewal of the alliance anything but difficult and uneasy. The declaration at Blackpool rendered it impossible, in so far as any development in politics is that.

Had a stalemate between Labour and Conservatives occurred, and had the "Sinclair Liberals" won sufficient seats to let them count as a parliamentary force, there might well have followed a kind of auction to win their support, so that one or other of the main parties could, with them, have formed a Government. They for their part not merely framed their programme in such a way as to leave a subsequent collaboration with either of the other parties possible, but, with a candour surprising to the onlooker and apparently not much to the liking of the electors, avowed that this was just what they were doing. In the result this section (the main section) of the great Liberal party of old days put up 307 candidates and had 295 of them defeated, so the question did not arise.

That they so overrated their chances as to deem it worth while to run more than 300 candidates can be ascribed not to mere political ignorance, but to the natural illusions of optimism. But the complete failure of observers and commentators to spot the likelihood of a Labour landslide constitutes a

political fact of a new order. The tendencies in the minds of our electors, now numbering 32 millions, have proved themselves inscrutable up to the very day of the poll. If this has happened once, may it not happen again? Or is the mystification a derivative of the war, and of the six-year interval which it has imposed upon the normally continuous process of contest between the parties?

DEMISE OF THE COALITION

THE coalition Government, formed by Mr. Churchill just as Hitler invaded Holland and Belgium in May 1940, lasted a few days more than five years. As soon as the German war was seen to be drawing to a close, its continued existence became problematical. So long as the nation's survival remained at stake, pre-war domestic differences between the parties could be submerged. But they remained near the surface; and, as danger receded, only a Prime Minister less passionately interested in war decisions could have had the time and the patience to keep them smoothed out. As it was, a kind of Cabinet paralysis was creeping over action in the sphere of domestic decisions, which needed to be taken early, if the post-war reconstruction process was not to be braked. The representatives of the different parties in the War Cabinet did not agree on solutions. There was nothing to make them agree. Why, in any case, try and reach a compromise by concessions, if a General Election is due shortly and may give your party a mandate to proceed as it likes?

It was out of this background that there came, soon after the collapse of Germany, an invitation from Mr. Churchill to each of the party leaders allied with him in the Government. We have finished the first stage, he said in effect. Stay with me for the next stage too, until Japan is beaten. If this necessitates prolonging the life of Parliament by yet another year, we will get over that by a referendum or some such means. But if your party will not undertake to remain in the Government till the end of the Japanese war, I must give you notice that I shall ask the King to grant an early Dissolution, for we cannot carry on with an all-party Government which has lost its reason for coherence. Put bluntly, the argument behind the second alternative in Mr. Churchill's mind was, no doubt, that he could not afford to let the Labour party choose whatever might be the most favourable moment to them for breaking up the coalition.

There is evidence that Mr. Attlee and possibly some of his leading colleagues would have liked to maintain the alliance until the Japanese too were finished. Certainly Mr. Churchill cherished hopes of that, in spite of strong pressure for an early election from his friend and colleague Lord Beaverbrook, who afterwards proved himself a most unskilful election tactician. However, the Labour party talked over the Churchill offer in secret session at their conference, and would have none of it. For some time past the Labour rank-and-file, justifiably as the event proved, had been all out for going to the country with their own untrammelled Socialist programme. No one could have diverted them from this.

Sir Archibald Sinclair, for his Liberals, returned a similar negative answer.

They too claimed freedom to lay their own policy before the country. The only reply offering continued support to Mr. Churchill came from Mr. Ernest Brown, leader of the other Liberal wing, the so-called "Liberal Nationals", who in policy and outlook have become practically indistinguishable from the Conservatives. Historically the differentiation is that, until the split in the Liberal party thirteen years ago on the tariff issue, individually they were Liberals. Conversations to heal that split have always proved unavailing.

THE CARETAKER INTERLUDE

So the coalition Government ended, and Mr. Churchill met Parliament on May 29 with a new "caretaker" Administration composed wholly of Conservatives, Liberal Nationals, and non-party men such as Lord Woolton, Lord Leathers, Sir John Anderson, Sir Andrew Duncan, and Sir James Grigg. The small War Cabinet numbering seven or eight was replaced by a new Cabinet of sixteen. Acerbities marked the first day's sitting when the new Government met the House. The party birds were stretching their wings.

The old Parliament was dissolved on June 15, and nomination day was June 25. The state of the parties at the Dissolution, and the number of candidates nominated by each, are given below. These figures show that the Conservatives and their "National" allies, in spite of by-election losses, still retained a majority of about 170 as their legacy from the last General Election in 1935. They also reveal the numerical magnitude of the fruitless "Sinclair Liberal" challenge, in contrast with the few candidates run by the Communists or the new Common Wealth party.

	Seats at Dissolution	Candidates Nominated
Conservative	358	554
Liberal National	26	51
National Labour	51	15
National	41	
Labour	163	603
Liberal ("Sinclair").	18	307
Common Wealth	4	23
I.L.P.	3	5
Communist	1	21
Scottish Nationalist	1	8
Welsh Nationalist	—	8
Irish Nationalist	2	3
Independents	23	81
Seats vacant	7	—
	615	1,679

July 5 was fixed as the date of the General Election. Inevitably it had to be fought on a register of voters which, although outwardly up to date, had been compiled during February and March under war-time difficulties and was consequently far from perfect. That can have made no practical difference to the result, but the accidental omission of many names, on the Service and on the civilian side, caused much heartburning.

The feature which most people hope that we shall never have to endure

again was the interval of three weeks between the poll and the count. This was arranged to make it possible for troops serving overseas, as far away as Burma, to vote by post if they preferred that to voting by proxy. The election addresses of the candidates were flown out to them, and the ballot papers were flown back. No one (except some University voters) need have been excluded by distance from exercising the franchise.

RIVAL PROGRAMMES

EACH party, of course, put forth its official declaration of policy or election manifesto. It would be stretching the truth to say that any of them bulked really large in the actual election campaign. Party leaders, party managers and candidates seem to despair at an early stage of attempting to convey in any detail to the masses of electors what they really stand for. A broad impression is given, no doubt, but the discrediting of the other side still appears to be an easier and more seductive form of electioneering. On this occasion the Government manifesto was the more practical and indeed the more enlightened document, but the Conservatives were tempted away from it on to side-issues. The Labour party used theirs to better effect, yet they too traded largely on the appeal to prejudice. They naturally claim the vote as a nation-wide endorsement of Socialist policy. Most impartial people would say, however, that the average man or woman who voted for a Labour candidate was voting anti-Conservative more definitely than pro-Labour.

The Government declaration of policy put Imperial and international affairs and military defence in the foreground. It proposed to base the whole of Britain's international policy on a recognition that in world affairs she must "act in the closest possible concert with all other parts of the British Commonwealth and Empire. . . . In particular, the whole subject of Imperial defence must be reviewed in relation to our world responsibilities and to modern weapons." It reasserted the Four Year Plan of post-war domestic legislation, on which Mr. Churchill delivered a famous broadcast in 1943, and it entirely committed the Conservative party to support of measures based on the White Papers produced by the Coalition Government outlining a national health service, a comprehensive insurance scheme, and a policy for full employment. It described the housing plan in particular detail, giving target figures. It declared for "Imperial co-operation, leading to international co-operation, in the orderly production and marketing of food": for the home farmer, a policy of "stable markets and prices", in return for which "all occupiers and owners of agricultural land must maintain a reasonable standard of good husbandry". It argued for "the removal of controls as quickly as the need for them disappears", while agreeing that "some will continue to be needed until normal times return". It proposed legislation to set up an independent tribunal before which charges of abuse of monopoly could be laid.

The Labour manifesto went right in to the attack. It said that after 1918 "hard-faced men who had done well out of the war" were able to get the kind of peace that suited themselves, and that "Big Business" knew that this

would happen again "if the people vote into power the party which promises to get rid of the controls and so let the profiteers and racketeers have that freedom for which they are pleading eloquently on every Tory platform and in every Tory newspaper". On the positive side, it pledged the Labour party to public ownership of the Bank of England; a National Investment Board to "determine social priorities and promote better timing in private investment"; public ownership of the fuel and power industries, all forms of inland transport, and the iron and steel industry; public supervision of monopolies and cartels; "a fair return for the farmer and farm worker without excessive prices to the consumer"; a new Ministry of Housing and Planning, to combine the housing powers of the Ministry of Health with the planning powers of the Ministry of Town and Country Planning; a national health service; a comprehensive social insurance scheme; "a known expenditure on armaments as our contribution to the protection of peace, an expenditure that should diminish as the world becomes accustomed to the prohibition of war through an effective collective security"; and, finally, the promotion of "mutual understanding and cordial co-operation between the Dominions, the advancement of India to full self-government, and the planned progress of our Colonial dependencies".

EVENTS OF THE CAMPAIGN

THOUGH these summaries are inadequate, here were the policies. Mr. Churchill was personally responsible, however, for pushing right into the forefront of the election campaign, and elevating to headline importance in the Conservative press one or two matters which, however damaging to Labour they might have been, gave many voters the impression that the Conservatives were not sufficiently interested in their own programme.

The first arose out of an ill-judged intervention by the versatile Professor Laski, who as chairman of the Labour party executive called in question the capacity of his own party leader, Mr. Attlee, to accept Mr. Churchill's invitation to go with him to Potsdam before the election results were known, unless he went in the strictly limited capacity of a mere observer. The implication was that the Labour party, if elected to power, must be entirely free to depart from the international policy of its predecessors.

This common conception in Labour circles outside Parliament that Labour M.P.s are not responsible representatives, but tied delegates, constantly threatens the party's reputation, because the average British elector does not take at all kindly to the idea that his elected representative is answerable not to him but to some secret party caucus. In present circumstances, however, with all the end-of-the-war problems looming up, the electorate was not in the mood to be distracted by the Laski affair, much as Mr. Churchill and others made of it. It was a serious point, but it had practically no vote-winning potentialities.

It is arguable that, this time, the vast majority of the electors had already made up their minds which way to vote, before ever the campaign opened. But if there was one event during the campaign which influenced votes in the mass, it was a passage in Mr. Churchill's first broadcast. The B.B.C.

allotted ten periods of 20 minutes each to Government spokesmen, ten to Labour and four to the Liberals, besides shorter periods to Common Wealth and the Communists. Thus it became the first General Election here in which the radio was given a chance to play its full part as the most universal medium for disseminating the ideas of the political leaders.

An enormous listening audience was attracted. The broadcasts were not all of them skilled performances. Whether the twenty-four nightly talks actually helped millions of doubtful voters to reach decisions, it would be bold to say. They were commonly regarded as a grand, but terribly confusing, political debate. The technique of election use of the microphone for party purposes is capable of improvement. Two broadcasts which were admitted on all sides to be among the most persuasive were made by non-party men, Sir John Anderson and Lord Woolton, in support of the Government.

Mr. Churchill kept four of the series for himself, and in the first he gave pungent expression to his hatred of Socialism. "A free Parliament is odious to the Socialist doctrine. . . . No Socialist system can be established without a political police. . . . They would have to fall back on some form of Gestapo." Whether or not this is correct as prophecy, it was foolish talk for the occasion. It did not ring true. It seemed so far away from the Labour party as the people knew it.

But what caused shrewd Labour supporters to rub their hands when they heard that broadcast was something more subtle. Winston Churchill the incomparable war leader stood on a pedestal, towering over his contemporaries, the one national figure. Nothing which his political opponents might say or do could push him off, if he chose to stay there, the great man to whom all looked up. And then, at the very outset of the election, he deliberately walked off the pedestal himself, down into the party arena, sacrificing the position above mere party which he might so easily have claimed.

It is now clear that from that day onward the election was lost—if it was not lost long before. While the sun shone, Lord Beaverbrook (still a member of the Government) went on making hay with an irresponsible *laissez-faire* policy of his own, blazoned in the newspapers under his control, which queered the pitch for Conservative candidates who put forward a reasoned case for free enterprise tempered with limited Government intervention and claimed (rightly) that that was official Government policy. Towards the end of the campaign Mr. Churchill, with a giant's strength despite his 70 years, undertook immense personal tours, speaking from his car to enormous open-air concourses which gathered to see and hear him. They gave him a wonderful popular demonstration—but, when polling-day came, the places which he had visited did not return his candidates.

RESULTS—AND CAUSES

THE count on July 26 showed that Labour had secured some 11,900,000 votes, Conservatives 8,900,000, and the Sinclair Liberals 2,200,000. It was the first election since 1910 in which the Conservatives did not obtain more

votes than any other single party. The results can perhaps most conveniently be seen by adding a third column (seats in the new Parliament) to the table on page 353, while bearing in mind that owing to a partial redistribution of over-large constituencies the number of seats in the House has been temporarily increased by twenty-five:

	Seats at Dissolution	Candidates Nominated	Seats in new Parliament
Conservative	358	554	198
Liberal National	26	51	13
National Labour	5	15	2
National	4		
Labour	163	603	393
Liberal ("Sinclair")	18	307	12
Common Wealth	4	23	1
I.L.P.	3	5	3
Communist	1	21	2
Scottish Nationalist	1	8	—
Welsh Nationalist	—	8	—
Irish Nationalist	2	3	2
Independents	23	81	14
Seats vacant	7	—	—
	615	1,679	640

Even if it could count on no supporters from other groups, the Labour party would have a clear majority of 146 over all comers.

How has it come about? Fundamentally, because the Conservative party has dominated successive Governments for 24 out of the last 27 years, and a people tired and sorely tried by war hardships and scarcities felt that any change might be for the better. Then the question at once arises—how did they come to hold the Conservatives solely to blame, when the Conservative leader had by common consent done more than any living man to save them from annihilation? The answer to that is, for a full understanding of the election, at least as important as the first reason given. Without cessation throughout the war propaganda from the Left (not always from official Labour) had continued at work, nationally and in the constituencies, imputing Conservative self-seeking and guilt, assiduously drawing a line between Mr. Churchill and the rest of his party, representing ceaselessly that Tory members had only their own interests at heart, never the national interest, and that even if they seemed honourable men themselves that was of no moment, because they were in the grip of the party machine, and the party machine was controlled by Big Business and profit-seekers.

Normal electioneering stuff, no doubt, of the sort that a healthy party will up and answer. But this time there was a difference. The Conservatives had practically disbanded their organization when war broke out. Their constituency agents went into the Forces, while the Labour agents went back to trade-union positions in industry. The Conservatives interpreted the war-time political truce as an agreement to refrain from party propaganda. The Labour party interpreted it, with literal exactitude, as an agreement to refrain from contesting war-time by-elections in seats held by their opponents.

In emphasizing the often overlooked importance of the propaganda factor, one must be careful not to give an exaggerated impression. It was not the case that throughout the war the Labour organization in every constituency was working full blast. In many it was throttled right down. But certain organs of the popular press did not equally restrain themselves, and a series of mainly anonymous books of the most vitriolic anti-Tory type, produced by a left-wing publisher, secured a very wide circulation and fanned the flame, especially in the Services. Candidates at the election say with confidence that the Conservatives received not more than one-quarter of the Service votes. But the Service votes were not the whole explanation. In total they were nothing like enough to turn the election.

It was the urban working class and the lower middle class which, for the first time in history, voted principally Labour. In the main, the country districts retained their Conservative loyalty. Labour candidates did not find that they were making much impression on the professional classes or the more residential districts, but this appeal was skilfully and moderately couched to attract and not to frighten lower middle class voters. That emotional rather than intellectual causes gave Labour their victory is borne out by the fact that there was no trace of the landslide and indeed no perceptible swing towards Labour in the university constituencies.

The main motives behind the mass Labour poll could hardly be put more forthrightly or more genuinely than in this letter received by a Conservative candidate after the declaration:—

"I am a working man and have voted Conservative all my life. But what benefits or gratitude have the ordinary people received from your party? It is the big industrialists and the upper class, whom you uphold, that expect big dividends and cheap labour to fall into their lap. Yours was the party that was in power between the two wars, and what did the working people get? Why, the dole, means test, low wages, Munich, and the war, and who were the men who praised Hitler before the war? Read *Your M.P.* and *Guilty Men* [two of the anonymous books above mentioned] and you will find that they were all Tory M.P.s. But now the ordinary people of this country have begun to use their brains and think for themselves, and are in no mood to be put off with vain promises."

That is the authentic voice, that is the conglomeration of ideas, which determined the issue of the General Election, swept good and bad Labour candidates into Parliament and good and bad Conservatives irresistibly out, and (as an incident which there are signs that many voters did not foresee) deposed Mr. Churchill from the Premiership. Feckless maybe, but wholly understandable after six years of war, hardship, deprivation, and one-sided publicity. Now the electorate, which is a little surprised at what it has done, expects very great results and returns from the party which it has voted into power—the party which has freely asserted that vested interests, such as Labour can sweep away, have been the main obstacles to all sorts of progress.

Great Britain,
August 1945.

CANADA

THE GENERAL ELECTION

THE Canadian General Election has returned Mr. King with an effective, if not exactly a comfortable, majority over all other parties. Including a few who ran as "independent" Liberals in the Province of Quebec, mainly because they wished to dissociate themselves even from the Government's modified form of conscription for service outside Canada, he should be able to count on some 130 supporters in a House of Commons of 245 members. It is not too handsome but it should serve.

While the result cannot be described as altogether unexpected, it is probable that most observers expected the Liberals to do not quite so well as they did, and the two chief Opposition parties, the Progressive Conservatives and the C.C.F., to do somewhat better. This was particularly true of the Province of Ontario, where only a week earlier in the Provincial election the Progressive Conservatives under the leadership of Provincial Premier George Drew had obtained 66 seats out of 90, almost exactly the same number that party was able to gain later in the whole of Canada. Similarly surprising was the failure of the C.C.F. to win a single seat in Ontario or Quebec; the victory of the former member in Cape Breton South, a Nova Scotia mining district, left him the sole representative of that party east of the Prairies.

To those who remembered the cool reception the former Minister of National Defence, Colonel Ralston, was reported to have had on his trip overseas last autumn, the substantial proportion of the service vote (35 per cent) cast in favour of Government candidates also came as something of a shock. So also in all probability did the fact that the C.C.F. received twice as large a percentage of the votes cast by the armed forces (32 per cent) as of those by civilians (16 per cent). This gain, however, was less at the expense of the two major parties than of those grouped as "others" in the tabulations, Social Credit, Independents, &c., who won only minor support from the services. One of the odd features of the service vote, apart from the fact that it was relatively light—some 341,000 out of an estimated total of 750,000 eligible—was its negligible effect on the election as a whole. It changed the result in only two or three seats. Ironically enough, one of these was that of the Prime Minister himself, who found his slim plurality changed to a defeat when the votes were counted from overseas. It is not expected, however, that this will prove more than a brief embarrassment.

This election was the most emphatic demonstration yet seen of the extremely sectional character of political opinion in Canada. Although the Liberals elected either the majority of the members or else a respectable minority in seven of the Provinces, in Alberta they were successful in only two constituencies, and in Saskatchewan only the Hon. James Gardiner and one other member remained as vestiges of the once powerful Liberal

machine in that Province. The strength of the Progressive Conservative and C.C.F. parties was even more concentrated. The Progressive Conservatives did succeed in electing at least one member in every Province; but in four of them, Prince Edward Island, Nova Scotia, Quebec and Saskatchewan, they had one only, and in Manitoba and Alberta two each, both their Alberta seats being in the city of Calgary. Of the C.C.F. total of 28 members elected, 18 will come from Saskatchewan, 5 from Manitoba, and 4 from British Columbia. There are five Provinces in which it has no representation at all. The Social Credit party remains in control of Alberta, where it won 13 out of 17 seats, but it has no representation elsewhere, although it ran a number of candidates and polled a lot of votes in the Province of Quebec.

One of the oddities, therefore, is the fact that, whereas in the United States the left-wing New Dealers have always found their greatest strength in the large centres of population, in Canada the strength of the two more radical parties, C.C.F. and Social Credit, is concentrated on the Prairies. Even Spadina, Toronto, which returned a Labour Progressive (Communist) to the Provincial Legislature, elected Lieut.-Colonel Croll, a Liberal, to the Dominion House by a handsome majority. Of the larger centres, only Winnipeg with two C.C.F. members out of four and Vancouver with one C.C.F. out of five elected any C.C.F. members, although in all the principal cities the party polled substantial minority votes.

After election day the issues and controversies tend to be as dead as a week-old fish and give off much the same reminiscent aroma. There is probably not much point, therefore, in speculating about the motives that led the Canadian people to vote as they did. Mr. King appealed mainly on his record and the general inadvisability of a change at this time, particularly in the field of foreign relations. Once Mr. Cardin's effort to form an independent French-Canadian party collapsed (because, it is rumoured, he could not find the necessary financial support), it was plain the Liberal hold on Quebec would not be seriously disturbed. The Bloc Populaire turned out to have even less strength than was expected, electing only two members, neither of whom incidentally was the ebullient Mr. Houde, Mayor of Montreal, who was defeated in Montreal St. Mary. Outside of Quebec the Opposition parties were handicapped by the fact that in certain important fields, notably those of finance, war production and air training, the record of the Government had been admittedly good. The man-power issue, which had been relied on particularly by the Progressive Conservatives, seems to have died with the end of the war in Europe. Apparently not even the men overseas paid much attention to it, and at home no one seemed to feel that the problem of meeting Canada's limited commitments in the Pacific was sufficiently serious to outweigh other considerations. Mr. King fought a vigorous and effective campaign, and possibly was aided by minor tactical errors on the part of his chief opponents. Perhaps the Progressive Conservatives were handicapped by the fact that their leader, Mr. Bracken, had not found a seat in the previous House of Commons and consequently had no opportunity to impress his personality on the public consciousness through the publicity given its proceedings; perhaps, too, they were not well advised in having

Mr. George McCullagh, publisher of the *Toronto Globe and Mail*, speak over the radio on their behalf in the closing days of the campaign, thereby giving colour to Mr. King's contention that they were Toronto dominated. Perhaps the C.C.F. was unwise in having its national Chairman and Secretary, Messrs. Scott and Lewis, write their book *Make This Your Canada*. Although it was an able effort in many ways, there may still be political shrewdness in the old wish that "mine adversary had written a book".

But it would be a mistake to attach too much importance to such things, and the Canadian public is not wasting much thought on them. Once again Mr. King has kept his strength in Quebec and managed to gather enough support elsewhere to enable him to carry on. The pattern is therefore familiar, and Canadians are thinking of the future and of the composition of the new House of Commons as the basis of future government. From this point of view the general attitude seems to be one of complacency, with the situation giving some satisfaction to all parties. Mr. King has his majority and all but two of his Cabinet Ministers, one of the casualties being a recent appointment and the other General MacNaughton, whose political career, notwithstanding the guarded remarks of the Prime Minister at his first press conference following the election, can safely be said to be at an end for the time being at least. The Progressive Conservatives have increased their numbers substantially and have elected their leader Mr. Bracken with all his principal lieutenants except Mr. McTague. The C.C.F. has doubled the number of its members and has Mr. Coldwell, always one of the most effective debaters in the House. There is no chance that the new House will convey the impression so often given by the old, one of Government benches completely dominating the Opposition both in numbers and ability. One of the encouraging things about this election was that the qualities of the individual candidates seemed to have had more weight with the electors than they sometimes do. On the Liberal side, as has been said, almost all the Cabinet Ministers were re-elected and also the Hon. C. G. Power, who was a Minister not so long ago and well may be again. The Progressive Conservatives in addition to Mr. Bracken have Mr. Diefenbaker, Mr. Graydon, two distinguished soldiers, General Pearkes, V.C., and Colonel Merritt, V.C., and Mr. J. M. Macdonnell, whose victory in Muskoka, Ontario, is recognized as a personal triumph. The new House may disappoint in statesmanship but at least it should not be dull.

Less encouraging, perhaps, the results may appear to those both here and abroad who hoped for the emergence of a strong Canadian public opinion united on the broad lines of approach to the admittedly grave problems confronting us. In whatever direction one turns the picture appears to be one of sharp disagreement rather than of unanimity, of strong sectionalism rather than national unity. But beneath surface discords it is possible to find a large measure of agreement among the three major parties. In external affairs there is little disposition to question the traditional cornerstones of Canadian policy, friendship and co-operation with both the United Kingdom and the United States, and the war has convinced almost everyone that Canada's Commonwealth and American relations must be brought within the frame-

work of a wider internationalism. The Canadian delegation to San Francisco was representative of the three major parties and went there with an almost unanimous mandate from the previous House of Commons. Canada knows that in the new air age it is not only next door to Britain and the United States but also next door to Russia across the Arctic. This fact will largely determine the policy of any Canadian Government.

CANADA AT SAN FRANCISCO

THE CLAIM OF THE MIDDLE POWERS

CANADA's delegates went to San Francisco with four main objectives in the way of amendments to the Dumbarton Oaks draft. None was fully achieved. All were approached closely enough to let the Canadians return satisfied that they had got the essentials of their desire. The United Nations Charter was such as not only to make formal ratification by the Canadian Parliament a foregone conclusion but also to enlist the kind of public loyalty without which no paper commitment has much worth.

Canada was in a delicate position on the issues of international organization. Like the United States, Canada has and will continue to have a large body of opinion that might be called "isolationist" for lack of a better word. It will be a continuing problem of Canadian statesmanship to convince this section of the nation that Canada's own interests are being served by our active participation in international affairs. Particularly it will be necessary to convince these Canadians that, when Canada acts in world affairs, she acts upon her own decision. In any future conflict or threat of conflict, the very suspicion that Canadians were being called to fight at the behest of others would be politically lethal. This is why Canada's most important objective was to write into the Charter a formal guarantee that in no circumstances would Canada be called upon to send troops without having had a vote on the decisions which the troops were to execute. Canada did not demand that her troops should be sent only with her consent—that is, she did not demand a veto. All she asked was a vote. This request was so important politically in Canada that there is some doubt whether the Canadian Parliament would have ratified the Charter had the request been refused outright.

Even as it was, the final Charter fell a good deal short of the original Canadian amendments. Canada asked that any State, not a member of the Security Council, should have temporary membership on the Council with full voting rights whenever the subject under discussion specially affected that State. This suggestion was not accepted by the Big Five. The Russians feared it would expand the Security Council on occasion to unwieldy size, and even the British felt it would unduly restrict the Council's power of decision. But another Canadian amendment was accepted in substance if not in the same words—that any nation should have a vote in decisions concerning the use of that nation's armed forces. Canada would have had the nation in question made a temporary member of the Council in this case too. The final

Charter does not mention "temporary membership", but it does provide that any member so desiring shall "participate in the decisions" affecting its own forces. This the Canadian delegates felt was enough.

Closely allied to Canada's desire for guaranteed consultation and voting rights was her desire for some recognition in the Charter of what has been called "middle Power" status. This was a concern shared by all those nations which, like Canada, had made considerable contribution to the strength of the United Nations and would be counted upon for similar aid in the future. Australia would have limited membership in the Security Council wholly to what Dr. Evatt called "security Powers"—*i.e.* Powers which had shown themselves "able and willing" to fight in the cause of world security. The Canadian amendment did not go nearly so far as that. Canada wanted to ensure that the "middle" Powers had some special rights to the non-permanent seats on the Security Council—she felt it unfair that such belligerent nations as herself or the Netherlands should be put upon the same footing as Liberia, as they had been at Dumbarton Oaks. At the same time the Canadians recognized the disadvantages of attempting to write too rigid a formula into the Charter.

Canada's suggestion was, therefore, that the General Assembly should make rules for the election of non-permanent members to the Security Council, "in order to ensure that due weight be given to the contribution of members to the maintenance of international peace and security and the performance of their obligations to the United Nations". From the outset the Big Five were ready to accept the principle at least of this amendment. But they tacked on also, and apparently with equal status, a provision that due regard be paid to geographical location. This sop to the "regional bloc" sentiment in Canada's view would have cancelled out the "due weight" given to members' contributions. It would have ended, Canadian delegates feared, in the same kind of rotation that prevailed at Geneva, which Canada has long regarded as not good enough.

There was no hope of dropping the "geographical location" line altogether, and no such suggestion was made. But Canadians did want to write in some assurance that contribution would be the *primary* consideration, and location only the secondary. They succeeded at last in putting in the phrase "in the first instance"—Article 23 of the Charter says "due regard" should be "specially paid, in the first instance to the contributions", and so on, "and also to equitable geographical distribution". However satisfied that the words "in the first instance" mean "primarily", Canadians are still a little disquieted to recall that all their efforts to substitute the word "primarily" for the somewhat ambiguous phrase "in the first instance" were in vain. On the whole, however, they are satisfied with the protection that "middle Powers" have won. They are assured of membership on the Security Council oftener, at least, than the law of averages would put them there. They are assured of a vote on all decisions affecting the use of their own forces. That is not all they had hoped for, but it will do.

Canada shared, of course, the desire of all the smaller Powers for some modification of the veto privileges of the Big Five. However, even before

going to San Francisco the Canadians were aware that on this point the Russians were likely to be quite unyielding. Little as Canada liked the Yalta formula on voting procedure in the Security Council, she had already faced the question: "Is an organization with the veto and Russia preferable to an organization with neither?" And her answer was "Yes"—if no better could be got, Canada was resigned to the Yalta formula with its veto power.

Canadians did feel, however, that the passage of time might alleviate the suspicion on which, they believed, the Soviet insistence upon veto privileges was based. For this reason Canada set great store by her suggestions for a general revision of the Charter after a term of years. A Canadian amendment would have made it mandatory that, after ten years, a special conference of the United Nations be summoned to consider such a general revision "in the light of the experience of its operation". As the Charter finally came out, the constitutional conference "may" be called whenever two-thirds of the Assembly and seven members of the Security Council so desire. It is explicitly provided, of course, that any changes in the Charter recommended by such a conference shall be subject to the Big Five's veto power. On the other hand, the danger that the calling of such a conference might be shelved and never put to a vote is averted; it is provided that, after ten years, the proposal to call such a conference must be placed on the agenda of the Assembly. Canadian delegates were satisfied that on this point their objectives had been almost fully attained.

THE ECONOMIC AND SOCIAL COUNCIL

THE fourth principal aim of the Canadian delegates was one which they held more for international than for national reasons. This was their desire to strengthen the Economic and Social Council.

At Dumbarton Oaks the Economic and Social Council had been omitted from the list of "principal organs" of the United Nations and made a rather feeble and shadowy appendage of the General Assembly. Indeed the whole of Chapter XI of the Dumbarton Oaks draft smacked of afterthought and make-do.

Canadians deplored this cavalier attitude towards a body which, they felt, might well become the most important part of the organization. If the United Nations proved successful in preventing wars, they believed, that very success would mean a diminution of importance for the Security Council. It would finally become "like the vermiform appendix, an organ with a history but no function", as a reporter of the *New York Times* put it. And as the Security Council declined in status, the Economic and Social Council would rise. Moreover, Canada has perhaps a greater interest than any nation in the world in a free-flowing international trade. Our economy is absolutely dependent on a good volume of world trade, and upon the free exchange of currency in connexion therewith. Anything, therefore, which can help the cause of international trade is bound to be a special Canadian interest.

For all of these reasons Canadian delegates paid great attention to the committee on economic and social co-operation, and did probably more work on this chapter of the Charter than upon any other. The original set of Canadian amendments included a complete revision of Chapter IX of Dum-

barton Oaks, which rearranged the order of the chapter, clarified a number of its provisions without changing them particularly, and also added some new material. In committee it turned out that the Soviet delegate particularly would prefer to depart as little as possible from the Dumbarton Oaks framework. For this reason many of the Canadian suggestions with regard to order and arrangement were dropped—it was felt that substance was more important than form. And in substance, Canadians believe, their major suggestions have been adopted in the final Charter, Chapter IX.

These suggestions were numerous and detailed; but broadly they aimed at somewhat increasing the Council's powers without, however, giving it any executive functions or authority to issue specific directives. The powers now include the power to initiate studies and make reports and recommendations. Also, the Council's relations with the specialized agencies, such as the I.L.O., are more clearly defined than they were at Dumbarton Oaks.

Canadian delegates were active as well in many other aspects of the San Francisco task besides these four special interests. They did a good deal of work in the committee on the International Court of Justice, where discussions were technical but vigorous. They took a considerable part, too, in the drafting of the articles relating to the Secretariat of the United Nations. They feel that the present Charter gives individuals in the Secretariat improved protection against pressure from the Governments whose subjects they are—the kind of pressure, for example, that Mussolini tried to put on Italian employees of the League.

On the completed task they look with as much satisfaction, probably, as any delegates. As a contributing but not a great Power, Canada suffers peculiar disabilities. Remote as the United States from the historic battlefields of the world, Canada cannot reassure her own isolationists by pointing to a veto right. And it must be recognized that, while her membership in the British Commonwealth increases the readiness of many of her citizens to play an active rôle in world affairs, it increases the reluctance of not a few.

But the present war has done much for Canada. It has also shown that of all Canadians in their country and in its strength. It has also shown that security is indivisible and that Canada must, in her own interest as well as that of others, do everything possible to create an effective international system. Recent years have shown, moreover, that Canada's influence is by no means negligible. Her historical and geographical position in relation to the United Kingdom and the United States, and her proximity by air to Russia, give her a significance in the international scene out of all proportion to the size of her population. These facts are now clear to thinking Canadians and they are the fundamental considerations underlying both the policy and the active participation of Canada at San Francisco. There is every reason for confidence that the Canadian people, as well as the Canadian Parliament, will support the United Nations under the present Charter, and faithfully carry out all their obligations thereunder.

Canada,
July 1945.

AUSTRALIA

CONCENTRATION ON THE PACIFIC WAR

DEFEAT of Germany brought a sense of relief and sober gratitude in Australia, but little ebullition of popular feeling. For one thing, the official announcement of final surrender came as a slight anti-climax after the events of the previous week, and for another, it was widely realized that the winning of the war in the Pacific and the reconstruction of stricken countries would involve "blood and toil" for some time to come. Gratitude and admiration for the conduct of the British people in the last five years are deep and general. The war has barely touched Australian soil, and for the bulk of the people of this country—save those who have served abroad—the impact of bombing on the civil population, and other results of total warfare at close quarters, are difficult to imagine; but none fail to realize that the ordeal of Britain has saved Australia from sufferings completely outside the range of previous experience.

British leadership stands high. The crushing of Nazi Germany is seen in part as the personal triumph of Mr. Churchill, for whom a warm feeling of personal affection is shared by persons of all shades of political opinion. The brilliant achievements of leaders in the field, and the manifest thoroughness of the vast organization behind such operations as the "D-Day" invasion and the bombardment of Germany from the air, have long since stilled criticism of "British muddle". A few such comments were being voiced three years ago after the fall of Singapore, but they are now forgotten.

There is a feeling of deep regret that victory in Europe came too late to be witnessed by President Roosevelt, whose death came as a shock to Australians. In addition to the part he played in the war itself—a part whereof the practical implications were made very plain to the general public by the arrival here of large American forces to help stem the threatened Japanese invasion in 1942—his social philosophy made a strong appeal. His presence at the peace table would have been regarded as one of the best of and liberal lines.

Now that the demands of the Allies in Europe upon shipping, materials and equipment may be expected gradually to diminish, and that Australian airmen and others are returning from Europe, some easing of restrictions on the home front is being demanded. Australia's primary duty, however, is accepted as being that of contributing as much as possible to the Pacific war. Powerful forces are already pressing in upon Japan, and it is hoped that the resources released by the defeat of Germany will result in a knock-out blow, although months must elapse before the full weight of those resources can be brought to bear. Shipping alone presents a serious obstacle, and the great distances of the Pacific are making it difficult to deploy massive air and sea forces for want of sufficient advance bases.

The public is anxious to see Australia fully represented in the final stage of the war. Among other motives is the desire to play as direct and active a part as possible in the release of the Eighth Australian Division, taken prisoner three years ago in Malaya.

Uncertainty over the future rôle of the Australian forces prevailed during the greater part of 1944; and the long spell of idleness undergone by a large proportion of the troops was disappointing and demoralizing for the men themselves, besides involving an obvious waste of man-power. Australian troops were to have participated last year in the invasion of the Philippines; but that operation developed so successfully that General MacArthur was able to take several short cuts, and did not find it necessary to call upon the Australians to perform their allotted tasks.

The Australian forces have since been increasingly engaged in the nearer islands, eliminating Japanese pockets of resistance which General MacArthur passed by in his first swift advance. These hostile forces range from handfuls of men living in jungle villages up to substantial bodies, estimated to number possibly 90,000 in all. Bougainville in the Solomons, New Britain and New Guinea are the chief centres of resistance opposing the Australians in the nearer islands. For a time these scattered hostile forces received a precarious and spasmodic trickle of supplies, but in the main they have been living on the country. The Australian Commander-in-Chief has expressed the view that they should be promptly and thoroughly eliminated, so that they may not settle down as permanent colonists, inter-marrying with the natives.

The elimination of hostile forces that have been passed by was described by the Minister for the Army on one or two occasions last year as "mopping up"; and the term and the policy have both evoked warm criticism. "This appears to be a secondary rôle", Mr. Menzies declared on tasks of greater importance, such as the deliverance of Malaya and the Netherlands East Indies.

Against such criticism Government speakers advance the view that these operations are by no means minor—they no longer describe them as "mopping up"—and that Australia has a special responsibility for clearing the nearer islands. Especially is this true of New Guinea, where Australian forces have recently completed the destruction of the remaining Japanese in the Wewak area of the former Mandated Territory. Criticism has also been met in part by the announcement that the A.I.F. was undertaking the major part in new Borneo landings at Tarakan. These operations were described by the Australian Commander-in-Chief as a "complete success"; and, after about 16 days of fierce fighting, all key positions of the island had been taken, and the Dutch forces advanced from the southernmost extremity to link up with the Australians. This success was followed by further Australian landings in the Brunei Bay area, on the north-west coast of north-east Borneo. On July 1, in the largest combined operation yet carried out by Australian forces, another landing was effected at Balikpapan. Fresh landings have also been made on the west coast of Bougainville, in the Solomons; and from this and other islands there have been a number of reports, from war correspondents and others, of inadequate Australian

equipment. By comparison with the Americans, it has been claimed that Australian soldiers in the jungle have lacked certain modern weapons—notably light automatic weapons, and, more particularly, heavy transport and road-building material.

SHIPPING AND SUPPLY

THESE reports were the subject of some sharp exchanges at Canberra, and Ministers were somewhat unsure in answering the critics. The Acting Minister for the Army, Senator Fraser, declared at the beginning of March that the equipment of the Army in basic weapons was second to none, although he admitted that some thousands of tons of bulldozers and other mechanical equipment were awaiting transport from the mainland, through lack of ships. This immediately drew the fresh objection that the clearing of the islands was not a matter of great urgency, and should not have been undertaken until ample shipping and supplies were available.

Shortly afterwards, the Prime Minister announced that Senator Fraser was to visit the battle areas to investigate the situation. Senator Fraser's report was generally favourable, although it admitted to local scarcities owing to lack of shipping and to difficulties in some places of landing cargoes through surf.

The shipping difficulty is incontestable, for these operations took place in the period of acute strain when, as Mr. Churchill described it, the prolongation of the war in Europe overlapped the offensive preparations in the Pacific, thus leading to a "double peak" in the demands on shipping. This point was not questioned by Opposition critics, although there were some like Mr. Menzies who were not satisfied that available ships were being fully used, owing to industrial difficulties. Mr. Menzies, however, expressed his belief that on the whole Australian forces were adequately equipped for their task.

As the main Pacific front has moved northward, Australia's rôle has progressively changed, until this country has become a major supply base, especially for foodstuffs. Australian responsibilities in Europe have, of course, not ended with the fighting; and the duty of providing as much food as possible to succour the starving is not questioned. This attitude has been helped by stories of the misery of peoples of the liberated countries, but nothing has brought home the urgency of the situation so vividly as the fact that the British people themselves, in order to help their less fortunate allies and neighbours, have accepted a cut in their war-time ration scale. That this should happen at the very moment of triumph has aroused strong sympathy and a desire to help.

Unfortunately, when the need is greatest production is at its lowest ebb. There has been some relief from drought, and conditions in certain areas are now good; but the loss of last season's crops has left tremendous leeway to make up. The greatest immediate trouble is that of finding fodder for livestock, for winter food, and to save animals in the wide expanses which remain denuded of pasture. A heavy fall in the number of sheep carried must be expected, and the loss in winter dairy production must also be serious.

Fodder stocks in New South Wales, Victoria and South Australia at the end of March were estimated at less than 500,000 tons, compared with a normal figure of about 2,500,000. Some fodder is being shipped from West Australia, and stock are being fed on wheat; but very little wheat now remains, and the new crop cannot be expected to flow in in any quantity until the end of November. Flour mills have been ordered to reduce operations from three shifts a day to two shifts or one, according to the locality.

The arrival of the British Pacific Fleet has made fresh demands for food supplies and services, so that even before the defeat of Germany a complete overhaul of the current allotments of man-power and other resources had obviously become necessary.

DEMOBILIZATION AND MAN-POWER

THE size of the Services was being called into question, since there were large numbers of men being retained for whom there was little prospect of fighting. Particularly did this apply in the Air Force, which possessed trained air crews far in excess of available aircraft, for whom no operational duties were being found. Meanwhile lack of man-power seriously hampers urgent civilian work, such as food production, and works and housing, which preliminary work in industrial reconversion, and reconstruction. The most should now be under way in preparation for reconstruction. The first difficulty burning question of all is housing, although in this field the first difficulty to surmount is that of materials rather than men.

The Acting Prime Minister has therefore announced a plan to transfer 64,000 men from the fighting forces to industry between July and December, "to restore an appropriate balance between the direct military effort and its industrial basis". Of these, 10,000 men are to be released on occupational grounds, irrespective of service. Subject to operational requirements, men with more than five years' service, including operational service abroad, are being given the option of taking their discharge; and all non-operational service establishments, as well as the war-time government departments, are to be reviewed so as to divert man-power to essential work.

Post-war problems are receiving increasing attention both in and out of Parliament, and, as the war recedes, there is an increase in party political tension. Despite Mr. Curtin's original appeal to treat the question of rehabilitation of servicemen on a national rather than a party basis, passage of the Re-establishment and Rehabilitation Bill through the House of Representatives became a strictly party affair. The Bill contains many provisions dealing with special allowances, training facilities, and so on, which have been accepted with little debate. The storm has raged chiefly over the clauses providing for preference in employment to ex-servicemen. The trade unions view this principle with strong distaste, and were prevailed upon to consent to it only by the personal appeal of the Prime Minister. Servicemen's organizations and Opposition critics, however, accuse the Government of having "watered down" preference in response to trade-union objections by making the application of the Bill so wide as to be almost valueless.

Full Cabinet decided on February 1 that preference should be granted to

(1) all enlisted members of the fighting services, and (2) civilians who, in the course of work during the war, had been brought into actual contact with the enemy. This aroused intense trade-union hostility, and the definition was found to be considerably modified when the Bill was finally drafted and was presented to Parliament by the Minister for Post-War Reconstruction, who described it as "the Servicemen's Charter". Under the Bill, any person who "considers that, having regard to the services performed by him in relation to the war, he is entitled to receive the benefits of this division", may apply to the Central Preference Board for registration.

This has been strongly condemned as an obvious loophole which would permit the measure to be stultified by the granting of preference to all and sundry. "The moment you get away from servicemen you get to uncharted seas" declared the Leader of the Opposition during the debate. "If everyone has preference no one has preference." Strong doubts were also expressed over the effectiveness of the clause requiring employers to give preference to those entitled to it under the Bill, since it was contended that in practice this provision might too easily be evaded.

The new measure repeals previous legislation granting preference to ex-soldiers of this and the last war, so that servicemen's associations contend that they have lost rather than gained by the new preference provision, and that trade-union pressure on the Government has led to a betrayal of their interest. They find confirmation in the attitude of the Minister who introduced the Bill. At a Labour party conference a week later he is reported to have excused the Government's action in accepting the principle of preference by stating that "in 1942 when the Labour party depended on Mr. Coles (an Independent) for its majority, it had to commit itself for preference, or it would have been 'out on its neck'".

As the debate in Parliament developed, it gradually became evident that the Government was determined to press the Bill through unaltered in substance. Little heed was paid to Opposition criticism or proposals for amendments; and the guillotine was invoked to complete the passage of the Bill. In the closing stage of the debate, however, the Government became aware of serious weaknesses in drafting—as, for example, that the measure covered only men and women who had served in the war against Germany, and did not include those who served against Japan. At the last moment a long list of proposed amendments and alterations was circulated, and Mr. Menzies protested—in vain—against doing this when members had no time to consider or debate the changes. This procedure is typical of the recent treatment of Parliament. The Government has a very heavy programme of legislation, much of it highly contentious, and Parliamentary debates have served as a sounding-board for public opinion, but have had little direct influence in shaping new laws. The Re-establishment and Employment Bill, the Commonwealth Bank Bill, and the Banking Bill, have all been guillotined in the House of Representatives.

It is in the Caucus meetings that the serious debate takes place; and, once the party has approved of a draft measure, the Government tends to rely on its large and well-disciplined majority to secure its passage through the

House. There is increasing complaint that it is to Caucus, and not to Parliament or the public, that Cabinet divulges the information necessary to a proper appraisal of its plans. A succession of social-security measures, to be financed from general revenue, is being passed, for example, but the Treasurer has made no statement to show the cumulative effect on the national budget, nor how the necessary revenue is to be raised.

A BROADCASTING DISPUTE

A SPIRITED controversy was launched at the beginning of May over an abrupt decision by the Postmaster General to forbid commercial radio companies in New South Wales the use of certain trunk-line facilities required for the broadcasting of news from country centres. There are in Australia two classes of broadcasting stations—those which are publicly owned and operated by the Australian Broadcasting Commission, and commercial stations which depend on advertising for their revenue. The latter operate under licence from the Postmaster General, and pay a nominal fee for the privilege. Early in 1942, when invasion of Australia threatened to disrupt normal services, the broadcasting companies came to an arrangement whereby they were supplied with news by the Australian Broadcasting Commission. Last year it was suggested to the companies that they should pay a fee for this service—hitherto supplied gratis—and acknowledge the source of their news. After amicable discussion, the companies decided that the time had arrived to re-establish independent news services; and they notified the Government of their decision. Efforts were made by Ministers to persuade them to continue using the Commission's news bulletins, and there were further discussions, the last being at a conference convened by the Postmaster General and the Minister for Information on April 10. Despite the inducements offered, the companies decided to continue with their new proposals—in furtherance of which they had already entered into contracts—and they informed the Ministers that they intended to proceed with their plans to inaugurate services of their own on May 1. They entered into negotiations with officials of the Post Office for provision of the necessary technical facilities; and, although they were formally notified on April 19 that these would be available, on the eve of the inauguration of the new arrangement the Postmaster General forbade the companies the use of the lines. He made it clear, however, that lines would be provided free of charge if the radio companies would consent to continue the use of A.B.C. news bulletins, which the Government would continue to supply gratis, waiving the former claim for payment. Since the news services of the A.B.C. have become suspect owing to frequent and growing intervention by Ministers in order to secure broadcasts favourable to Government policy (and also on occasion to secure personal publicity), this step was hailed by the Opposition as further proof of a "totalitarian" spirit towards news. It is the avowed mission of the Minister for Information to destroy what he regards as the "monopolistic tendency" of the Australian press, with which he came into open conflict a year ago in a dispute over censorship.

The Acting Prime Minister and the Postmaster General both laid stress

on the scarcity of telephone facilities to justify the ban; but, as they conceded that the lines would be available if the private companies agreed to transmit the official news bulletins, this explanation has not been found convincing.

POST-WAR INDUSTRY

VARIOUS aspects of reconstruction and post-war commerce are naturally engaging an increasing share of attention, and the tendency is to fight these questions out on party lines. One of the least controversial has been the promotion of the wool trade after the war, for the progress of synthetic fibres is causing concern over the future of what is still Australia's greatest single industry. A Wool Research and Publicity Fund, financed by a levy of 6d. per bale, had been established before the war on the initiative of the growers. Now that levy is being raised to 2s. a bale, and the Commonwealth Government is also to contribute 2s., giving a total revenue of about £600,000 a year. This is to be devoted to research into pastures and husbandry, into manufacturing processes, and to the promotion of the use of wool.

The growers themselves have sought the increased levy, and the Government has fallen in sympathetically with their request. In the Bill which is to carry the plan into effect, however, wool growers find ground for criticism of the administrative arrangements. They contend that the Bill places too much power in the hands of the Minister of the day. Publicity is to be under the direction of the Australian Wool Board, but always "subject to any directions of the Minister". The Minister is also to decide year by year how much money is to be allotted to the Board, and how much to the Research Fund, which is to be administered by an inter-departmental committee.

On post-war problems, the Commonwealth has defined its policy in a White Paper on "full employment". This is a statement of principles, together with a number of broad suggestions on how the principles might be carried into effect; in its main features it closely resembles the British White Paper on the same subject. The emphasis is on stability of capital expenditure as the key to stability of production and employment; but in addition the Commonwealth attempts to design a plan of public expenditure which shall both stabilize employment and provide for social betterment through a wide range of non-contributory social services.

A particularly difficult obstacle in the way of such a plan in Australia is the existence of six State budgets in addition to that of the central Government, and the Commonwealth must secure the co-operation of the States in financial policy if it is to carry out its proposals. The Commonwealth's conception of full employment is that of having "always more jobs than men", and the plan has been hotly criticized in Opposition quarters as necessarily involving a continuation of economic controls.

So far, however, leaders of the Opposition parties have made no formal statement on the White Paper. They are in the dilemma of having much to say in condemnation of it, but of lacking any well-thought-out alternative to place before the public. The Opposition has been on strong ground,

electorally speaking, in attacking the Government's retention of controls, and especially of extremely heavy taxation, without any definite prospect of relief. But the Australian public will also expect some positive post-war programme. "Full employment" has been put forward by the Labour party as part of a comprehensive social and economic programme, and this may well have a much stronger popular appeal than the present negative attitude of the Opposition, with its slogan of "Free enterprise".

Australia,
July 1945.

DEATH OF THE PRIME MINISTER

On July 5, 1945, the death of Mr. John Curtin, Prime Minister of Australia, was announced from Canberra. The following appreciation is contributed by an Australian correspondent now in England.

THIS is not the time to assess John Curtin's rightful place among Australia's statesmen, for only with the passage of years will it be possible to view his career in its true perspective. However, it can be said even at this stage that his was a rôle which will never be forgotten by Australians. The Prime Ministership of the Commonwealth is not an easy task at the best of times. Curtin held it, commanding approval from colleagues and political opponents alike, in the worst predicament his country has ever faced.

What was it that enabled one who was both sensitive and retiring to command the respect he did and to weather the storms which are the fate of war-time leaders? To understand the man and his strength of character, it is necessary to study his career. He was of modest upbringing, and he spent his early years in conditions which gave him an appreciation of the fundamental issues underlying socialism. This appreciation he was later able to impart to some of his colleagues of the Labour party. After earning his first wages as a "printer's devil", he gained administrative experience between 1911 and 1915 as Secretary of the Timber Workers' Union. In keeping with consistently expressed abhorrence of the use of force to settle international disputes, he gave up this position during the first world war to become Secretary of the Anti-conscription League. It is interesting to note, however, that his objection to compulsory military service did not deter him from trying to join the army, but he was rejected on medical grounds.

About this time a trace of bitterness seems to have entered into his outlook as a result of a court charge, later to be dropped because it was illegally based, which was brought against him in Victoria in connection with his anti-conscription activities. Curtin took this accusation so hardly that his friends, in order to divert his attention, secured for him the position in 1917 of Editor of the *West Australian Worker* in Perth. The value, later on, of the practice in self-expression thus obtained need not be emphasized.

From 1928, when he entered the Federal House of Representatives as member for Fremantle, his parliamentary career was relatively unspectacular until, in 1935, he unexpectedly succeeded Scullin as leader of the Labour party, defeating Forde by one vote. At once he proved to be a centralizing and steadying influence in his party, which, particularly in New South Wales, had been split by internal dissension. In addition to the quality of political leadership, he soon revealed, by his views on defence, that he possessed unusual vision. In August 1937 he declared that Australia required for her protection an air force of 50 fighter-bomber squadrons, contending that a country which could not defend itself in the air could not defend itself at all. Later he was to become the chief Labour spokesman for those who were convinced that Japan was about to strike and that Australia was part of the territory coveted.

On the outbreak of war, Curtin whole-heartedly espoused the Allied cause, but refused an invitation to join in a coalition Government because he believed that this would compromise Labour ideals. He countered instead with a proposal for an Advisory War Council, to be comprised of representatives of all parties. This suggestion was adopted and the Council has functioned ever since with varying success.

By 1941, despite his distaste for publicity, Curtin was widely known and respected. When he took over the reins of office, therefore, after the collapse first of the Menzies and then of the interim Fadden Government, he commanded nation-wide confidence, although he had had no previous ministerial experience. This deficiency was considerably offset by the guidance and inspiration he received from Scullin, the previous Labour Prime Minister and virtual "father" of the party. Undeterred by the fact that he had to rely for his majority on the support of two Independent members, he acted quickly and resolutely. "I know what the Australian people want me to do", he said; "they want my Government to act immediately; they want Australia to be thoroughly organized."

Delegating authority and responsibility to members like Chifley, Evatt, Beasley and Forde, he freed himself from departmental duties in order to concentrate on general matters of national importance. As a realist, he saw that Britain could not be relied upon to turn back the Japanese and that Australia would have to co-operate, unreservedly, with the United States if she were not to suffer the fate of the Philippines, Malaya and the Netherlands East Indies. Accordingly he appealed in the strongest terms for American aid and offered to MacArthur not only the command of Australian forces, but also his Government's ready co-operation with the organization of South-West Pacific defences. By his eloquence and example, he roused and unified the nation and so made it possible for Australian arms to administer the first defeat suffered by Japanese land forces. At the end of 1942 he foresaw that, as the Allied counter-offensive moved beyond the Australian defence area, difficulties would arise with existing legislation, which limited the use of the Militia to home defence. He had the courage, therefore, to seek and obtain a mandate from his party to negotiate for the use of the A.I.F. and Militia as a united force in the whole of the South-West Pacific

Area. This action was all the more courageous, coming as it did from a firmly avowed opponent of conscription.

The overwhelming return of the Government at the elections of August 1943 was a personal triumph for Curtin, which enabled him to accept with confidence an invitation to confer in London with the other Prime Ministers of the British Commonwealth in March 1944. Here he unfolded his plan (which was not accepted by other members of the Commonwealth) for an Imperial Consultative Council, with a standing Secretariat, and in the course of discussion he showed something of the pride he felt in Australia's international position. Here, too, he made it abundantly clear that he had come to regard the Empire as the greatest single power for good in the world—a power which he would like to strengthen by the strongest possible ties. It is no secret that the rejection of his plan was a great personal disappointment to him.

He was strongly of the view that Australasia was the British bastion of the southern hemisphere; and to strengthen it he had in January of that year, with the able assistance of Dr. Evatt, effected by means of an agreement the tightening of military and economic ties between Australia and New Zealand.

The impression he created during his brief visit to London was extraordinary, if one considers that in addition to his self-effacing qualities he was handicapped by poor health. In voicing his opinions, however, he could be extremely forthright. Indeed, his dislike of equivocation, combined with his keen, analytical mind and transparent honesty, explained, perhaps, a comment in *The Times* that he "established a measure of confidence rarely indeed accorded on so brief an acquaintance" and "stepped at a single stride into the first rank of Imperial statesmen". Mr. Churchill described him at the time as that "most commanding, competent and whole-hearted leader of the Australian people".

His political skill, with his ability to inspire the loyalty of his colleagues, explains how he was able to perform so much in so short a time. But the pace had been too great. Physically, Curtin had never been robust, and the unrelenting demands made on his strength took steady toll. In November of last year, while on his way back from Perth to Canberra, he succumbed in Melbourne to heart trouble from which he never fully recovered.

John Curtin had many of the characteristics which Australians admire. He was straightforward and at times blunt in speech, modest, fair to others and without affectation. Yet his austerity and reserve, which amounted at times to coldness, preclude one from thinking of him as a typical Australian. Whatever his place may be in his country's history, most Australians are agreed that he has set a standard which it will be difficult for his successors to emulate.

SOUTH AFRICA

THE POLITICAL SCENE

THE session of Parliament which has just ended was very much longer than usual, but it cannot be said to have been particularly fruitful. There was no legislation of major importance; and, although there was much frank expression of opinion on current policies—particularly by members of the Government party—we shall have to wait until next year before South Africa's course in the post-war world is fully defined. Most of the work of the session was reviewed in the last number of *THE ROUND TABLE*, the only notable addition to the Bills passed being a rather draconian measure to deal with housing. Housing is one of the most difficult and the most urgent of the problems facing this country, and the Government has taken the only practicable course, which is, in effect, to vote itself dictatorial powers. The Bill empowers the Minister to issue regulations in order to get houses built, landowners, builders, workers and owners alike being subjected to a discipline which limits profits, eliminates speculative investment, and controls wages and the movements of workers. The Bill in most of its aspects is an offence against the spirit of democratic institutions; but it is a measure of the urgency of the housing problem that it was passed by the House with practically no substantial opposition.

Though the session was unproductive of major legislation and new policies, it marked something of an occasion in that it was the last of the sittings in which, through all the hard and bitter years of war, this country has maintained its parliamentary institutions intact. In the stresses of the grim days of war, and against the revulsion on the part of a large section of South African public opinion from parliamentary democracy, this was a substantial achievement. Much of the credit must be given to the inspired leadership of Field Marshal Smuts, South Africa's grand old man, whom the country is preparing to welcome on a fitting scale on his return in a week or so from his labours at San Francisco.

A dispute in the first days of the session about the arrangement of the order paper led the Opposition party to take up a pugnaciously non-co-operative attitude, which greatly hampered the work of the House. Nothing could have demonstrated more clearly the extent to which the parliamentary machine is dependent for smooth running on the goodwill of the human beings who are its components. The Government party during the recess is to investigate ways and means of making the parliamentary system less susceptible to disorganization and more efficient in the dispatch of business.

This unhappy spirit, which has continually braked the wheels of parliamentary progress, added much to the burdens which Mr. Hofmeyr, as leader of the House, had to shoulder. Even when General Smuts was here, a large part of the parliamentary burden fell on Mr. Hofmeyr; and when the General departed overseas Mr. Hofmeyr became Acting Prime Minister as

well as remaining Minister of Finance, in which capacity, under our system, nearly all the work towards the end of the session automatically devolves upon him. Mr. Hofmeyr's leadership of the House and the country during General Smuts's absence impressed both the politicians and the public. This session has undoubtedly reinforced in a marked degree Mr. Hofmeyr's claims to the succession when the day comes—and in the nature of things it cannot be long delayed—when General Smuts decides to depart from the active political scene.

Dr. Malan's Nationalist party ended the session with high hopes of early progress, hopes based largely on widespread evidence of dissatisfaction and discontent with many aspects of the Government's policy. But the almost continual sniping at the Government on housing, demobilization and allied questions need not be taken too seriously. Much of it can be traced to the natural reaction from the years of war during which the natural grumbles and grouching of human beings have been bottled up in the cause of the war effort. The Nationalists not only made a great mistake in September 1939, but by continually giving vent throughout the war years to their almost morbid anti-British prejudice, they built up resentment in the minds of the electorate which will not be forgotten so readily as the Nationalists hope.

HOPES OF THE LABOUR PARTY

A MORE serious threat to the stability of the political scene brought about by the end of the war has been the weakening of the ties which bind the Government coalition. The result of the general election in Britain* will undoubtedly influence the course of events here, but at the moment it cannot be said with certainty whether the Labour party will continue co-operation with the United party. In terms of parliamentary votes the Labour party is not of very much importance, but its association with the Government has an undoubted stabilizing and soothing influence in the handling of labour and industrial questions. Opinion within the Labour party is sharply divided. On the one hand it is recognized that the actual influence of Labour in evolving South African policies will undoubtedly be more marked while the Labour party continues to form an integral part of the Government rather than a necessarily small though independent parliamentary group. While most Labour men recognize this, many are also concerned with longer range ambitions of the party. The argument is that the natural discontents of the post-war era and the inevitable mistakes of the Government's policy and administration will drive many voters from their allegiance to the United party. With the Coalition in being these votes have nowhere to go except to the Nationalist party. If a third choice were available in the Labour party, it is felt that voters who dislike the United party but are not prepared to vote Nationalist will turn to Labour. On this foundation the Labour party could look to some gains in the next election, which, in the minds of the more optimistic of the party's followers, might even give them the balance of power, with far-reaching benefit to the party's fortunes.

* This article was dispatched from South Africa before the votes in Great Britain were counted.

SOUTH AFRICA

This country is probably in for a period of political unrest in common with most countries in the world. A degree of disillusionment must make itself felt early—South Africa is not alone in having a phenomenon of large and vocal sections of the public who both demand more, bigger and better social and other services and complain about the rising burden of taxation. There is some talk of another session in September, but if there is it will only be to ratify the San Francisco Charter. General Smuts will undoubtedly be anxious that his country should as soon as possible give its approval. The Nationalists have been extremely cynical and often contemptuous about the proceedings at San Francisco, but there is no reason to expect that this country will not overwhelmingly approve of the labours of the peacemakers.

INDIANS IN THE UNION

TOWARDS the end of the session the Broome Commission on Natal Indian affairs presented an interim report, which amounted to a confession of failure to achieve anything. The strained relations between the racial groups in this country, acerbated by the interested politicians of India, make it virtually impossible to effect any early resolution of the deadlock which has arisen. As a preliminary the Commission recommends that a delegation should be invited from India to visit this country and ascertain for itself the difficulties of the local situation. In passing, the Commission discusses the problem of political representation for Indians, coming down in favour of some form of "loaded franchise". European opinion would not tolerate anything like full franchise of Indians, but as a result of the Commission's report there are hopeful signs that, even in reactionary quarters, there is support for a limited franchise which, if it does not conform to theoretical principles of democracy, at any rate would give some real measure of representation to the, at the moment, unrepresented Indians. The Broome Commission has for all practical purposes gone out of business, and all that can be hoped for now is an increase in mutual goodwill, coupled with an earnest desire of Europeans to meet the Indian political, social and economic grievances.

South Africa,
July 1945.

NEW ZEALAND

PROGRAMME OF THE NEW SESSION

THE second session of Parliament opened on June 27. The Speech from the Throne indicated that, while rejoicing because the war in Europe had ended, the country must remain on a war footing till Japan was beaten. The programme of legislation included measures to provide for the acquisition of the privately owned shares in the Bank of New Zealand, for a minimum home and family income, for the amendment of the law relating to superannuation and workers' compensation. It also indicated that the Government had under consideration legislation to acquire and operate the commercial air services of the Dominion, but there was no hint of legislation to abolish the country quota, a topic much discussed during the recess. Vacancies during the recess had been created in two constituencies, Hamilton and Dunedin North, by the deaths of Mr. Findlay (National) and Mr. Munro (Labour). The election at Hamilton resulted in the return of the Nationalist candidate, Mrs. H. Ross, with 6,777 votes against the Labour candidate's 5,711 and 1,231 for Mr. J. A. Lee, the leader of the Democratic Labour party. In Dunedin Mr. Walls retained the seat for Labour but with a majority reduced from 2,798 to 738. Apart from contentious legislation there are other problems likely to be warmly discussed in the House and the constituents. The treatment of military defaulters has for some time been a bone of contention between the Cabinet and the Returned Services Association. Recently the Government announced that two one-man tribunals would hear appeals from military defaulters, who number about 640. Appeals are now being heard, and this action has aroused bitter criticism from the Returned Services Association. The form of the contribution to be made to the war in the Pacific has also given rise to marked differences of opinion. The Cabinet believes that, in addition to our naval and air forces, some land force is necessary. On the other hand, many think that, as we cannot do both, our best contribution would be greater production of food, the lack of which may prove disastrous both in the Pacific and in Europe. The difficulty has been accentuated by the partial failure of some of the staple crops. The swamping of stabilization continues, as was inevitable once a leak had been made in the dyke. Increases of wages with corresponding increases of costs, especially building costs, continue to be announced. How and when this movement may be halted remains one of the most debatable points.*

THE BANK OF NEW ZEALAND

THE expropriation of the private shareholders in the Bank of New Zealand was fully discussed at the annual meeting of the shareholders. It has also

* See THE ROUND TABLE, No. 139, June 1945, p. 282.

been the topic of leading articles and correspondence in the press, and of resolutions of commercial organizations. At the annual meeting the Chairman of the Directors, Mr. A. T. Donnelly, one of the government nominees, in a speech which was generally applauded as a fair statement of the position and a moderate and impartial criticism of the new policy, gave some interesting and rather startling facts arising out of his correspondence with the Minister of Finance. It came as a great surprise to the public that the Directors of the Bank had not been consulted or even advised concerning the proposed change in the Government's plans. It was noticeable from the correspondence that the Minister gave no reason whatever for not informing the Chairman that this sudden change of policy was contemplated. He said he himself must make the decision. The public, more especially business people, would be happier if they could feel this statement was correct.

Mr. Nash has frequently, both here and abroad, denied any intention to nationalize the Bank or indeed that any good purpose would be served by so doing. He has affirmed that the Bank was running its business in the public interest and doing it much better than the Government could. It is an open secret that the *volte face* of the Minister of Finance was the result of the capture of the Labour Conference on this issue by Mr. Langstone, an ex-Minister of the Crown and formerly representative of New Zealand at Ottawa. Since his victory at the Labour Conference Mr. Langstone has lectured throughout New Zealand, making statements probably as embarrassing to Mr. Nash as they are certainly disturbing to the business community. The purchase of the Bank was not an issue at the last election, indeed the Minister gave reasons against it; and yet by the action of the Labour Conference it has become part of the legislative programme for this session. Is it any wonder that the public are increasingly anxious? What the Chairman of the Directors thinks of it is indicated by his decision to resign if the legislation is passed.

REHABILITATION

The plans foreshadowed in 1941 are now bearing fruit, and the wisdom of looking well ahead has been more than justified. The Rehabilitation Act passed in October 1941 set up a rehabilitation board under the National Service Department, but in August 1943 the department of rehabilitation was entrusted to the Hon. C. F. Skinner, M.C., who had been brought back from the Middle East to supervise the work. Three months later Colonel F. Baker, D.S.O., who had commanded a Maori battalion, was appointed Director of the Rehabilitation Department. The board was reorganized under the chairmanship of the Minister, and the organization was rapidly developed. To make its working more expeditious and effective a policy of decentralization was adopted. The executive committee of the board delegated considerable authority to six committees composed partly of its own members and partly of experts in different fields. These committees deal with loans, land purchase and settlement, trade training, education, the Maori and finance, each committee acting in an advisory capacity to the executive.

There are also nine local executive committees in different parts of the Dominion with authority to grant loans within limits fixed by the board. The local districts are served by 30 rehabilitation officers and over 100 committees, on which sit representative men and women connected with business, farming, industrial and municipal activities. Training courses have been organized in both trades and farming. In the latter an ex-service-man takes a course at an agricultural college until reaching grade A, which means competency to control a farm of his own. Trade training centres have been organized, especially in trades closely related to housing. To meet the special needs of disabled men centres have been provided in six of the principal towns. Under the Disabled Service-men's Re-establishment League, which acts in this field for the Rehabilitation Board, men are trained in many varieties of work, such as cabinet-making, artificial limb manufacture, leather work, watch repairing. On the purely educational side liberal provision has been made to enable a service-man to begin or resume a course of study.

In this field the university has assisted with reasonable concessions; board provides bursaries covering the fees and books for part-time students; and full-time students are given also during the university session a living allowance of three guineas weekly to a single man and five to a married man. In addition there are bursaries to enable suitable men to undertake post-graduate courses in universities overseas. Special committees in the Middle East and in Britain make selections so that, in approved cases, men can begin courses without returning to New Zealand.

What has already been accomplished can be seen from the figures. Nearly 80,000 service men and women have been returned to civilian life; and it is estimated that before the end of the war provision will be needed for 100,000 more. Of the 80,000 over 42,000 are on the records of the Rehabilitation Department, of whom over 13,000 have been placed in employment. More than 12,600 have been assisted by loans, aggregating nearly £8 millions, and housing loans to the value of £3.5 millions have been made available to over 3,000 persons. Loans to purchase farms for 870 service-men total nearly £3 millions, and 113,313 acres of land have been purchased under the Small Farms Act, and under the Service-men's Settlement and Land Sales Act 98 properties, capable of sub-division into 147 single units. Nearly 3,000 men have been approved for settlement and a similar number for trade training, while almost 1,800 have taken advantage of part-time courses in educational fields.

All this is a great achievement, not, however, implying freedom from criticism. Before decentralization was adopted, the machine worked too slowly for the men who had already lost four or five years of their lives. Even now some delays are unavoidable; for men are not always the best judges of propositions placed before them, nor may they see enough of the future to enable them to make the best choice. This is the board's duty, and it is equally its duty to obviate unnecessary delays. It may fairly be said that the organization is now running smoothly; and, with the solid co-operation it is receiving from the community, it ought to make the transition from war to peace as quickly and painlessly as possible. But business men

feel that, if the Government would assist them to extend their activities, they would be able to rehabilitate more service-men.

THE UNITED NATIONS CONFERENCE

NEW ZEALAND has greatly appreciated the stand maintained by its delegation at San Francisco, and more especially the outstanding contribution of its leader, Mr. Fraser, not only in plenary sessions but as a member of the Steering Committee and Chairman of the Trusteeship Committee. It is fitting therefore that on his return the Prime Minister should have been congratulated at civic receptions in Auckland and Wellington. During the latter he was presented with an illuminated address signed by over 20,000 citizens of Wellington and its environs.

In addressing the plenary conference the Prime Minister clearly defined the attitude of New Zealand to the Dumbarton Oaks proposals. He said:

"The two main deficiencies as we see them are the absence of any definite pledges on the part of the members of the world organization to protect one another against external aggression and the disproportionate rôle allotted to the small Powers. The veto which can be exercised by one of the Great Powers, both in regard to itself and to other nations, is unfair and indefensible and may, if retained and exercised, be destructive not only of the main purposes of the international organization but of the organization itself."

It was the aim of the New Zealand delegation to have the Dumbarton Oaks proposals amended to provide definite pledges that all would take action against any aggressor, to write the freedoms of the Atlantic Charter into the new document, to provide an Economic and Social Council as part of the organization, to increase in various ways the powers of the Assembly, to ensure that the responsibilities of the Secretariat should be exclusively international in character and that its members should be recruited on the widest possible geographical basis. While it is true that the criticisms of fundamental questions resulted in no major change in the proposals, the discussions were obviously of great value in bringing to the surface the implications of the document.

The Prime Minister has no illusions as to what the delegation achieved and failed to achieve.

"As a result of its efforts", he said, "combined with those of other delegations, especially the Australian, the Charter is a much more liberal and democratic document than was the original draft. It contains new principles that mark a gratifying advance in international thinking. Several of its defects have been remedied wholly or partly, but some unfortunately still remain." He considered "that the security arrangements of the Charter contained disturbing defects, particularly in the Great Powers' right of veto, and in the lack of any definite pledge to resist and defeat aggression. The New Zealand delegation had protested strongly against these defects, but the Great Powers had insisted on retaining the veto and made it clear that they could not accept the Charter without it. The New Zealand delegation and those of a large number of other countries, faced with the choice between an organization with the veto or no organization at all, had refrained from pressing their objections to the point where the Charter as a whole would have been endangered."

The Prime Minister said that, when it ratified the Charter, New Zealand would assume responsibilities, first to provide armed force as determined after consultation and agreement with the Security Council, secondly to transfer to the Trusteeship Council the general international supervision, but not the administration, of the mandated territory of Samoa, thirdly to carry out in the social and economic sphere a policy ensuring full employment or an equivalent minimum family income.

EDUCATION

THE outbreak of war stopped movements to improve our educational system, and the Japanese attack made such demands on man-power that little more could be done than to hold the ground gained. With the turn in the tide of battle in Europe and in the Pacific, it became possible to resume our advance on the educational front. In 1936 the proficiency examination had been abolished in primary schools and their programmes liberalized; but secondary education continued to be profoundly influenced by the university entrance examination, which, with over 5,000 entries annually, had come to be used as a school-leaving examination. The school courses were thus largely determined by the needs of the 5,000 wishing to take the university examination, of whom about half passed; of this number, not quite half actually entered on university study.

An attempt was made to combine the purpose of the university entrance examination with that of the school-leaving examination, the Education Department examining in additional subjects and accepting university results in the subjects of its examination. This attempt failed because the business world continued to demand a pass in the university examination decided to raise to whom employment was offered. In 1942 the university decided to accept for matriculation candidates the standard of its examination and to accept for matriculation candidates accredited by approved schools after a minimum post-primary course of four years. It was part of the new plan that the Education Department should take over the old combined examination, remodel it and use it as the basis for granting the school certificate. Hence it became possible to reconsider the whole scheme of studies in post-primary schools, whose pupils would qualify for the school certificate, not on a university examination, but on one conducted by the Department and based on courses given in the schools and planned to meet the needs of all pupils. Therefore at the end of 1942 the Minister of Education, Mr. Mason, appointed a consultative committee "to consider and report on the implications of these changes with special reference to the courses in the schools and the choice of subjects and their content for the new school certificate examination".

This committee reported towards the end of 1943, in general, as far as the teaching of subjects was concerned, along the lines of the Spens Report in England. The Minister published the report and invited comment and criticism. Regulations bringing the new plan into operation have been drafted and are expected shortly to be gazetted. In every post-primary school "the core" of studies and activities, comprising English language and literature, social studies (preferably integrated with a course of history and civics,

geography and some descriptive economics, music, a craft or fine art, physical education) will be taken by all pupils, who also, however, will have a reasonable choice of more special subjects.

This plan gives great freedom both to teacher and pupil, and its success will depend greatly on how teachers measure up to the new responsibilities. The scheme has been criticized on the grounds that attention to the core subjects will prevent that concentration on linguistic, mathematical and scientific study which produced the scholars of the past. To enable educationists and the public to know what the Government has done, was doing, and proposed doing in the different fields of education the Minister convened a large representative conference in August 1944. Though the conference and its committees roamed over a very wide field, the good work accomplished and the fact that education was considered worthy of such a conference gave it new standing in the eyes of many people.

In the field of university education there have also been promising movements. The geography of the Dominion and its centres of population have resulted in six universities for a population of 1,750,000. This has hitherto involved a good deal of duplication of facilities, but now specialization in the different centres is planned: industrial chemistry at Canterbury, physical education at Otago, social studies at Wellington, and anthropology at Auckland. Auckland too has had vision enough to plan the removal of its university from a small city site to a suburban area of 120 acres.

The bottleneck of all these promising movements is buildings. The raising of the school-leaving age to 15 has produced overcrowding in secondary schools, only partially relieved meanwhile by the use of army buildings for school purposes. The university colleges are more than full. For some years a limit has been placed on the number admitted to the medical school, and some restrictions have been necessary on those wishing to join science classes. In the near future the needs of hundreds of returned service-men will demand new buildings unless further restrictions are placed on those coming up from the schools. The prospect is not hopeful because the demand for houses is most urgent and must have priority, and it may be three or four years before the problems of housing are solved. Meanwhile some forms of education will be compelled to mark time.

During the war years the work of the New Zealand Council of Educational Research has been steadily proceeding. For ten years these activities have been made possible by grants from the Carnegie Corporation of New York. The experiment has been so successful, as the publications show, that the Government has agreed to provide an annual grant sufficient to enable the work to be continued and developed.

New Zealand,
July 1945.

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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE SCHISM OF EUROPE

BREAKDOWN OF THE LONDON CONFERENCE

ADDRESSING the House of Commons in the debate on foreign policy on October 26, Mr. Ernest Bevin described such universal devastation and misery as have not been known in Europe since the end of the Thirty Years War. Twenty-five millions of homeless people are on the march. They are pouring out of Germany, into Germany, across Germany—released prisoners of war and labour slaves of the enemy's war machine, Germans expelled from the liberated countries or Poles from the eastern marches of what they had learned to consider their own land, political or racial refugees fleeing from the domination of their adversaries. Food and fuel are as scarce as shelter, and growing scarcer as the season declines. As the grip of winter closes upon the Continent, hunger deepens towards famine and starvation, no cold from being a source of general misery becomes a menace of death. No one dare yet say how many of the victims of this tragic *Volkswanderung* will survive to find a resting-place and the chance to begin life afresh. Deficiency diseases are firmly established among them; it is scarcely conceivable that epidemic diseases will not take hold of them long before the winter is out. If that happens—when that happens—there is little hope that the spread of infection can be checked, since the powers of resistance of these unhappy people are already almost spent. We are likely during this winter to be taught the lesson of the ineluctable unity of Europe in terms that we cannot ignore; for pestilence knows no frontiers. Terrible is the punishment that the forces of nature, which treat humanity as one race, can inflict for the supreme crime against human unity, which is war.

The root of the evils now descending upon Europe lies in the past, which allied statesmanship is powerless to alter. We are free in conscience to blame the monstrous dominions we have overthrown for letting itself out in ruin and kind a curse that cannot be arrested until it has worked itself out in ruin and death. To mitigate, however, so far as may be, the vast mass of human suffering that flows from the great conflict requires that the problem of Europe be grasped as a whole by an authority capable of wielding its powers in a single design and with a concerted will. This has been within the capacity of the victors. At the moment when they became invested with plenary authority they were united; and on their ability to maintain their unity of administration hung the life or death of innumerable people. To-day Europe is split asunder into two regions, divided by the frontier of the Elbe and its continuation southward, between which there is little communication or confidence, and over which it is for the time being impossible that any concerted policy can be made to prevail. While this mutual suspicion persists, the hope of setting limits to the devastation proceeding from war is in abeyance. If we have learned by the experience of a quarter of a century ago, we have no right to assume that the cost in human lives of the starvation and

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disease that follow war will be any smaller than that of military operations themselves. These are the dimensions of the present challenge; and they measure the magnitude of the tragedy involved in the breakdown of negotiations between the eastern and western allies at the London Conference.

If the background to this diplomatic failure—the threat of avoidable death to myriads or millions—is kept resolutely before the imagination, it is possible that the tragedy may have its proper value in purging the soul by pity and terror. But the condition is that it be seen as tragedy in the true sense, not a conflict between good and evil, but a conflict of purposes both in themselves good. However confident we may be in the essential rightness of the case made for Great Britain and the United States at the conference, that does not preclude the possibility that the case made in opposition by the Soviet Union may also be founded in justice; and the catastrophic consequences that will proceed from a continued failure to agree make essential an attempt to resolve the conflict in some higher synthesis.

THE RUSSIAN CASE

SUCH an attempt depends upon a deliberate effort on the part of Russia's allies to understand the real strength of the Russian case, suspending if necessary, until it has been adequately grasped, any natural impulse to argue against it. The actual breakdown of the conference turned upon the question of its membership, the Russian delegates disputing the right of the French and Chinese to take their places on equal terms with the representatives of the three principal Powers. Although this may not have been the deepest or most intractable source of disagreement, it is certainly not to be dismissed as a mere pretext for breaking off negotiations. The conference was admittedly organized on a basis of power—power as shown in action in the course of war, power to bear the responsibilities in the world that confront the victors in the immediate administration of prostrate Europe, and in permanently maintaining peace. The Russian contention that France and China, judged either by their war record or by their present effective strength, are not great Powers in the sense required by the work ahead is implicitly supported by the argument of those British Dominions which protested against their own exclusion from the inner circle. It is beyond dispute, for instance, that Canada has contributed much more to victory than has France, and for the immediate future at least—with which the London Conference was mainly concerned—is better equipped to exert authority in international affairs. It is equally plain that China, however admirable the tenacity of her people, has been only able to sustain the ordeals of war by the support of highly industrialized allies, and cannot for some time to come expect to play a principal part even in the wider concerns of Asia, let alone Europe. To us it may be apparent that these two great guardians of ancient civilization deserve their place in every world council by virtue of qualities independent of material power; but we have no right to be either surprised or indignant if the Russians, observing merely their comparative weakness in military resources, suppose that France is introduced into international councils as a client State of Great Britain, and China as a client of the United States. The consequent assump-

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tion that the desire to include them betokens an ambition to drown the Soviet voice by weight of numbers may not be justifiable, but can be understood; and it is surely better that Great Britain, already speaking as advocate for the smaller Powers of her own Commonwealth, should be entrusted with the chief representation of French interests also than that the chance of harmony between the three great Powers should be allowed to go by.

Admittedly an agreement on the vexed question of membership of the inner circle would not automatically bridge the gulf that now separates the Soviet Union from the oceanic Powers. The division of Europe into two politically disparate halves has already gone deep, and threatens to go deeper. We cannot ignore, and we cannot for a long time expect to modify, Russia's evident determination to dominate the approaches to her vast Eurasian stronghold, and especially where it faces to the west. At the end of the second world war Russian aims are as fully determined by the overmastering need for security as were French aims at the end of the first. To western eyes it appears that the best guarantee of security lies, not in the self-sufficiency of a great land Power, however immense its territory and population, but in the intimate collaboration of all the great victorious Powers in so administering the peace settlement that German military strength can never revive. This reasoning has not yet convinced the rulers of Russia, as it did not convince France in the early days of the League. Whether we agree or disagree with the persistent French determination to control the Rhineland as the necessary means to security—some economic considerations against it are advanced elsewhere in this issue—we do not regard it as evidence of conspiracy against other Powers. France, we are accustomed to say, has been invaded three times in seventy years, and must be expected to have strong feelings in this matter. But Russia has been invaded three times within the memory of some of her own veterans still bearing arms; we may call it an error of judgment, but should not denounce it as political depravity, if she also insists on her own guarantees of her strategic frontiers.

It is true that the Soviet conception of these guarantees involves the erection of a barrier politically impenetrable, behind which flourish under Russian protection forms of government that are highly distasteful to liberal opinion in Great Britain and the United States. It is arguable that without Russian protection these totalitarian governments of the left would fall, though very far from certain that their successors would be notably more liberal. What Russian advocates point out with perfect legitimacy is that the western Powers themselves, when defining their foreign policy in regions where their vital interests are at stake, do not make a primary consideration of the particular régimes that may chance to grow up and flourish under their shield. British favour is extended to or withheld from governments that administer territory lying across the imperial highway through the Middle East on grounds little influenced by their conformity to the ideals of our own parliamentary system; the Salazar dictatorship enjoys the full benefits of the British alliance; and the Monroe Doctrine and the Good Neighbour Policy have made of Latin America, as Colonel Péron and others have discovered, a sanctuary in which principles little acceptable to the Fathers of

the American Constitution can be tested and applied. It is small wonder if Russians view with suspicion any claim to interfere with what they regard as the foundations of Russian security in the name of a Yugoslav or Bulgarian right to representative institutions on some ideal and universal pattern, which is not insisted upon in regions where the pressure of British and American power could if necessary be made paramount.

ESSENTIALS AND INESSENTIALS OF BRITISH POLICY

THE first need, therefore, in working for the restoration of mutual confidence between the three great Powers, is for Great Britain and the United States to recognize that the arguments advanced by the Russians in defence of the attitude they took up at Lancaster House proceed from honest conviction and do not mask any malicious design against Russia's associates. If that acknowledgement is frankly made, a considerable step will have been taken towards disarming the suspicion, ever present to the Russian mind, that Anglo-American collaboration is directed against the interests of the Soviet; and it may then be possible to convince the Russians that no disloyalty to the threefold alliance is implied by the particular principles on which each of the western Powers chooses to base its diplomatic attitude.

Of these principles those which are peculiarly American are not here in question. The principle on which Great Britain is most concerned to insist is her championship of the liberties of small nations. She has fought two German wars with this as her watchword. Not only is it the foundation of her moral right to a principal voice in settling the affairs of the world; it is cardinal to the material strength on which it has been agreed that the supreme direction of the international organization must rest. Only as a leader of smaller nations can this country now speak on equal terms with the vast continental aggregates of the American and Soviet federations.

Great Britain is primarily the leader and diplomatic representative of the small nations that are her own partners in the Commonwealth. An article in this issue of *THE ROUND TABLE* maintains against American criticism the right of this partnership to order itself as an economic entity without being accused of anti-American designs. It is equally necessary to vindicate against Russian criticism its right to act as a political unity in international affairs without being suspected of hostility to the Soviet. For it has become increasingly plain with the definition of the shape of post-war relations that the capacity of the Dominions to carry their proper weight in the councils of the great Powers depends largely on the capacity of delegations from the United Kingdom to speak with the authority of the whole Commonwealth. The complaint of Canada and Australia against their exclusion from the inner councils of the London Conference must command the sympathy of all who appreciate the great part they have played in the achievement of victory. The course the conference took, however, sufficiently demonstrates the impracticability of admitting them as separate entities on equal terms with the three great Powers. This example of tactical weakness in international affairs may yet have its influence in overcoming the distaste hitherto apparent in the Dominions for any development in Commonwealth organiza-

tion that could enable a combined imperial foreign policy to be formulated, and authoritatively represented in the counsels of the nations. Unless and until that constitutional advance is achieved, there is no practicable alternative to the appearance of Great Britain in the association of the great Powers as habitual advocate, though with incomplete credentials, for all the members of the Commonwealth.

There is little reason why the British diplomatic leadership in the Commonwealth should excite serious Russian distrust. It is, however, further essential to British policy that the claim of Great Britain to an informal leadership or trusteeship for small nations outside the Commonwealth, and especially in western Europe, shall be asserted and maintained. The general readiness of the small European nations to look primarily to British power for protection has been much enhanced by their experiences in the war; and for certain purposes even France must be grouped with them. To western eyes it appears now obvious that a main buttress of European peace must be a close association of Powers led by Great Britain, with France as second member, including the kingdoms of Scandinavia and the Low Countries, eventually perhaps Portugal and a liberalized Italy, and having an eastern outpost in Greece; with a powerful friend across the Atlantic, the degree of whose future interest in purely European affairs remains problematic. If there is resentment at the evident Russian tendency to regard such an association as an anti-Soviet *bloc*, it should be tempered by the recognition that British and American denunciations of the closed Russian system in eastern Europe are of very much the same order. Mr. Bevin, in the House of Commons on November 7, powerfully maintained that western Europe has as good a right as eastern to regional association. The argument is perfectly valid; but it is vital to the prospects of world peace that Great Britain and America acknowledge that the converse is equally true.

The obvious retort is, of course, that whereas the association of the western group is based upon respect for the liberty of small nations, and for liberal institutions within them, that of the eastern is being founded upon totalitarian systems, imposed by the overbearing influence of the dominant Power. It is impossible, without disloyalty to our own conception of liberty, whether individual or national, to deny the reality of this contrast; although the striking success of the Smallholders Party in the Hungarian general election goes to show that the element of Russian pressure has in at least one case been much exaggerated. The question, however, is whether it is vital that the general British championship of the right of small nations to representative government shall be extended to, say, Bulgaria (it is not extended to Argentina)—so vital that for that cause it is justifiable to imperil the collaboration of the three great Powers, and therefore ultimately world peace itself.

The charge that there is any bad faith in the Russian fostering in eastern Europe of political and economic systems consonant with Soviet ideas, or even subservient to Soviet policy, is surely untenable. It was in effect agreed at Yalta to accept the popular doctrine of the west that the war was being fought "for democracy". The drawback of making a battle-cry of this imposing

but now hopelessly ambiguous abstraction is that every nation enrolling under the general banner becomes practically bound, in loyalty to the cause, to describe its own system of government as "democratic". The Russians are perfectly honest in bestowing the name on their own totalitarian system, based avowedly on the interest rather than the free choice of the people, and exerting their power to extend similar systems to smaller nations that victory has brought within their sphere of influence. The conflict of view that has thus developed between them and the western Powers does not come of their disloyalty to the Yalta agreement, but of the international misfortune that two such different ideas were ever described—for the purpose of maintaining unity on the battlefield—by the same word.

Even if Great Britain and the United States had the power—which they have not—to require the displacement of the Communist and totalitarian governments in east Europe and their replacement by systems in conformity with western ideas of spontaneous creation by the national will, it is extremely doubtful if the majority vote would generate régimes that were any the less totalitarian. "Democracy and dictatorship are not opposites, or mortal enemies, but twin children of the great Revolution, and the reason why the English political system is immune from the tendency towards dictatorship is because it is not democratic in the full sense of the word, but rather liberal and aristocratic."* Totalitarian democracy, government, that is, by the party successful at the polls with sole regard to the interest of its own members and in defiance of the rights of the defeated, is as real an evil as any other form of totalitarianism. We are well aware that it is the principal danger to be apprehended in, say, India, if British rule were to be withdrawn before adequate safeguards for the position of minorities had been provided by the agreement of all. It could come even in England, if the pronouncements of some Labour spokesmen in the heat of the general election, or in speculative print, were taken seriously after their assumption of the responsibilities of office. In the countries of eastern Europe, which do not possess the essentially aristocratic English tradition of mutual tolerance between parties holding different views of the means to attaining the same end of their country's welfare, it would be the almost certain consequence of insisting upon the adoption of Anglo-American representative forms. We cannot effectively befriend the small nations now dominated by the Soviet—even Poland, whose claim upon British advocacy is binding in a quite exceptional sense upon the national honour—by maintaining a quarrel with the Soviet Union upon this issue. The only hope of effectively propagating our notions of freedom beyond the river Elbe is to restore administrative collaboration with the Russians upon such terms as are obtainable, to proceed from that collaboration to obtain the free intercommunication of east and west, and to rely upon the inherent force of the political philosophy in which we believe to exercise its own persuasion.

* Christopher Dawson, *Beyond Politics*.

THE UNITED NATIONS AND THE ATOMIC BOMB

NEW PHYSICS AND OLD POLITICS

THE free world, which in 1919 vainly pinned its hopes of a lasting peace upon the League of Nations, has in 1945 entrusted the same high purpose to a new body, the United Nations Organization, not in essence different from the old League. Both are systems of compact among sovereign states; both embody (though not in identical ways) the principle of *liberum veto*, which derives naturally from the concept of national sovereignty; and both seek to resolve the dilemma of equal status and vastly unequal power, which is also inherent in that concept, by an apparatus of general assembly and limited council, permanently including the physically great Powers.

The hopes of to-day are largely tempered with scepticism. The peoples have seen two world wars defy alike the reason and the humanity in man. Greater experience and wider education have shown them, more clearly than they were aware in 1919, the difficulties and complexities of international affairs. They realize that, where one League failed, another which copies it in general form may also follow it in final results.

Hope, however, is natural to mankind; and the very magnitude of the disaster which would accompany failure of the new attempt seems to have bred confidence in its success. If the hopes of the ordinary man could be rationalized, they would probably amount to a belief that the League failed, not through the inherent weakness of its structure, but through the failure of its principal members to make it work; and that to-day the members of the United Nations will be wiser than their predecessors of the League in their will to make it work to prevent world war.

Whether or not the structure of the League, or for that matter of the United Nations, was or is inherently capable of discharging the duties laid upon it, certainly the Organization, like the League, will work only if its members, and in particular *all* the subscribing Great Powers, choose to make it work. In the light of that fact, the main points of difference between the two compacts seem relatively unimportant. They may, however, have some bearing on the inherent ability of the structure to discharge its primary duties, and may even affect the readiness of member nations to pay the price of making it a success.

The United Nations Organization has the advantage over the League that it brings into one unit, in organic relationship with one another, the political, military, economic, colonial and judicial aspects of international relations. The Statute of the International Court of Justice, which is to be the "principal judicial organ of the United Nations", forms an integral part of the Charter (Article 92, cf. Article 14 of the Covenant). The Economic and Social Council, whose functions were considerably enlarged at the instance

of the Dominions and others at San Francisco, is to co-ordinate the activities of various specialized agencies such as the I.L.O., which under the League system were detached, but are now to be "brought into relationship with the United Nations under specific agreements" (Articles 57 and 63, cf. Article 23 of the Covenant). The Economic and Social Council and the Trusteeship Council, both of which are to make decisions by majority vote, are of equal formal status with the Security Council itself in the United Nations Organization, save that in regard to "strategic areas" the Trusteeship Council is in effect subordinate to the Security Council (cf. Article 22, para. 9 of the League Covenant, whereby the Mandates Commission was merely advisory to the Council). These changes are all in the direction of emphasizing the importance of the causes of war and the means of dealing with them, by contrast with the political and defensive apparatus for preventing war when the causes have already taken a grip. To this extent they are all to the good, although it remains true that if the Powers fail to agree on the political plane their agreement on the economic or colonial plane will be of little value; and indeed in that event such non-political agreement might actually be made more difficult by too close association between the political and economic or other machinery of co-operation.

TRUSTEESHIP IN THE NEW ORDER

THE trusteeship provisions of the United Nations Charter are of peculiar interest to the British Commonwealth. They go beyond the Mandates system in several respects besides that of the form and status of the Trusteeship Council which is to administer them. While inclusion of territories under the trusteeship system is voluntary, and the terms of trusteeship are to be agreed in each case by the States directly concerned, the options are wider than under the Mandates system of the League. Any non-self-governing territory may be included; and the administering authority may be one or more States of the United Nations Organization itself; indeed all functions of the United Nations relating to such parts of trusteeship territories as may be designated strategic areas are to be exercised by the Security Council. Condominia have been known in the past, and experience supports the common-sense reflection that responsibility for government cannot be divided; either one party is dominant (as in the Anglo-Egyptian Sudan) or there is persistent weakness and confusion. Geographical division is a different matter; and there is something to be said for having each of several Powers administer a geographical portion of a large trusteeship territory or group of territories, with possibly a joint council for common purposes. Complex or confused arrangements must be avoided; broadly the choice is between administration by a single Power, answerable to the Trusteeship Council, and administration directly under that Council itself, or possibly under a plenipotentiary executive committee. The world will advance from the "anarchy" of sovereign states to a more rational order only by experiment and trial, which must ever run the risk of error; and there is much to be said for an experiment in international administration in the colonial field.

The idea of governing "strategic areas" by the Security Council itself goes

deeper. It is linked with the idea of an "international police force" which has left some traces upon the Charter. Both ideas presuppose that the Security Council has a corporate character and power and can operate in matters of defence in a manner distinct from the actions of the constituent nations. Para. 1 of Article 43 reads as follows:

"All members of the United Nations, in order to contribute to the maintenance of international peace and security, undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces, assistance, and facilities, including rights of passage, necessary for the purpose of maintaining international peace and security."

This has to be read with Article 45:

"In order to enable the United Nations to take urgent military measures, Members shall hold immediately available national air-force contingents for combined international enforcement action. The strength and degree of readiness of these contingents and plans for their combined action shall be determined, within the limits laid down in the special agreement or agreements referred to in Article 43, by the Security Council with the assistance of the Military Staff Committee."

The Military Staff Committee is to consist of the Chiefs of Staff of the permanent members of the Security Council or their representatives. While generally advisory to the Security Council, it is responsible, under the Council, for the strategic direction of any armed forces placed at the latter's disposal.

Here, on paper, is a big change from the League Covenant. The Security Council is to have "strategic areas" under its own authority, and armed forces "available on its call". Through a Military Staff Committee it is charged with the strategic direction of armed forces placed at its disposal. It is, on paper, a super-Power. But will it be so in fact? An international force without an international government, though a constitutional abortion, is a practical possibility in war-time (as experience with all our late Allies except the U.S.S.R. emphatically proves) because the fatal decision to fight has already been taken, the purpose is defined and agreed, and the need for unity is supreme. But those conditions do not hold good in peace, as experience even with the military occupation of enemy territories most lamentably illustrates. The so-called international force becomes an instrument of a non-existent international policy. Whether the national contingents will be forthcoming depends on national decisions taken *ad hoc*, in the light of previous general pledges but not without other motives. The decision to muster and employ the force is to be taken by a committee of Powers who may not be at one, and who cannot take a decision at all if one of their permanent members refuses to concur. The voting formula, which was based on the Yalta Agreement, lays down that (save on procedural matters where a majority of seven out of eleven Security Councilors can take a decision) any decision of the Security Council requires the affirmative vote of seven to include the concurring votes of all the permanent members—China, France, the U.S.S.R., the United Kingdom and the U.S.A.—provided only that in respect of the peaceful settlement of disputes by arbitration and so forth a party to the dispute shall abstain from voting. This formula means simply that the United

Nations Charter can work in respect of security if *all* those five great Powers agree, but otherwise will be wholly frustrated.

That is the deadly realism of national sovereignty. The Charter was about the best that could be made in the circumstances; but it reveals the condition of international anarchy that no charter or covenant can undo until a union of government of the nations becomes possible. The very nakedness of the revelation is to the good, if it awakens mankind to the danger. A Charter, a compact of national States directed against war, is certainly better than nothing. If one great member nation departs from it, it can be a rallying point for the remainder. And it may be that if circumstances were to undermine the world organization, some strength and value could remain in the regional security arrangements which are expressly authorized and encouraged by the Charter, provided they are consistent with the purposes and principles of the United Nations: this is a definite improvement on the too universal system envisaged by the League Covenant.

THE LOGIC OF TOTAL WAR

It is against that background that we have to examine the problem of the atomic bomb, which was not known to most of those who framed the Charter at San Francisco, and which some people believe has rendered the security provisions of the Charter obsolete and worthless. The atomic bomb, however, is not a phenomenon on its own, suddenly appearing like a meteorite on the surface of human affairs, without relation to other processes of international life and death. It is, in the first place, but one of a series of scientific developments which have been immensely accelerated by war and harnessed to warlike purposes. The jet-propelled, stratospheric aeroplane and the radio-controlled rocket, for example, are of the same family, closely linked in past and potential action, and it would be useless to deal with one on a totally different basis from the others. The aeroplane itself is not only the necessary means, pending further development of the rocket, of launching the atomic bomb, but was the means before Hiroshima and Nagasaki of wreaking damage to life and property far exceeding in total that which was wrought by the two atomic bombs; when international control of aircraft was held neither possible nor necessary, the nations are not much more likely to decide otherwise about atomic energy.

In the second place, the atomic bomb is but the culmination, hitherto, of total warfare. Its use by the United States, with the concurrence of the United Kingdom, proves that they no less than Germany, from whom the doctrine originated, have adopted the complete logic of total war. Past protests against the inhumanity of submarine warfare, or of poison gas, or of indiscriminate air bombing, are as hollow as Hitler's victory speeches. If total war happens again, no holds are barred. If the atomic bomb is not used—as gas was not used in the war of 1939–45—no Great Power can complain if other means of destroying men, women and children are employed instead: for instance, long-distance rockets laden with gas or bacteria. The logic of total war remains the same. It is war that has to be controlled, not the atomic bomb. A would-be suicide is not prevented by merely taking away

his gun, when he has access to a razor or rope or the gas-oven; and if civilization is bent on suicide it will not be prevented by control of the atomic bomb alone. Indeed, there is something to be said for sudden death as the alternative to lingering torture such as we see in Europe to-day.

In the third place, the atomic bomb is the latest stage in the process of mechanization of war, which has two vital political consequences. It vastly increases the relative advantage both of the industrially advanced nations and of the aggressor who strikes first. It therefore focuses the world's peril upon the chance that one of the industrially advanced nations will become an aggressor, perceiving a likelihood of success in sudden action too devastating to be countered, in a vastly magnified Pearl Harbour raid designed to destroy at one blow the industrial potential of *all* likely enemies.

There are of course other possibilities also to be guarded against. Wars may start among nations which do not possess the atomic bomb or do not choose to employ it, perhaps because the ideological nature of the conflict debars its use; and may then involve other nations equipped with atomic bombs and less scrupulous in using them. Here too, however, the essence of the danger is the industrially great Power with a mind to strike the first blow in the hope that it will also be the last. It must not be forgotten that the last stages of the late war were a race in the development of the atomic bomb as well as rockets and other weapons: the Germans were known to be experimenting, and it was essential to beat them before they beat us—as they assuredly would if they had been six months ahead of us instead of six months and more behind us. The margin between victory and defeat in the war of the future—victory or defeat for the forces of order against the aggressor—may well be a time margin or a technical margin of the narrowest dimensions. It is vital to ensure that that margin is on the right side and will indeed be enough to deter the potential aggressor. The problem is the same as it ever was; only the instrument is different. There is no better nor worse case for “pooling” the secret of the atomic bomb—that is to say, the secret “know-how” of its manufacture, not the scientific secret, which is bound to become common property before long—than for pooling any other military secret. Military secrets do not remain secrets for ever; their value lies in enabling their possessors to be not a whole lap, but a few paces ahead of rivals at the critical moment; and the races of modern war may be won by a matter of inches. So long as the possibility of war remains, and so long as international order is based on national sovereignty and national force, secrets having a critical value in war will remain national property and will be disclosed only to those who can be identified with national policy. This may be a regrettable conclusion, but it is the surrounding condition, of potential war and national sovereignty, that is at fault, and nothing is gained by dealing piecemeal with particular military secrets, whether related to atomic energy or jet propulsion or anything else.

Nor is there available any better mechanism for international control of atomic energy than there is for international control of aircraft or explosives or any other potential weapons. The Security Council of the United Nations is not a government nor has it the powers or personnel of a government.

It is a conclave of sovereign states which is expressly debarred from taking decisions on anything except procedure without the assent of all the great Powers among them. In order to exercise continuous control over the use of atomic energy, or over other mechanical instruments of war and of peace, it would need, first, a rule of procedure enabling it to take decisions on all matters—that is to say, the rule of simple majority; secondly, a body of expert scientific, engineering and military advisers and inspectors; thirdly, its own means of enforcing its decisions against objecting States—that is to say, an international police force in the true sense; and, finally, its own sources of finance to pay for its inspectorate, its air forces and the rest. If the Security Council had all those things it would be a world government, and it could exist as such only with the support of a world parliament and a world electorate.*

To attain a world government by union of nations for agreed common purposes, such as the prevention of war and the control of instruments of war, is the ideal objective. It is well that the advent of the atomic bomb has made an increasing number of people demand the realization of the ideal here and now. But the ideal has not yet been realized. Just as the atomic bomb re-emphasizes, with a hideous under-score of threat to civilization, the need for world union, so in default of world union it re-emphasizes equally the imperative importance of those policies which are the practical second-best in the conditions of to-day: to make the United Nations organization work as best we can; to remove or mitigate the economic and social evils that erupt in war; to educate the people everywhere in the truth of international affairs and the desirability of the ultimate ideal of world union; to get some form of union where we can among such peace-loving nations as see the immediate need for it; to keep the closest friendship and understanding between the British Commonwealth and the United States, who together can preserve world order with the aid of others like France and the smaller nations of like mind with them; to maintain the utmost singleness of policy and action among the nations of the Commonwealth themselves, who have so much to gain from unity, so much to lose from separateness; and to see that at all times, and in all the instruments of power, the strength of the British Commonwealth, so united, is equal to its dangers, its responsibilities and its capacity to contribute to world order. For it is war that is the enemy, not the mechanical means of warfare, and until we get union, war can be defeated only by making it manifestly futile for those who might dream of launching it in the future.

* An important view is that of Mr. Lionel Curtis, who writes in the Preface to the second edition of *World War: its Cause and Cure*: "Don't let us waste our time and energy on discussing, at this stage, how we are to prevent the construction of atomic factories in various parts of the world. If you have some great and baffling task to perform, the first step is to consider how you can create some organ equipped with the greatest possible power to discharge that task. Let the most experienced democracies first create some joint authority and equip it with all the power they command to provide the security they need. They cannot do more than that, and will do less at their peril. Having done so much they can then leave that authority to exercise the power they have given it to solve the problem as best it can."

THE FOURTH REPUBLIC

FROM ELECTIONS TO CONSTITUTION IN FRANCE

FRENCH political practice underwent a revolution when at the general election on October 21 voters (who for the first time included the women) made up their minds in favour of three main groups instead of, as so often in the past, diffusing their suffrages among a host of palsied splinter parties capable of endless intrigue and manoeuvre but of little effective action. It seemed as though the French were at long last adapting themselves to something like the British parliamentary system with its two or three major parties. This is not the only way in which Great Britain has influenced France; but it is significant and reassuring. Closer analysis of the final figures shows that the defeated parties and groups polled together an appreciable mass of votes, but that does not affect the general conclusion that opinion has consolidated itself round three large parties, the Communist, the Socialist and the *Mouvement Républicain Populaire*, who among them share something like 80 per cent of the votes cast. It was to a combination of these—"The Big Three" as they are now popularly called in Paris—that on the morrow of the battle General de Gaulle had to look to provide France with a new Government and a working majority in the new Parliament.

First a word or two about General de Gaulle himself. Simultaneously with the holding of the general election a referendum took place in which the people were required to answer two questions relating to the procedure (although principle was involved also) to be adopted in drawing up the Constitution. The questions and the answers to them will be discussed later. Here it needs to be explained that the Communists and some others condemned the referendum because there was a danger of its being regarded as a plebiscite for or against General de Gaulle. There is every reason to suppose that he never had any such intention in his mind when the referendum was decided on; but none the less he sponsored the referendum, and in a broad-cast on the eve of the election he told French men and women how "from my heart" he hoped they would vote. Thus, in addition to constitutional procedure, the electors were in effect asked to pass a national vote of confidence or no confidence in General de Gaulle. The result was impressive. On the first question the majority was overwhelmingly in his favour—about 96 per cent. On the much more hotly disputed second question he had a majority—both comfortable and comforting—of two to one. The figures showed that the nation was not prepared at this stage to withdraw its trust from the leader who rallied France when her cause seemed lost and who raised her to worthy rank from the low state to which misfortune and worse had brought her.

The two questions electors were asked to answer at the referendum were all-important. The first was whether they favoured a Constituent Assembly as the instrument to draft the Constitution. The only substantial party to

advise electors to reply "No" was the Socialist Radical, led by M. Herriot and M. Daladier. From the moment the constitutional issue was raised M. Herriot argued strongly but forlornly for a return to the Constitution of 1875; in other words, that in place of a single Constituent Assembly there should be a Chamber and a Senate which, sitting together at Versailles, would form a National Assembly to draw up the Constitution. This course the electors decisively—indeed, almost derisively—rejected. The second question was more controversial and the answer less certain. Electors were invited to say whether they were in favour of investing the Constituent Assembly with limited and not sovereign powers. The Government's proposals were set out on the back of the referendum voting papers. They provided that the new Head of the Government should be appointed by the Assembly and that he should choose his Ministers and submit their names to it for approval; that the rejection of a Bill or credit should not entail the Government's resignation, which could be brought about only by a direct vote of censure tabled two days in advance; that the Assembly should vote the Budget but could not initiate expenditure; that the Assembly should complete its task of framing the Constitution within seven months and that if it had not done so by then a new Assembly should be elected; and, finally, that the Constitution should be submitted to a second referendum one month after being accepted by the Assembly.

As the campaign developed election and referendum merged inevitably into one great debate. The Communists urged "No" to the second question because (they felt) the Government's proposals left dangerously much power to General de Gaulle and because they wanted a sovereign assembly—sovereign even to the extent of prolonging its own existence beyond the prescribed seven months. They found strange allies in the Socialist Radicals. The alliance was to cost the Socialist Radicals dear. The party in any case was losing its hold on the new generation of electors; and, moreover, it was perhaps unduly prejudiced by its association, through M. Daladier, with the policy of Munich. When it ranged itself for electoral tactics at the side of the Communists many men and women were bewildered and some were shocked. In the result the Socialist Radicals suffered almost complete eclipse; M. Daladier lost his seat; and the veteran M. Herriot remained to lead the rump of a once powerful party. Although they polled some 1,115,000 votes, the Socialist Radicals—who are neither Socialists nor Radicals but rather hard-boiled Conservatives—have clearly failed to respond to the changing mood and needs of the France of to-day. Their recovery is remote.

THE TRIANGLE OF PARTIES

THE Socialist Radicals lost by the alliance; the Communists gained. With 150 seats in an Assembly of 586 representatives, they emerge for the first time in France as the largest single party in the State. Their rise is portentous, but not astonishing. The reasons for success are fairly clear. They have a highly organized party machine which never rests; a discipline, a drive and an enthusiasm which command respect as well as votes; and a leadership long schooled in tactics and popular appeal. In the great industrial centres they

have won over to their ranks many supporters of the more cautious Socialist Party. Every public grievance is for them a piece of propaganda. Above all, they represent a purpose and they have a policy, and these at a time when men and women are seeking a way of advance have proved an inestimable advantage. The Communists thus gained both from their alliance with the Socialist Radicals and by defections from the Socialists. They might have gained still more strength from the general body of electors if they had not contrived to give the impression that in their attitude to foreign affairs they listened to Moscow rather than to Paris.

The Socialists won fewer seats than the Communists, although their total of votes was not so disparate. It is no secret that the party leaders hoped for a more impressive showing. M. Léon Blum (who did not stand as a candidate) directed the campaign with skill, good humour and assurance. The result disappointed him, and doubtless General de Gaulle too. The party, enjoying in many ways his sympathy or interest, ought to have done better than it did. Its failure to emulate the achievement of the Labour Party in Great Britain, to which it approximates, is something of a mystery. A satisfactory explanation has not yet been supplied. There is less doubt about the reasons for the success of the third major party, the *Mouvement Républicain Populaire*. It is said that M.R.P. draws its support from the Right. This is true only to an extent, and perhaps not to any marked extent. The old parties as a whole (M. Louis Marin's always excepted) have not a good record in the war, and in any case they were futile, much too numerous and outmoded. If those among the common people who had traditionally voted for them in the past came to the conclusion that it was pointless to go on doing so any longer, then this must redound to their credit and common sense. It would misrepresent M.R.P. totally, however, to suppose that at bottom it is conservative and reactionary; notwithstanding that the newspaper *Front National* has bitterly said, *Les hommes du Comité des Forges veulent faire rentrer leur "Cheval de Troie"*. On the contrary, it is as progressive as it is aggressive. Drawing its inspiration from the Resistance, it has trusted leaders in such men as Monsieur Georges Bidault and Monsieur Maurice Schumann, who served France and freedom so faithfully during the war. It is Catholic and therefore may be exposed to the suspicions, criticisms and hostility of the surviving forces of anti-clericalism, although whether anti-clericalism is to-day the rallying cry of the newer school (not confined to France) which is crusading for wide readjustments in society. Thus in its social and economic policy M.R.P. stands near—in fact very near—to the Socialist Party. As a young movement it appeals to the youth of both sexes. As a party which seeks to renew the spirit of the Resistance, it expresses much of the better mood of France.

The return of religion to active politics is significant. It is thought that the women's vote helps to explain at least in part the remarkable rise of M.R.P. The hold of the Church is still strong, especially in the country districts; and Paris is no more France than London is England. Large numbers of the younger priests sympathize with the movement for reform. Many openly avow and support it. In the new Government of the new France, Catholicism

will have its place and part. At the time this message is being written the prospects are that General de Gaulle's first Administration in the full sense will be a coalition of Communists, Socialists and M.R.P., united on the programme of the National Resistance Council. This body was formed early in 1944 when the enemy still occupied the country, and its policy provides for such fundamental changes as the freeing of the economic life of the country from the "barons" of finance; nationalization; social security; the rights of labour; the association of the workers with the management and control of enterprises. It has to be remembered, however, that the life of the Constituent Assembly is one of only seven months and that General de Gaulle—if, as is assumed, he is again Head of the Government*—is likely to advise no more than a limited programme for what after all is an interim period. The overriding task of the Assembly must be the drawing up of the Constitution, and this will tax its time not less than its sense of responsibility and statesmanship. Clearly, it will not be easy to reach agreement on, for example, whether the future Legislature shall be unicameral or bicameral; on whether there shall be both a Head of the Government and a President of the Republic, or whether the two offices shall be combined in one as under the provisional régime now passing to its demise.

FRANCE AND EUROPE

NOR will matters be easier in foreign affairs. General de Gaulle has stated his policy frankly. It is based on two main conditions: (1) That the Rhineland shall be a separate territory under military (presumably French) government and the Rhine itself internationalized; and (2) that the Ruhr shall be put under Allied control. If enforced, such a policy means that the Reich as a unity has gone for good. Complementary is General de Gaulle's proposal for a western community—or "a western family" as Monsieur Blum prefers to call it—embracing all those countries whose safety may be threatened by a restored Germany and whose economic interests are involved in the industries of western Germany. The policy commands the support of probably 75 per cent of the French people, and is seriously opposed only by the Communists, who see in it the formation of a "western bloc", a phrase General de Gaulle has never used, designed to offset the eastern bloc within the Russian orbit. A first step to the realization of the plan would be an alliance between Great Britain and France. Such an alliance is ardently desired by the French. Negotiations, however, proceed slowly, and will continue to do so until the Syrian sore has been got rid of.

The next seven months will be critical. The winter has come. France has made substantial progress since liberation, and she is standing on her feet again. Many difficulties remain. If in the coming months there are food and fuel in the homes and power and raw materials in the factories, then the future is safer. If these things are lacking, then the future is obscure and in a way frightening. This is very much a period of transition. Large-scale

* General de Gaulle was elected Head of the Government by a vote of the Assembly, *nemine contradicente*, on November 13, and has since, after an apparent deadlock, formed a Government representing the three main parties.—*Editor*.

changes require to be made before French men and women can feel that they have embarked on a settled course. Politically, they have made their choice. Economically, they have still to do so. Here in Paris the black market is all-pervading. It is a common saying that every one is involved in it. Even the doctor has to resort to it for the drugs and medicines which the sick and the dying need. Hardly worse, even the State has to buy some of its necessary requirements in the black market. This "slow stain" has contaminated many people in all classes. Whether it has undermined the essential qualities of the nation none can or dare say. There it is, however, and it needs to be combated.

THE LAVAL TRIAL

IN this scene of France to-day, the Laval trial has its own place. The handling of it was unbelievably bad—by British standards outrageously so. That Laval was condemned in the eyes of the nation before he was ever brought into court was understandable. The indictment against him was overwhelming. His collaboration with the enemy was shameless, his wish for a German victory publicly proclaimed. He made himself responsible for sending hundreds of thousands of his compatriots to the slave camps of the Reich. He was silent before the horror of Oradour. He served Germany only too well and France only too ill. Even a bad man, however, deserves a good trial. Laval was accorded a trial which shocked most of those who witnessed it. There was first the suspicion that the preliminary examination was not adequate and that Laval was not given reasonable facilities to prepare his defence. One dramatic moment in court was when his counsel, white-faced and taut, passionately protested against the inadequacy of the opportunities granted to the defence. It has to be recorded that the Bar took the stand expected of it and was both distressed and disturbed by the way in which the prisoner was prejudiced and prejudged. The British public were no doubt as pained as those who attended the trial by the utter lack of decorum and fair play. If the Laval case were the sign manual and standard of the Fourth Republic, the prospects would be gloomy and grim. It was, however, only an episode which the French will forget and for which they will yet atone.

Paris,

October 27, 1945.

GERMANY UNDER ALLIED CONTROL. II

AN ECONOMIC STUDY OF THE POTSDAM PLAN

PLANNING for the occupation and control of Germany started over a year before her final collapse with the establishment of the European Advisory Commission. At that time victory was still clearly many months ahead and it was natural therefore that the planners should work on the assumption that Germany would surrender before being completely overrun by the Allied armies. In the event conditions turned out very differently; instead of finding an administrative machine more or less intact the Allies were confronted with a Germany in complete chaos. From one angle this was good; it is easier to rebuild a house from its foundations than entirely to alter its structure while keeping the main fabric intact. But for the rapid recovery of Europe it was disastrous, particularly in the economic field.

There was no possibility of arresting the decline—it had gone too far for that—and until some order had been introduced there could be no question of putting into effect the Agreement on the Machinery of Control, which provided that the supreme authority in Germany should be exercised jointly in matters affecting Germany as a whole by the four commanders-in-chief, acting in their capacity as members of the Control Council. The first action taken by Military Government therefore was gradually to build up out of the numbers of small island states that existed throughout Germany larger units of administration, until eventually there should emerge fully fledged provincial or State administrations capable of undertaking the normal functions of local government. This was no easy task, since railways, rivers and inland waterways were completely disorganized by the combined effects of Allied bombing and German demolitions, while road transport was equally disrupted owing to scarcity of vehicles. With no centralized system of tax collection it was necessary to improvise methods of meeting local expenditure. Food rationing had to be organized, public utilities repaired, and labour set to work on clearance of bomb damage and repair of houses. The way in which this was done varied from district to district, and this entailed the further responsibility of gradually welding together into a homogeneous whole this strange assortment of *ad hoc* administrative units. To add to the difficulties roads and villages were thronged with foreign workers returning to their homes, evacuated Germans searching for their families and hordes of *Wehrmacht* prisoners, while between the borders of the British and American zones Allied troop movements were taking place as the two armies adjusted their positions to conform to the zonal boundaries. The work had to be done quickly because Allied manpower was not available in sufficient quantities to undertake the direct responsibilities of administration; indirect control of Germans was necessary and this meant building up a German organization. At the same time the

pace could not be quickened beyond a certain point, since Allied policy demanded the elimination of all Germans who had more than a nominal connexion with the Nazi party, and efficient substitutes were difficult to find.

In these circumstances it is hardly surprising that it was not until nearly three months after Germany's surrender that the Control Council held its first meeting in Berlin, and that it was only at the Potsdam Conference that the Big Three announced "the political and economic principles to govern the treatment of Germany in the initial control period". Indeed it is to the greatest credit of the Military Government detachments of the armies of occupation that they should have achieved in so short a period such a degree of order out of the initial chaos as to make it even conceivable to treat Germany as a single unit.

The declaration of Allied economic policy towards Germany can be divided into (a) future administrative machinery (German and Allied), and (b) the future structure of German economy. The most important announcements under (a) are to be found in Article 9 (iv) of the Political Principles and Articles 12, 14 and 16 of the Economic Principles. Articles 11, 13, 15, 17 and 19 of the Economic Principles and the statement on Reparations from Germany provide the clue to the future structure of German economy. The statement in regard to the western frontier of Poland has also an important bearing on both points.

THE PROBLEM OF INDUSTRIAL CONCENTRATION

THE first group of articles referred to above can be summarized as follows. The Three Powers agreed that during the initial control period Germany should be regarded as consisting of the territory of the 1937 Germany less the area lying east of the Oder—Western-Neisse line. Its administration would be decentralized. For the time being it would have no central government of its own, but certain essential administrative functions would be carried out by administrative departments headed by German State Secretaries. These departments, which would act under the directions of the Control Council, would cover in particular finance, transport, communications, foreign trade and industry. The Allies would agree on common policies in all the principal fields of economic life; and these policies would be carried out by Germany, which would be required to accept full responsibility for the administration of the controls necessary to put them into effect. It is clear from this that at Potsdam at any rate there was no thought, apart from the cession of territory to Poland, of the truncation or dismemberment of Germany. On the contrary, the Three Powers clearly envisaged a single state, decentralized—perhaps ultimately on federal lines—but with an eventual central Government of its own. They even, though perhaps unwittingly, went a little farther than this, for they also announced that "the excessive concentration of economic power, as exemplified by cartels, syndicates, trusts and other monopolistic arrangements" should be eliminated. At first sight this appears to be nothing more than an attempt to break down into smaller groups such large industrial complexes as I. G. Farben, Krupp and the Hermann Goering Werke. But the means by which this can be

accomplished are difficult and deserve further examination. In Germany, unlike England, there is no middle class which is traditionally interested in investing its savings in the ordinary shares of small undertakings and accepting the responsibility that that entails. The inflation after the last war killed the majority of the small *rentiers*; and for many years there has been a strong tendency in Germany, which was deliberately encouraged by the Nazis, to concentrate the ownership of industry into fewer and fewer hands. The German banks, which always had substantial interests in industry, assisted in this development. It is difficult to see how large concentrations of economic power can be broken down in Germany if there is no means of distributing the shares of large enterprises like those mentioned above, which covered by interlocking shareholdings so large a field of industry, that they have become the very epitome of monopolistic arrangements. It would therefore appear that some form of public ownership of industry or a large part of industry will result, though care will have to be exercised that government or provincial controlled concentrations of economic power do not become even more dangerous than they would have done had they remained in private hands. So we have from this part of the Potsdam Agreement a quite clear and coherent picture of a single German State, decentralized in many respects, but with a centralized control of finance, transport, communications, foreign trade and industry.

The Potsdam pronouncements on the future structure of Germany's economy are of two sorts, negative and positive. On the negative side they provide for the complete elimination of the aircraft and shipbuilding industries, the drastic restriction of Germany's metallurgical, chemical and engineering industries, the limitation of Germany's living standards to the average standards of European countries (i.e. all European countries except the United Kingdom and the U.S.S.R.) and the control by the Allies of German economic and financial transactions and of all research organizations, in order to prevent her from developing a war potential. On the positive side German agriculture and peaceful domestic industries are to be encouraged, and Germany is to be left sufficient economic resources, equitably distributed throughout the country, to pay for the imports necessary to sustain her approved standard of living. In addition measures are to be promptly taken to repair transport, housing and utilities, and to maximize agricultural and coal production.

To obtain a clear idea of the meaning of these statements of policy it is necessary first to consider Germany's pre-war economy. Germany is not rich in natural resources. Apart from coal, potash and timber she was a small producer of raw materials; and in spite of her magnificent forests she consumed more timber than the annual growth of her trees. Notwithstanding extensive development between the wars she was not self-supporting in foodstuffs. She depended for her comparatively high standard of living on the intensive development of her steel, engineering and chemical industries (which together provided 60 per cent of her total export trade), and the traditional skill and hard work of her population. Since 1933, when the Nazis came into power, serious efforts were made to reduce her dependence

on imports, particularly those derived from far distant sources, by the development of synthetic industries, of which the most important were oil, rubber and staple fibre.

POPULATION AND EMPLOYMENT

THE cession of territory to Poland deprives her not only of the important coal and heavy industrial production of Upper Silesia, but also of 20 per cent of her total territory and nearly 25 per cent of her agricultural territory. But it will not entail a corresponding loss of population. On the contrary, besides having to absorb into a reduced area the ten million Germans who lived east of the Oder—Western-Neisse line she will have to find space for nearly another five million Germans from the Baltic States, Czechoslovakia and central and south-eastern Europe. On the other side of the balance sheet deductions must be made for military and civilian casualties from war causes, but even so it looks as if the total population of Rump Germany will be 10 to 12, and the working population 5 to 6 million higher than it was before the war. If Germany's metallurgical, chemical and engineering industries are to be drastically reduced for security reasons, to what occupations can the latter be drafted? The only answer appears to be agriculture and consumer-goods industries.

Agriculture, as has already been mentioned, has been extensively developed during the last twelve years, with the result that the density of agricultural population is appreciably higher than the average for Europe as a whole. Some of this population has been killed during the war, and some of it has always consisted of foreign workers, who will now, presumably, return to their own homes. The breaking up of the larger estates may find work for some of the transferred workers; but this cannot be accomplished quickly, since it will entail an extensive house-building and land-drainage programme. The best that can reasonably be hoped for is for the reduced Germany to employ on the land the same numbers as were employed in the whole of the *Altreich* before the war. As regards the consumer-goods industries, some expansion is possible; but if Germany's standard of living is to be reduced to an average European standard, internal consumption will be dictated by the exports that Germany must make to pay for essential imports. One is thus drawn to the inescapable conclusion that this part of the Potsdam Agreement will mean heavy structural unemployment in Germany amounting perhaps to as much as 3 to 4 million persons.

To say this is not a criticism of the Potsdam Agreement. On the contrary, when one considers the complexity of the problems with which the Three Powers were faced, their solution does not seem unreasonable. Security from future German aggression is the dominant theme of the economic principles, and there is every reason why there should be a substantial reduction in the capacity of Germany's principal war-important industries, which had been developed to a point far beyond her normal peace-time needs. There is also every justification for a reduction in Germany's standard of living, which before the war was substantially higher than that of many of the surrounding

countries. It would be less than justice if Germany were to come out of the war better off than her conquerors; and Russia in particular is entitled to receive, by way of reparations, considerable quantities of plant and equipment to replace those that Germany has destroyed and to improve the lot of her own population, which has sacrificed so much in the preparation for and prosecution of the war.

But a highly industrialized country cannot without serious social consequences be dis-industrialized by reducing its living space; and a settlement with Germany which resulted in the permanent unemployment of a large proportion of her working population would hold out little prospects of achieving conditions in Europe that would make for permanent peace. It may therefore be hoped that the security and reparations announcements of Potsdam were part of a short-term programme, as is indeed suggested by the title to the relevant clauses, which states that they are to cover the *initial* control period. What is envisaged, it would seem, is a short, sharp surgical operation—the removal of plant and equipment is to be completed within two years—followed by a period of convalescence. During this first period a temporary cure for unemployment may be sought in the clearing up of devastated cities and the rebuilding of houses. Thereafter a gradual increase in industrial capacity will be permitted, and Germany's standard of living will be allowed to rise proportionately to the level in the neighbouring countries. But Germany cannot be left to develop her economy as she pleases. Care must be taken to see that in future there is less emphasis on heavy industries, so important for war purposes, and a better balance than in the past between these and the consumer industries. To persuade the Germans that butter is preferable to guns is a matter of education, and will entail the occupation of Germany for a long period, perhaps a generation.

FRENCH SECURITY AND GERMAN ECONOMY

So much for the implications of the Potsdam Plan, but what has actually happened in Germany since Potsdam? There are indications that some headway has been made on the negative side of the proposals (removal of plant and equipment, breaking up of combines, &c.), but that apart from strenuous efforts to maximize coal and food production and to repair transport and housing little progress has been made on the positive side. The central administrative departments for finance, transport, communications, foreign trade and industry, which were to have been formed with German State Secretaries at their head and under the direction of the Control Council, have not materialized. It appears that, while Britain, America and Russia have been pressing for this, the French are opposing it on the grounds that to set up now administrative departments with jurisdiction over the whole of Germany would prejudice the separation of the Ruhr and the Rhineland from the rest of Germany, which they regard as essential on security grounds. In the Agreement on the Machinery of Control in Germany it was laid down that the decisions of the Control Council must be reached by the unanimous vote of all four members. French opposition therefore means that this part of the Potsdam plan cannot yet be implemented.

This is an unfortunate development, not only because of the importance of maintaining Allied unity, but also because the continuance of the present system of zonal administrations which vary from zone to zone may seriously affect our ability to get through the coming winter without disaster. The chief difficulties with which Germany is faced at the present time are the low level of coal production, the inadequacy of transport, the lack of food and the fear of inflation. All these are interconnected. Coal production depends on the level of miners' rations; food production depends on supplies of fertilizers, the production of which depends on coal. Unless transport facilities can be restored the coal cannot be moved and the food cannot be distributed. And restoration of transport means the repair of bridges, locomotives and rolling-stock, for all of which steel is required; and this cannot be produced without coal. Lack of food also affects the productivity of labour, with the result that costs tend to exceed selling prices. But if selling prices are raised there is a danger that there will be a demand for higher wages and that the inflationary spiral will start. Apart from the small quantities of rationed goods, which are sold at controlled prices, the mark to-day has no value; and this increases the difficulties of ensuring that Germany makes the best use of her own resources by maximizing the collection of foodstuffs off farms and preventing the hoarding of consumer goods. The position is by no means hopeless.

In spite of this gloomy picture the position is by no means hopeless. The fact that bank deposits are increasing and that rationed goods are being sold at controlled prices suggests that the German people are still inherently well disciplined and would respond readily to a firm and wise leadership. But the problem is too great to be dealt with in a piecemeal fashion, with different remedies applied to meet the same set of conditions in each of the four zones. Some centralized administrative machine run by Germans under Allied direction is essential, particularly in the case of finance, transport and communications. In all these three fields a unified system alone can obtain the best results; and, even if it is too late now for them to have any decisive effects on the battle of this winter, the longer they are in existence the better are the hopes of seeing a real revival next winter in Europe as a whole.

It is therefore to be hoped that the present differences between the French and the three Powers represented on the Control Council will be rapidly resolved. The security aspects of the problem with which the French are very naturally concerned do not arise so long as the whole of Germany remains under Allied occupation and control. It is in any case by no means sure that the separation of the Rhineland and the Ruhr, which might have been the right method of preventing aggression after the last war, is necessarily the right step to-day. Separation which deprives Germany of its richest remaining industrial area would add immeasurably to the difficulties of finding employment for the Germans transferred from ceded territories. Indeed, with the high degree of dis-industrialization which will take place in the Ruhr as a result of the Potsdam reparation plan, transfers to the Rump State might be necessary from the West as well as the East. In these circumstances there is a danger that the Rump Germany would develop into a vast depressed area and a constant danger to economic stability in Europe.

THE EMPIRE AND THE MIDDLE EAST

TRANSITION FROM STRATEGY TO POLITICS

IT is well for the British Empire that in the war just ended there were no "Eastern" and "Western" schools of strategy, the latter, as in 1914-18, constantly undervaluing the importance of all but the Western front. In his book *The Palestine Campaigns*, Lord Wavell explains authoritatively how even in 1914-18 the front against Germany was in truth continuous. In the late war no responsible person was sufficiently misguided to think otherwise. From May, 1940, when Mr. Churchill became Prime Minister, through all the agonizing months in which the Empire stood alone, the war in Europe, Middle East and Asia was treated as a whole, and the vital importance of the Middle Eastern theatre was never for one moment minimized or overlaid. It was not for nothing that the only armoured division which Britain then possessed was sent from England to Egypt in the autumn of 1940, when England's peril from invasion was at its worst. The tide of war first turned, moreover, against Germany with the British victory at Alamein, a battle as fateful in the history of mankind as that of Stalingrad and prior to it by a very short interval of time. Both victories were decisive. The one arrested the drive northwards and eastwards from the south; the other the drive southwards and eastwards from the north. No one will ever be able to say which was the more important, only that the victory at Alamein came first. That victory was won by troops from many parts of the Empire, west, south and east. It was therefore symbolical of the Empire's wide-ranging interest in the Middle Eastern theatre.

It is, however, doubtful whether our new Parliament yet realizes how vital to us is our standing in the Middle East—in the strategy of peace no less than war. The method changes. Persuasion, diplomacy and character take the place of force. But the makers of policy must never forget that while we do not ourselves wish or need to dominate the Middle East, we cannot afford to let it be dominated by any other Power, because its freedom and friendship are necessary to our own freedom, security and peace. There are both material and moral reasons for this. On the material plane the friendship and freedom of the Middle Eastern peoples are essential to us because the domination of their countries by an unfriendly Power or group of Powers would divide the western, southern and eastern peoples of the Empire from each other, and also because the region contains an indispensable reservoir of one of the main requisites of modern life—lubricating and propellant oil. Morally its friendship and freedom are essential to us because the Empire would have lost its main justification and source of moral power if it proved unable to establish a true partnership with the Arab peoples, who need and wish for our friendship and help. It is therefore no rhetorical flourish to say that the standing and security of the Empire in the post-war world will very largely depend upon the quality of its statesmanship in the Middle East. The United States claims primacy throughout the

THE EMPIRE AND THE MIDDLE EAST

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American continent. Russia claims it along a wide glaxis of European States marching with her western boundaries. If we cannot maintain a similar primacy between the Euphrates and the Nile, the cohesion of the Empire will be lost. But it must be a moral primacy which claims no more than the right of standing first among the European Powers in relation to the Middle East. This is certainly no more than the United States and Russia are claiming in what they firmly proclaim as their own spheres of influence. As regards the Arab peoples, on the other hand, it must base itself upon a true and equal partnership of aims and interests, not on the possession of overriding force. Failing it, the security and moral standing of the British Empire will sink into the overdrifting sand which has swallowed so many empires in that ancient region where our civilization first came to birth.

Well, then, for us that by 1939 we had recovered the loyalty and friendship of the Arab peoples. Well that they stood firmly with us, despite the power and the promises of our two enemies, in the 1940-42 crisis of the war. Well that we sent to Egypt of our best armour, even in an hour of mortal peril when the safety of our own island-base was in daily jeopardy. Well, too, that Hitler's distribution and use of his enormous forces was less well conceived than ours, with far less to dispose. Britain has proved herself a true friend of the Arab peoples, and they true friends of hers. In that mutual friendship the welfare and security of both are equally involved.

THE UNITY OF THE ARAB WORLD

THE task of maintaining and developing it is not, however, simple. In the first place, the critical importance to us of our relations with the Arab world has never yet been adequately appreciated by the British public or by Parliament, despite the part those relations have played in two World Wars. Secondly, our Middle Eastern policy has always been, and still is, gravely complicated by our relations with other great Western Powers. Thirdly, the interest of newspaper readers and Parliament tends to pass from one Middle Eastern territory to another without realizing that in fact they form a regional whole. Prominently as Palestine figures on the stage of international affairs to-day, it is only a few weeks since Syria and the Lebanon had all the headlines; and if British policy were badly handled, the papers might soon be as full of Egypt or Iraq. If the Palestine question brings us into difficulty with America, the Syrian question brings us into difficulty with France. But all these problems are interbound; and the Empire cannot afford to allow its relations with the Arab world to be seriously prejudiced by any other international interest, as it did after the first World War, nor to forget that the Arab revival, with its growing sense of cultural and political unity, has transformed the Middle Eastern stage to our great advantage in the past thirty years. It is a fact of great significance to us that the Arab world is now most vigorously alive and more closely knit than at any time since its great awakening and expansion in the first centuries of Islam. It is also a fact that our fortunes have been closely tied to it ever since, with the strength and support we gave, it enabled us to win the Middle Eastern campaigns of 1914-18. Had the Sultan of Turkey's call as Caliph to all Moslems to combine

in a *jihad* against the Western Allies, issued when Turkey entered the war against us at the end of 1914, met with the response which the Turkish leaders and their German friends confidently expected in Egypt, Syria and Arabia, we should undoubtedly have lost control of our Mediterranean line of communication through the Suez Canal. Great efforts were made by our enemies to rouse the Moslem world, the Prophet's standard being borne with elaborate ceremony from Damascus to Jerusalem and laid to rest in the Dome of the Rock pending the advance into Egypt, which was awaited with confidence. But the demonstrations missed fire, and the call to a *jihad* failed.

A good beginning—but not, until to-day, a sequence of which we can in all respects be proud. It would take a work of many volumes to recount, examine and explain the tortuous story of British and European diplomacy from the Sykes-Picot Agreement of 1916 to the Balfour Declaration of 1917 and thence into the complex bargainings which culminated in the partition of the Fertile Crescent at the San Remo Conference of 1920. The truth, however, is that many of the engagements made in the course of the war and the entire settlement which followed it were inconsistent with undertakings given to the Arab movement both at the outset of the Arab revolt, throughout its subsequent course, and even more pre-eminently when victory had crowned our arms. Whatever glosses we may subsequently have put upon our pronouncements, there is no doubt about the belief which they instilled, and which we intended them to instil, in the Arab world. Here, for instance, are the two main paragraphs of the Joint Anglo-French Declaration issued by Lord Allenby on November 7, 1918:

"The goal envisaged by France and Britain in prosecuting in the East the war set in train by German ambition is the complete and final liberation of the peoples who have so long been oppressed by the Turks, and the setting up of national governments and administrations that shall derive their authority from the free exercise of the initiative and choice of the indigenous populations.

"In pursuit of these intentions France and Great Britain agree to further and assist in the setting up of indigenous governments and administrations in Syria and Mesopotamia . . . and to recognize them as soon as they have been set up."

The occasion of this proclamation was a widespread ferment caused by the removal by Allied troops of an Arab flag hoisted in Beirut. Since the proclamation was ordered to be printed in the whole Arabic press and posted in towns and villages throughout Palestine, Syria and Iraq, the impression it made was immense and the undertaking contained in it universally accepted as permanent.

It is true that the Government of a country fighting for its life is beset with urgent preoccupations and cumbered with a complex of departmental activities which make consistency in all its actions and engagements extremely hard to preserve. Every higher war direction has intractable difficulties in co-ordinating the activities of its left hand and its right, or indeed of all its hands, which tend to become as numerous as those of a Hindu god—human capacity is unequal to it. It is also true that Britain subsequently grasped her major errors and corrected them in such a way as to secure an equal loyalty from the Arab world in her second struggle for life. But there is no ground

for complacency upon the record of our diplomacy between 1916 and 1920. It was bad.

The first consequence was violent agitation in Egypt and an outright rebellion in Iraq which cost many valuable lives and forty million pounds. Happily we changed course immediately in Iraq; and though we changed it more slowly in Egypt, we did so by degrees and to excellent effect. The results are enshrined in the final Anglo-Iraqi Treaty of 1932 and the Anglo-Egyptian Treaty of 1936. But for the honouring of our war-time declarations which those instruments brought into genuine effect, and but for one other instrument—the Palestine White Paper of 1939—the Arab world would never have recovered belief in our good faith nor supported us, as it did, in the life-and-death struggle from which we have just emerged.

THE QUESTION OF PALESTINE

ALL these instruments, however, are now out of date, and fresh agreements must be concluded within the framework of the United Nations Charter, in order that our relations with the Arab world may develop steadily into the equal and permanent friendship which is necessary to both. The most critical of the immediate issues is without question that of Palestine. The American pronouncements on the subject—prompted, as we know, by internal politics—have not been considerate. The Jewish organizations in Palestine have launched upon a campaign of violent sabotage, and there is a ferment in the Arab States which past experience should teach us to respect. At the moment we have strong military forces in Palestine; but they are only to guarantee order. No settlement can endure which has to be imposed by force.

The Palestine question has been so distorted and befogged by propaganda that many people, whose hearts are moved by Jewish persecution and by a sentiment derived from childhood familiarity with the early history of the Jewish race, believe it to be our duty to establish a Jewish Commonwealth in Palestine—if necessary by force. But that conviction can only live on in ignorance; and it is bound to shipwreck on certain intractable facts. If our undertakings to the Jews are to be interpreted as a promise to establish a Jewish majority and a sovereign Jewish State in Palestine, then indeed they are in conflict with solemn undertakings to the Arabs whose meaning no honest man can doubt. One has been quoted above, the Anglo-French Proclamation of November, 1918; and there are many more. The Arabs believed throughout this war that we could be counted upon to honour that declaration, having our word freshly given in the White Paper of 1939; and if we are so demented as to break faith again, there will be resistance to the uttermost in all Arab lands. Never in such conditions can there be peace in the Holy Land. The Jewish State, whatever its boundaries, could not prosper or even precariously exist. And the British Empire would once again (as in Iraq after the last war) be spending tens of millions to its own grave detriment in a cause inconsistent with its own principles, in open contradiction of its undertakings at San Francisco and before, and incapable of success.

The plain fact is that Jewish settlement in Palestine, whether in its present numbers or *a fortiori* in greater numbers still, can never prosper without

Arab co-operation and consent. Nor is such co-operation unattainable. It is not Jewish settlement to which the Arabs object; such settlement could in time be widely extended in the Middle East, if only the claims of Jewish nationalism, with its demand for sovereign dominance in Palestine, were genuinely renounced. Equally certain is the fact that emigration to Palestine cannot possibly solve the immediate problem presented by dispossessed Jews in Europe. The acceptance of these two incontrovertible facts by the Zionist movement depends mainly upon the American Government, since it is in the lobbies of Congress at Washington even more than of Parliament at Westminster that the extreme demands of Zionism are pressed. Britain, for her part, repeated the substance of many previous declarations when she gave her word in the Palestine White Paper of 1939 to further no Jewish immigration beyond a certain quota (now exhausted) without Arab acquiescence. She has furthermore undertaken by ratification of the United Nations Charter never to countenance aggression or conquest of territory by force. Finally she is pledged to recognize and promote the independence of all Arab territories, Palestine becoming a self-governing bi-racial territory, Arab and Jew, as soon as independence is compatible with its peace. These pledges she is bound by honour and interest alike to keep.

As for the United States, it is assuredly time that Americans should take into account the facts about Palestine established twenty-five years ago by an independent and objective American investigation, the King-Crane Report. It was unfortunate that President Wilson, who ordered that investigation, was no longer in possession of all his faculties when it was completed and that America thereafter turned her eyes firmly inwards, repudiating all responsibility in Europe, let alone the Middle East. But that phase has passed and there is urgent need now for genuine Anglo-American co-operation on the Jewish question in the interest alike of Anglo-American friendship, the Jews and the Middle East. The surest way of moving towards this would be the appointment of an Anglo-American Commission to study and report upon the Jewish question as a whole, including a reinvestigation of the possibilities of Palestine together with the rights and feelings of its inhabitants in the objective manner of the King-Crane Report. There seems to be no other equally promising way of preventing a protracted and bitter struggle which would be deeply damaging to Anglo-American and Anglo-Arab relations without affording to the Zionist cause any hope of ultimate satisfaction or to the persecuted Jews of Europe any assurance of adequate relief. Such a commission is said to be in contemplation. That it may eventuate is greatly to be hoped.

ANGLO-FRENCH RELATIONS

THE next most pressing of our Middle Eastern difficulties arises from our relations with France; and here again we must beware lest the wider needs of our international policy should prejudice our friendship with the Arab peoples. The Arabs understand our difficulty and have always been ready to admit the importance of Anglo-French co-operation in the maintenance of peace; but French policy in Syria and the Lebanon has now completely

alienated the goodwill towards France which was once a potent force, and all Arabs are determined that the independence of the two Levant States shall not be sacrificed to international accord, whatever the cost.

The reason for their deep suspicion of France is not far to seek. France had no part at all in the hard campaigns which freed the Arab peoples from Turkish rule in the first World War; but when the peace settlements came to be negotiated, she demanded as her due for a long record of missionary and cultural service a considerable slice of Arab land. The Arab revival in Syria was without question deeply indebted to both French and American pioneers; and French protection was highly valued by a large proportion of Syrian Christians, if not by all. There was therefore favourable scope for a fruitful partnership between Syrian nationalism and French culture, supported by French political guidance and material power. Unhappily, France failed to appreciate the strength of Arab nationalism or indeed to admit that it had any right to exist; and in 1920 after San Remo she seized the whole of eastern Syria, driving King Feisal from Damascus by a ruthless display of force. Against this Britain did not protest, though it was much against her wish; and she soon had her own hands full in the Iraq rebellion farther east. But the action was typical of a French attitude towards the Syrian question which has led to violence once again in Damascus in recent months. In the critical winter of 1914-15 Feisal, as King Hussein's son, had favoured partnership with Turkey rather than the Western Allies because he believed that French and British imperialism would prove incompatible with the main purpose of the Arab revival—emancipation of the Arab world. In the years immediately following the Allied victory it seemed for a time that, despite his subsequent loyal service to the Allied cause, he had been right on both counts. In due course, however, Britain appreciated and came to terms with the rising forces of Arab nationalism. France unhappily did not. Before he died, Feisal as King of Iraq saw his country raised to complete independence by the termination of the British Mandate over it and admitted to the League of Nations. But he never forgave France for the breach of faith which drove him from Damascus, the ancient centre of the Arab world; and the French Chamber was desperately ill advised in confirming the Arabs' growing hatred of everything French by refusing before this war to ratify the Franco-Syrian Treaty of 1936, which resembled the Anglo-Iraqi Treaty, though less complete.

We have seen that French and British action in seizing direct administrative control over the whole Fertile Crescent from the Persian Gulf to southern Palestine and dividing it up into new states or provinces in flagrant disregard of history, local sentiment and economic convenience was in direct breach of undertakings given to the Arab Movement during the war. It was also grotesquely unwise, for it subjected the more advanced of the Arab peoples to European tutelage while leaving the much more primitive remainder of the peninsula to its own rulers, including a man of outstanding force and wisdom, King Abdul Aziz Ibn Sa'ud. If there be added to these inefable decisions the fact that Britain had bound herself to open the southern part of historic Syria for colonization by the Jews, it is hardly to be wondered

at that the period between the two world wars was, in the Middle East, one of recurring violence, rebellion and strain. The astonishing thing is that the Arab world should nevertheless, with very few exceptions, have stood loyally by Britain when pressed almost to desperation in the second world war. It had no such regard for France.

The tragic truth, now plain to all the world, is that French, unlike British, statesmanship has never brought itself to recognize the strength and depth of the forces which are reshaping the Arab world. The reason lies partly in a colonial policy which insists too narrowly upon the Frenchifying of the native and natural life—in language, culture, administration, interests and ruling activities of every sort; partly in the choice of soldiers and administrators without the instinct of such men as Lyautey and Catroux for dealing with proud and sensitive Moslem folk; partly, too, in an unsleeping fear lest the grant of independence to Moslem peoples in the Middle East should raise a similar demand in the French North African Empire farther west. Syria and the Lebanon were seething with discontent when the second world war began, and the events of 1940 did not increase their respect for France. When, in 1941, the French Government took side with Germany in facilitating the threat to Iraq, the two Republics were delivered by British arms, the small de-Gaulliste contingent playing an altogether subsidiary part. Their independence has since been recognized by Britain, America, Russia and even France herself; but since the fall of Germany France has attempted to reassert a considerable measure of tutelage by force, and Britain could not do other than put an end to a struggle which would have involved all Arab States. It is a painful story, for Britain no less than France, and the only peaceful sequel is to be found in the withdrawal of all alien troops and in the recognition of independence, unconditional and complete.

STRATEGY OF THE MIDDLE EAST

THERE are two other major Middle Eastern problems, one military and the other economic, which we must face. The military one should prove the easier. Security against aggression is impossible nowadays for any small nation without the assured support in emergency of some great industrial Power. The Arab States need this, and are conscious of needing it. But the manner in which it is assured need not, and should not, take the form of military occupation in time of peace or of exclusive treaties between individual States. Strategically the Middle East constitutes a single region, with the consequence that it needs a regional scheme of security worked out in partnership between all the interested States. Such regional systems are contemplated in the United Nations Charter and, in accord with its principles, should be registered with the Security Council and approved by it. It is to such a scheme of security that we should now address ourselves in collaboration with the Middle Eastern States, so that the Anglo-Egyptian and Anglo-Iraqi Treaties, which have served us so well in this war, may be replaced by it. The defence of the Suez Canal as an international waterway would presumably be entrusted by the Security Council to such a regional association; but the question of international waterways is still largely shrouded in mist.

As to the method of the scheme, it must take the national pride of its members into full account. Foreign garrisons can never be acceptable to sensitive peoples, particularly in the neighbourhood of large cities; and in these days of rapid airborne movement there is no need for them. What will be important is the location and equipment of adequate air-fields and bases, and the maintenance of such local forces as will best complement and collaborate with those of the guaranteeing outside Power, the latter being held at suitable strategic points, very possibly at some distance from the areas over whose security they are to watch. The efficiency of the scheme should be tested and assured by joint exercises at regular intervals, in which the emulation of local and overseas forces would play a valuable part. The development of airborne forces and of air defence has transformed the conditions of military co-operation between ourselves and the Arab States, and we should make the most of the new technique.

Some system of military security is indispensable, and it is one of the most practical features of the United Nations Charter that it makes provision for the establishment of local schemes for security, approved by the central organization or its Chiefs of Staff, in different regions of the earth. Clearly, too, weak nations—and more particularly those which are very lightly industrialized, like the Middle Eastern ones—will need the assured support of a great Power to secure them against atomic bombs and much else. For until international control becomes trustworthy, the only security against the use of the most awful modern implements of war will be the fear of immediate reprisal in kind, as has proved the case with poison gas. One atomic bomb, for instance, could devastate directly and indirectly the whole valley of the Nile below the point where it was dropped, so that Egypt must have a powerful ally capable of shielding her from that awful danger by the only practical means at present available—possession of the counterblast. Till international control is genuinely established (and that may not be soon), there can be no other security for the smaller States.

ECONOMIC STRESSES

IN truth, however, indispensable as military security undoubtedly is, economic dislocation presents a greater menace to the peace and independence of the Middle Eastern peoples than the possibility of aggression by armed force. They are all by nature economically primitive and mainly agricultural communities, and their societies are marked by a deep, though varying, chasm between poverty and wealth. Into these elementary societies we have been compelled by the sheer necessities of war to introduce a great number of industries, restrictions, expansions and controls which have had profound effects. They have, for instance, greatly enriched a few, while forcing upon the poorer classes not in our employment an even harder lot. They have, on the one hand, enabled many hundreds of thousands to earn good wages in war-time industry; but on the other they threaten wide unemployment and hardship as the war-time activities are demobilized. We have, moreover, piled up great sterling balances in the Middle East, as elsewhere, so that practically the whole region must be limited in its purchase of goods, only

to be had with dollars, of which, from textiles to household needs of a thousand kinds, it is extremely short.

No one questions that the Middle East Supply Centre, which we set up in Cairo during the war, has performed its extremely complex and onerous duties with general acceptance throughout the Middle East. No one now, moreover, denies that the problem of transition is regional and cannot be dealt with effectively except on regional lines. Meanwhile the Middle East Supply Centre has been wound up, the post of Minister Resident in the Middle East has been abolished, and the future of the Middle Eastern Office, or what remains of it, has not been announced. There is a general belief, however, that our new Foreign Secretary, Mr. Bevin, appreciates the need for an effective regional organization as well as the profound importance of giving assistance to balanced economic progress, helpful to all classes, in our dealings with the Middle East. Nowhere indeed is an effective regional system more indispensable to a sound and sympathetic pursuit of the Empire's human rôle than in the Arab States; but it is still to be seen whether the besetting bent towards centralization in Whitehall will allow of sufficient regional direction on the spot.

The regional approach to Middle Eastern questions is imposed upon us in the political as well as the economic sphere by the nature of the Arab revival, now far advanced. The Arab League, now firmly established with an organized headquarters in Cairo, was the subject of some scepticism even amongst experts when its formation was first broached; and it is true that its unity has hitherto been in the main a reaction to the sense of external pressure and to fear of the pretensions of both France and the Jews. But these questions have so far dominated its activities because they are in fact test questions for Arab nationalism with its demand for unequivocal sovereignty in Arab lands; they have not created Arab unity upon that demand, but rather shown how strong and universal it is. The League is, moreover, seeking to broaden its activities and to play a practical part in the betterment of all spheres of Arab life. The Arab revival owes its present strength to the British Empire, and the Empire owes much to it. They have great interests and aims in common—security, social justice, and freedom for their ways of life. They can therefore look to a long future of fruitful co-operation provided we are swift to shed the military habit of mind which becomes a second nature in war and ready to render all the help young countries need without obtruding it. For real adaptability and flexibility to the conditions of the Middle East it will be necessary to decentralize as much as possible of our Middle Eastern business from Whitehall and to build up in a new form the Middle Eastern organization which has done so much in the war. This will be a decisive test of our capacity for dealing imaginatively with our external problems in the post-war world; for our opportunity is great—great as the danger which will beset us if the opportunity is mishandled or missed.

THE PACIFIC ISLANDS IN THE PEACE

AN AUSTRALIAN VIEW

IN approaching the post-war problems of the Pacific islands and, in particular, their disposal in the peace settlement, where so much is still obscure, it will be realistic to start from a consideration of the policies of the major Powers. The islands themselves are widely scattered, their peoples and cultures are varied, and their political and economic development so far has done little to unify the oceanic area of the Pacific. Only the needs of a vast trans-Pacific offensive have for the first time co-ordinated activity on the many islands under review, and this co-ordination has been specifically strategic. We have to consider how far considerations of strategy will continue to apply, and where the requirements of policy for the development of the native peoples come into the picture. When this is done, the question of the form of disposal will be easier to answer.

Before the Second World War the strategic pattern of power was not so complex as it appears now, with the vast extension of the range of naval and air operations. The wide spaces of the Pacific seemed likely to limit offensive action to "island hopping". The American attack on Japan across the Pacific, however, has shown that fleets can now operate at distances and for periods of time at sea which render the older strategic calculations obsolete. Island bases there must still be, but operations are no longer limited to "island hopping". Thus the Powers interested in the Pacific cannot be satisfied with dividing the great ocean into spheres of naval control. Their strategic interests involve the whole, and not distinct areas, of the Pacific basin. The effect of this change is increased, not lessened, by the further military possibilities of rocket warfare and the atomic bomb. No vantage point, however distant, can be ignored.

The best approach to the problem, then, will be to look at it from the angle of America on the east, the British position in Singapore on the west, and the British Dominions of Australia and New Zealand on the south; but before doing this it may be useful to describe briefly the position of the Pacific islands involved in the peace settlement.

America's naval strategy in the Pacific is based upon a north-south line of islands (the Aleutians in the north, Hawaii in the central Pacific, Samoa in the south) and an east-west line running from Hawaii via Wake Island and Guam to the Philippines. This Hawaii-Philippines line is open to threat from the Marianas, Marshalls and Carolines lying athwart it; the Japanese attack on Pearl Harbour proved this point.

The British position at Singapore is covered by Sumatra and Borneo, which connect it with the Dutch East Indies and the arc of islands regarded as vital to the security of Australia and New Zealand. This arc has been defined in the Australian-New Zealand Agreement (January 1944) as "the arch of islands north and north-east of Australia to Western Samoa and the Cook Islands".

Nations. Their place in the Pacific calls for close relations with America. At the same time, the special position of Australia and New Zealand has led them to take the initiative in South-west and South Pacific regional affairs through the Australian—New-Zealand Agreement of January, 1944. Whatever may have been the immediate circumstances leading to this agreement, and whatever the reaction of other governments to it at the time, it may be taken as a basis for discussion of the attitude of the two Dominions to the disposal of the Pacific islands.

The two Governments agreed "that, within the framework of a general system of world security, a regional zone of defence comprising the South-west and South Pacific areas shall be established and that this zone should be based on Australia and New Zealand, stretching through the arc of islands north and north-east of Australia to Western Samoa and the Cook Islands". The details of this defensive arc of islands have been set out above. Australia and New Zealand did not envisage radical changes in sovereignty or control in this region—certainly not merely as a result of wartime use of any territory by another Power:—"No change in the sovereignty or system of control of any of the islands in the Pacific should be effected except as a result of an agreement to which they (i.e. Australia and New Zealand) are parties or in the terms of which they have concurred."

Within the zone of defence, given good Anglo-American relations, the organization would be a matter for regional co-ordination between the Powers concerned. Australia may well think of Sydney, with the Captain Cook dock, as a major naval base, and gear her industrial development, especially in the iron and steel industries, to the requirements of regional defence in the South-west and South Pacific. But it has to be recognized that Australian resources are limited. Singapore still holds pride of place as Britain's major base in the Western Pacific, and there is scope for developments based on Borneo. Australia will need to co-operate in the West Pacific as a unit of the British Commonwealth.

American moves to co-ordinate and consolidate naval strategy throughout the Central and South-west Pacific will raise the question of the use of base facilities at chosen points, both north and north-east of Australia, to secure communications and supplies. This will apply particularly to places such as Manus and Espiritu Santo, where the Americans have built great wartime bases. The attitude of the other Pacific Powers to such claims will depend upon their general relations with America within the United Nations Organization. Where home or dependent territory is involved, the grant of bases will be a matter of individual agreement with America. Where mandated territory is involved, the considerations set out above in regard to the former Japanese mandated islands will apply.

There is another aspect of policy to be taken into account in studying the post-war disposal of the Pacific islands. It is best stated in the terms of the Australian—New-Zealand Agreement which, in expressly applying the principles of the Atlantic Charter to the Pacific, declared that the doctrine of "trusteeship" (already applicable to mandated territories) should be extended to all colonial territories in the Pacific.

"The future of the various territories of the Pacific and the welfare of their inhabitants cannot be successfully promoted without a greater measure of collaboration between the numerous authorities concerned in their control, and (that) such collaboration is particularly desirable in regard to health services and communications, matters of native education, anthropological investigation, assistance in native production and material development generally."

The suggestion at the time was for a South Seas Regional Commission to secure a common policy and carry out the necessary measures of organization in the area. Whatever may have happened since January 1944, the basis of Australian and New Zealand policy has remained the same and is in harmony with the aims of colonial administration as laid down in the United Nations Charter. Although the United Nations Conference did not accept a formal extension of the principle of "trusteeship" to all colonies, such an extension was accepted as morally binding on all colonial powers. The South-west and South Pacific area requires particular attention for co-ordinated development. United, the region will stand and prosper; divided, its peoples will decline and fall.

In general, then, it seems likely that the Powers interested in the South-west and South Pacific area will be brought together if only because the character of the region repays co-operation, both for security and for local development. In the Dutch East Indies Indonesian nationalism will exercise an increasing influence; elsewhere policy will depend more upon the will of the colonial Powers themselves. But the disposal of the Pacific islands (beyond those previously held by Japan) will not require radical change of sovereignty so much as the co-ordination of colonial rule and native policy, either under the World Organization itself or through regional arrangements by the interested Powers in accordance with the United Nations Charter. Such co-ordination is particularly necessary for this disunited part of the world.

AMERICA AND THE COMMONWEALTH

THE ECONOMIC CASE FOR EMPIRE PREFERENCE

“UNDER the Providence of God, after centuries of laborious cultivation the sacrifice of much heroic blood and the expenditure of a vast amount of treasure, the British Empire, as it stands, has been got together, and the question . . . is: What is now to be done with it?” That question, put some eighty years ago by a Nova Scotian statesman, Joseph Howe, confronts us with even greater urgency to-day. We have just emerged victorious, but overstrained, from a conflict in which, for a year and more, the free co-operation of the nations of the British Empire alone saved the precious heritage of Western civilization. What are we doing, what can we do, to maintain the unity and security of that Empire, and to preserve, from internal disintegration or from external aggression, the greatest instrument of political and social progress the world has yet known? What are we doing, what can we do, to make use, for ourselves and for every other part of the Empire, and, indeed, for the world, of the opportunities which its immense resources offer to us?

On that question we are all of us in the Commonwealth brought up against the necessity for a definite and immediate decision by the attitude of the United States. Implicitly by their interpretation of Article VII of the Lend-Lease Agreement of 1942 and now more explicitly in response to our own request, Lend-Lease having been cut off, for some consideration of the economic difficulties created by our whole-hearted sacrifice of everything to the common war effort, the American Government and American interests are demanding the abolition of Empire Preference or, at least, its reduction to a mere token figure. The demand is, in effect, a claim to the right to veto any policy of economic co-operation between the nations of the Commonwealth.

To understand how so essentially irrelevant a demand should have been made as a condition of American help in the circumstances of our common struggle, it is necessary to realize the nature of the factors at work. For one thing it must be remembered that a large section of public opinion in America, including many of the best friends of this country, has tended to identify, in their own affairs, political isolationism and protectionism as inseparably associated parts of the same policy. Convinced of America's duty to take a more responsible part in world affairs, bred themselves in an intensely individualistic atmosphere, with no conception of the profound change in world outlook on economic questions created by problems both of defence and of stability of employment, men like Mr. Cordell Hull have been disposed to believe that a return to the nineteenth-century economic ideal of Free Trade all round, or the nearest approach to it, would be the best contribution the world could make towards the prosperity of an “expansionist economy” and an atmosphere of peace and goodwill.

In that respect this important element in American public opinion represents a point of view that was dominant in England a hundred years ago.

To-day, as in the England of those days, that idealist outlook receives its practical backing from manufacturers, conscious of the immense scale and efficiency of their production, and less concerned with the home market, which they are confident of holding in any case, than with the economies of disposing of their surplus and with opportunities for dominating the markets of the world. The smaller and more broken up those markets, the better from their point of view. Hence their insistence on the Most-Favoured-Nation Clause, which prevents all economic groupings, and their vehement objection to Imperial Preference as an obstacle to the American economic control of the British Empire. In the England of a century ago that exporting mentality was balanced by a recognition of a corresponding need for imports. There is little evidence in the America of to-day of any real willingness to admit competitive imports, or even to accept the equivalent of such imports in the shape of services. On the contrary, America is all out to capture the civil aviation and as much as possible of the shipping of the world, while her agricultural interests are all for guaranteed prices at home helped by export subsidies.

Whatever the underlying motive the American demand is backed by arguments which are calculated to make a wider appeal and which, therefore, deserve a somewhat closer scrutiny than they have generally received. The favourite argument in this connexion is that the prosperity of the world depends on an expansionist economy, and that the obvious way to attain that is to remove the “barriers” and “restrictions” which hamper this expansion and which were responsible for the disastrous depression of 1930-31. That argument is based on a confusion between the expansion of international trade, *i.e.* trade across political frontiers, with the expansion of total trade, or rather of total production, which is the real test of prosperity. The two things are far from being identical.

Moreover, the unregulated and unbalanced flow of international trade on *laissez-faire* principles may, like the unregulated flow of water, prove disastrous to all concerned. Deluge and drought, boom and slump, over-production side by side with under-consumption, are all the natural concomitants of leaving water or trade and investment to find their own level. In a world of indiscriminate promiscuous free trade, based entirely on immediate price competition, nations with immense potentialities, human and material, may never have the opportunity of developing them; those with high standards of living or heavy defence obligations may find their industries destroyed piecemeal. Not only the peoples most directly injured, but the whole world is the loser by such a state of affairs.

As for the argument that the great inter-war depression was the result of trade barriers, restrictions and preferences, that is a legend based on a complete chronological inversion of the facts. The high tariffs, quotas and exchange restrictions, like the Ottawa agreements, were introduced after the depression and in fact averted its worst consequences. They no more caused it than the umbrellas in the street cause the rain. The world depression was as a matter of fact the direct result of the attempt after the last war to restore nineteenth-century conditions, more particularly the restoration of the gold

standard and the Most-Favoured-Nation Clause, thus linking the whole world together in a single monetary system broken up into national compartments precluded from mutual co-operation.

The impact on this state of affairs of the immense dynamic power of the American system was disastrous. For some years America's determination to export rather than to import was more than balanced by vast investments of American capital in Europe, by immense sums spent by Americans traveling, and by large remittances from America by European emigrants—all this only to a very small extent offset by debt payments to America. The great American speculative slump meant a sudden cessation both of American investment and of American travel and remittances. Nothing consequently remained to prevent the drain of gold to America in order to balance the exchanges. The basis of currency was everywhere contracted with disastrous effects on producers, while the Most-Favoured-Nation Clause prevented groups of nations (outside the British Empire) from co-operating in order to keep their gold circulating among themselves and to preserve their own balance of trade. The policy advocated by the United States to-day would, if accepted by the world, undoubtedly lead once more to a similar disaster. For it would mean once more that, owing to the immense preponderance of the American economy, the fluctuations of that uncontrolled economy would not be confined to the United States but, as in 1931, bring about a world crisis.

LESSONS OF HISTORY

WHEN it comes to expansion in the more correct sense of the word, that is to say the creative expansion of total production, we have before us one most recent spectacular example. The Soviet leaders set out with two great assets, vast undeveloped natural resources and a vast population, naturally intelligent but uneducated—uneducated not only in the literary sense, but in all industrial skill and experience. In order to force the simultaneous development of both these assets, they confined their foreign trade strictly to the import of such industrial plant as they could not possibly yet make for themselves and of a certain number of technicians, and to the export of whatever was necessary to secure these essentials. The method was drastic and involved much incidental suffering and the postponement of any immediate improvement in the standard of living to securing the foundations of economic and military strength. But who will say that it has failed of its purpose, or that the industrial power displayed in producing guns may not eventually be directed to producing "butter"?

Even more remarkable in some ways has been the expansion in the last sixty years of the United States. Here, under a capitalist system, policy concentrated on the import of capital (in fact of capital goods) and of human labour and enterprise, and on the discouragement by high tariffs of the import of finished consumers' commodities. In this instance the desired end was attained throughout on a high standard of living, and the total economic energy of the 140 million Americans is many times as great as that of 180 million Russians. The expansion of Germany after 1880 was the result of a

similar national policy. At any given moment the policy of each of these three countries may have interfered with some profitable trade with the outside world, and with the immediate convenience of some consumers. But will anyone suggest that the world as a whole was not enriched by the immense stimulus which deliberate policy in each case gave to enterprise, technical skill and total wealth, or that the same result could have been achieved by a policy of economic *laissez-faire*?

It is in the light of these examples of expansion resulting from the concentration of national purpose on the material and human resources of a wide area—a concentration only made possible by some measure of insulation from the disorganizing effects of purely competitive price competition—that we are entitled to judge the case for Imperial Preference and appreciate the seriousness of the demand made on us for its abandonment. In doing so we cannot afford, whether on purely economic or on psychological grounds, to ignore the past history of the question.

The conception of the Empire as a society for mutual help and development, a "Commonwealth for Increase", as Sir J. Harrington described it in his *Oceana*, is no new one. Summed up in the historic watchwords, "Ships, Colonies and Commerce", it was for over two centuries the mainspring of our national policy. That policy was based, as was inevitable at the time, on direct control of colonial trade by Great Britain, a control exercised primarily in the interest of the mother country, but also no less consciously in the interest of the colonies themselves. Whatever incidental defects the old mercantile system may have had in narrowness and rigidity of interpretation, there can be no doubt of its success. Under it Britain became the prosperous great power that held its own for a generation against revolutionary and Napoleonic France. Yet the development of the American Colonies themselves was even more amazing. When one considers the means of transportation of those days, and then reflects that the population of the Colonies grew in a little over a century to nearly three millions, one realizes what a powerful engine for the creation of prosperity and population our old imperial economic policy proved itself.

The old colonial economic policy was not abandoned after the American Secession, but was, at the beginning of the nineteenth century, gradually modified into a policy of mutual preference. In 1823 that great advocate of sane free trade, Huskisson, opened the colonial trade to foreign countries, subject to the imposition of moderate duties, ranging from 7 per cent to 15 per cent, from which British goods were exempt. As against these, the colonies enjoyed substantial preferences on their products, such as timber, wheat, sugar and wine. Under that policy Britain's new colonial empire began to make rapid strides. In spite of its much later start, Canada, up to 1845, was fully holding its own in comparison with the United States, and in the period 1815-40 actually attracted 532,000 British immigrants as compared with 458,000 who went to the United States. It is interesting to speculate what might have been the progress of the Empire under Huskisson's policy of practically free trade within the Empire, and moderate duties against the outside world, if it had only been given a few more years trial, and so

had received the credit, which so undeservedly went to Cobden, for the great expansion which followed the Californian and Australian gold discoveries. As it was, the abandonment of Imperial Preference by this country after 1845 gave a sudden and disastrous setback to the promising development of the Colonies, while it meant an immense concentration of British creative energy upon building up the United States. In all some ten millions of our people and thousands of millions of our capital went to build up, not the Empire, but the Republic, and by their very going enabled the United States to absorb tens of millions more of immigrants of European nationalities.

Gradually the various scattered members of the British Empire recovered from the blow inflicted upon them. Throughout these difficult years opinion in the Colonies steadily adhered to the belief that sooner or later Britain could come back to a policy of Empire economic expansion. The colonial point of view was emphasized at one Colonial Conference after another, and was indeed so strongly pressed on the British Government in 1897 as to lead to that denunciation of the Belgian and German treaties which freed us from the foreign stranglehold against any policy of mutual development. It is this same stranglehold that the United States are now seeking to reimpose as the condition of any assistance to us in connexion with the termination of Lend-Lease.

This obstacle removed, the Dominions at any rate were free to pursue the policy which they believed to be in their own interest as well as ours. Their view was justified by the result. Under the Canadian preference instituted in 1898 the United Kingdom exports to Canada, which had been falling steadily, increased from £5,172,000 to £23,795,000 by 1913, an increase of some 350 per cent, while imports into this country from Canada increased from £19,218,000 to £30,480,000 in 1913, an increase of over 50 per cent. Not long afterwards Australia, New Zealand and South Africa also initiated unilateral preferences with a consequence of an increase by 1913 of our exports to them of approximately 50 per cent, while our imports from them increased from £45,920,000 to £70,640,000 between 1905 and 1913, again an increase of over 50 per cent. After the last war, following up a resolution of the Imperial War Conference of 1917, Dominion preferences to British imports were further increased. The proportion of our exports which went to British countries increased from 37·18 per cent in 1913 to 41·95 per cent in 1928 to the same countries and to 45·3 per cent to the whole post-war Empire.

Meanwhile the first response on the part of the United Kingdom was made in the budget of 1919 under which a preference of a sixth of the duty was given on existing highly dutiable imports, such as tea, coffee, cocoa, sugar, dried fruits and tobacco, and a third of the duty on the McKenna duties. The effect of all these preferences was considerable. Most striking, indeed, was the effect of the 11 per cent. preference given to the Canadian motor-car industry, which became the centre of supply for American-type cars for the British and other Empire markets as well as for her own market. With the help of American capital poured into Canada the industry rapidly expanded. The immense contribution which that expansion has since enabled Canada

to make in the war effort should serve as a reminder that Imperial Preference is a policy not merely of mutual economic benefit but of defence and security. It also indicates that the most effective way of securing American capital for our own post-war reconstruction will be to create the conditions of British and Empire expansion behind adequate local tariffs supported by adequate Empire Preferences.

THE OTTAWA AGREEMENTS

THE main obstacle, however, to any extension of preference on the part of this country was that it involved the imposition of new duties and consequently a departure from the traditional Free Trade policy of the country. That objection disappeared when the great world depression of 1931 forced this country to adopt a protective tariff. At the Ottawa Conference of 1932 the principle of mutual preference was embodied in a series of agreements. While these agreements were of a tentative character and the preferential margins established very moderate in their range, it was generally understood that a generation of controversy had been closed and that what Lord Baldwin called "the first step" had been taken in a policy destined to be progressively developed and made increasingly effective. As a matter of fact these expectations of further advance were not fulfilled in the next seven years. There was even some going back on the Ottawa agreements in subsequent trade agreements with foreign countries, more particularly with Argentina and the United States.

Nevertheless, there can be no doubt as to the positive effects of the Ottawa treaties. The years that followed were years of general recovery and our trade expanded in every direction, foreign as well as imperial. The important fact is the marked rise in the proportion of Empire trade to total trade. Between 1932 and 1937 our exports to foreign countries rose from £200 million to £269 million, an increase of 35 per cent. Our exports to British countries, on the other hand, rose from £166 million to £252 million, an increase of 52 per cent, bringing our exports to the Empire up to 48·3 per cent of our total export trade, and to more than 50 per cent of our export of manufactures. The change was even more marked in our imports, very naturally, since our exports had already long enjoyed substantial preference in the Dominions. Between 1932 and 1937 our imports from foreign countries rose from £454 million to £624 million, an increase of 37 per cent. Our imports from British countries—almost all complementary and not competitive imports—rose from £248 million to £405 million, an increase of 64 per cent, bringing Empire imports up from 35·3 per cent to 39·4 per cent of our total imports.

Gross export and import figures are, however, of far less importance than the character of these figures as bearing upon our total volume of production. For that purpose the really significant figures are those of our imports of food, drink and raw materials. Between 1931 and 1937 our imports of food, drink and tobacco increased from £416 million to £432 million, that is by £16 million. Our imports of manufactures rose from £261 million to £275 million, that is by £14 million. On the other hand, our imports of raw materials rose from £173 million to £315 million, an increase of £142 million, or 82 per cent.

Of this increase over £65 million came from British countries. There could be no more convincing proof of the expansionist effect of our domestic tariff and of the Ottawa agreements taken in conjunction. The Ottawa agreements were, however, not confined to bilateral agreements between this country and the several Dominions and India. They included a considerable development of inter-Imperial preference between the Dominions and India (now for the first time included in the preferential system) and between these and various parts of the Colonial Empire. Between 1932 and 1937 the total trade between British countries other than the United Kingdom increased from £70 million to £157 million, an increase of 124 per cent.

Nor is it the case that the Ottawa policy, even if it benefited the British Empire, did so at the expense of the rest of the world. That leaves out of account the fact that, if it had not been for the safety-valve of expanding mutual trade opened up by Ottawa and facilitated by the sterling system, we and every other Empire country would have been driven to much more drastic measures to protect our several economic lives, with much greater consequential interference with international trade. As it was, the trade of this country and of the whole Empire with the outside world increased substantially after Ottawa, as the above figures show, though not in the same degree as our Empire trade.

The above facts clearly indicate what an important contribution the development of Empire Preference both before and after 1932 made to the economy of the whole Commonwealth and to its ability to meet the strain of the world war. Nothing, indeed, is more remarkable than the unprecedented contribution, not only in men, but in money and the materials of war which the Dominions contributed on this last occasion. To quote but a single instance, Canada in this war made a free gift to the common cause in munitions and other essential supplies of more than twice the whole cost of the South African War. It is at least fair to presume that a continuance of that policy would lead to further expansion of the resources of the whole Empire.

On the other hand, what would be the result of the abandonment of Empire Preference? This has hardly been seriously envisaged yet, but its realization has already come as a serious shock in many quarters. Mr. Chifley, the Prime Minister of Australia, has already indicated the grave alarm which Australia feels at the possibility of losing the advantages of a system on which her whole dairy, sugar, dried and fresh fruits and wine industries have been built up. What applies to Australia applies no less to New Zealand and to South Africa. The interest of Canada in this matter extends, not only to agricultural produce, but to manufactures, as for instance in the case of the motor-car industry which has already been quoted. The whole development of European settlement in Southern Rhodesia depends in very large measure upon the assurance of future preference for tobacco. In Nyasaland, on the other hand, that same preference is essential in order to find employment for native agriculturalists in their own country instead of having to seek it in the mines outside. The dependence of the West Indies on sugar, of West Africa on cocoa, of East Africa on coffee, and of Ceylon, and to some extent India, on tea, are also only

instances of the very serious dislocation, amounting in many cases to the actual wiping out of promising industries, which would be involved by the abandonment or drastic reduction of preference. In almost all these products the United States is the main competitor and that on a scale of production so large that free entry into the American market would afford little benefit to Empire producers. It is significant that at the recent meeting of the Associated Chambers of Commerce of the Empire in London there was complete unanimity on the vital importance of the retention of Imperial Preference.

What, on the other hand, of our own position in this country? Is there any possibility, on nineteenth-century *laissez-faire* lines, of our being able to find customers willing to take the immense total of exports which we must have in order to live? Nothing can be more hopelessly out of date than to imagine that the chief obstacle to our export trade lies merely in the tariffs of individual countries, and that an all-round reduction of tariffs in the world would be our salvation. That view, based on the memory of our competitive power in the past, ignores the fact that our production, saddled as it is not only with high wage standards but with the enormous taxation overheads of social security and of our defence needs, will have to meet the equally well-equipped factories of cheap labour countries, and the cheap surplus of America's immense mass production, not to speak of possible future dumping by a totalitarian country like Russia. It also ignores the fact that such a policy means abandoning any effective control of our own home market. We might thus continue to secure a certain limited export trade in virtue of the quality of our products, but we are never likely—at any rate once the immediate post-war boom is over—to secure a sufficient total bulk of exports to meet our needs.

There is no warrant for the belief that in future unregulated imports will somehow automatically create exports, or, indeed, that a general expansion of international trade, or a general lowering of tariffs, will necessarily help of international trade, or a general lowering of tariffs, will necessarily help this country. It will make all the difference what we buy; whom we buy from and whom we sell to; in what currency we transact our operations. Not go-as-you-please promiscuity, but careful selection, a well-thought-out order of priorities, must govern both our import and our export policy in peace as it has governed them in war.

THE MOST-FAVoured-NATION CLAUSE

In order to pull through our first duty will be to exercise a strict economy over the expenditure of the credits which we can earn by our exports. To ensure that these are not wasted on the purchase of unessentials, but used to provide the imports which are essential for our existence, we must exercise selective control over our imports. To control the character of our imports will, however, not be enough. It will be no less important to exercise selection as to their source. It will obviously be one of the Government's first duties to conclude trade treaties to help our exporters. In negotiating these, the one outstanding bargaining factor we shall possess is our unique consumers' market. Favoured access to that market should only be given to those who give us equivalent help in return. To call that discrimination is a misuse of

terms. In regard to our trade with foreign nations we have not in the past been free to conclude such treaties for fair reciprocity of benefits. The Most-Favoured-Nation Clause, that is the obligation automatically to extend to the rest of the world any tariff reduction given as the result of negotiation, has stood in the way. In the years between the wars more than one hopeful attempt on the part of certain European nations at a general mutual reduction of tariffs was vetoed in the name of this clause. It is essential that we should insist on its abandonment, or at any rate its drastic modification, in international trade as a whole.

Happily, as has been pointed out, the Most-Favoured-Nation Clause is not applicable to inter-Imperial trade.

It may be said, no doubt, that we are in fact pledged by the terms of Article VII of the Lend-Lease agreement of 1942 to abandon Preference and to adhere closely to the Most-Favoured-Nation Clause. The effective words in that connexion are our undertaking to come to agreement with the United States, open to participation by all other countries of like mind, directed to the expansion of production, employment and exchange . . . "to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on August 12, 1941", *i.e.* the so-called Atlantic Charter.

In so far as the last sentence covers the whole it is worth keeping in mind that the 4th Article of the Charter with its reference to "due respect for existing obligations" has been explicitly declared by Mr. Churchill to have been inserted in order to protect Imperial Preference. In any case it does not appear that in framing Article VII of the Lend-Lease agreement any clear understanding was arrived at as to what is meant either by "international commerce" or by "discriminatory treatment". There is no doubt that, ever since 1898, this country has in all its commercial treaties made it quite clear that it has not regarded inter-Empire trade as international trade and subject as such to the obligations of the Most-Favoured-Nation Clause. Again, it is at least open to question that non-discriminatory treatment must imply the maintenance of the Most-Favoured-Nation Clause on the present American interpretation, which as a matter of fact has only been favoured by the United States since 1922. If trade is to be regarded, from the nineteenth-century point of view, as purely an individual concern, then no doubt non-discriminatory treatment means treating all individuals equally, whatever the framework of national economic forces in which they are operating. On the other hand, if trade is a matter of national concern, whether from the point of view of social or defensive security, then non-discrimination clearly must mean equal or comparable treatment in return for equal or comparable treatment as between nations. To say that country A must take the exported unemployment of country B, which refuses to admit A's goods, on the same terms as the goods of country C which offers a vital market for A's exports, is surely an absurdity. Even more does it become absurd to apply that argument against countries which are part of a common political system and pledged, in fact if not in theory, to each other's defence. There is the further absurdity

in the whole American contention that it is admitted that if Preference is extended to 100 per cent in the shape of complete customs union there can be no objection under the terms of the Most-Favoured-Nation Clause. More than that, the United States have, in their most recent trade treaty with the Argentine, accepted the right of that country to negotiate preferential arrangements with other South American countries on the slender fiction that a South American Customs Union is ultimately contemplated.

The fact is that in the modern world the Most-Favoured-Nation Clause has become a complete anachronism and stands in the way of any genuine expansion of international trade based on mutual interest and real expansion. There can be no real recovery in Europe if the countries of that continent are not allowed to co-operate mutually for the restoration of their ruined economy. In defending its own hitherto recognized right to maintain a system of mutual economic co-operation corresponding to its political organization, the British Commonwealth would be defending not only its own interest but the natural healthy evolution of world economics.

There is the last argument that we cannot help ourselves and that both this country and other parts of the British Commonwealth are in such dire need of dollars in order to secure either, in our case, foodstuffs and raw materials, or, in the case of India and the Dominions, capital goods, that we must accept America's terms, however disastrous their ultimate implications. That surely would be a counsel of despair, and of premature despair. It may well be that a determined effort to secure the maximum of the requirements of all of us from each other, supplemented by the resources of the sterling area outside the British Empire, might produce supplies even now in much greater volume than is generally realized, and give a stimulus to British production, the results of which might mature very rapidly. It is worth remembering that similar fears expressed in 1931 about the danger of going off the gold standard were completely falsified. To everybody's surprise it emerged that the resources of the sterling area were sufficient to dominate the price level. It may well be, if we have to fall back on those resources, supplemented by such minimum accommodation as we may secure in America on purely business terms and with no strings tied to it, that we may all of us make a far more rapid recovery than has hitherto been foreseen.

The case for the maintenance and indeed further development of Empire Preference has been set forth in these pages entirely from the economic point of view. But it is at bottom much more than that. The question is whether the units of a nation group which saved the world by standing together in arms are to be forbidden to work together in peace in a world in which defence, social welfare and trade have become indissolubly interconnected. The question to-day is, in fact, whether the British Empire and Commonwealth is, in any true sense of the word, to be allowed to continue and make its contribution, as an equal among equals, with the great power groups now emerging. What in the past has been mainly a question of economic interest for those concerned has become the *articulus stantis aut cadentis imperii*.

THE GREAT ILLUSION

THE MILITARY FAILURE OF MILITARISM

"The aims and purposes of the conspirators were not fixed or static but evolved and expanded as they acquired progressively greater power and became able to make more effective application of threats of force . . . opportunistic methods . . . such as fraud, deceit, threats, intimidation, fifth column activities and propaganda." (Extract from the Indictment against Major War Criminals.)

THIS quotation is put at the head of this article for two reasons. It shows indeed that the conspiracy of Hitler's Germany was a conspiracy and not just a drift into aggression. It details the methods of the conspirators. But by implication it also reveals the state of mind of their victims. Intimidation is not effective unless the victims are liable to be intimidated. Fraud does not succeed if there is enough intelligence in its intended victim to refuse to be defrauded. The conspiracy went a very long way towards success and came within an ace of succeeding altogether. It owed its period of triumph to a great illusion, which was finally revealed to be such by its collapse. This illusion was the invincibility or at least immense relative superiority of the Germans as soldiers.

A great military reputation is not, of course, founded upon nothing. As long ago as the first century A.D. Tacitus described the valour of the German tribes in terms curiously akin to the descriptions of the "furia francese" of the Middle Ages. More recently still any potentate who desired good mercenaries went to Germany to hire them, though soldierly pre-eminence was not generally attributed to the Germans as such before the wars of Frederick the Great—and then only to the Prussians. Before that time the palm of military virtue, since the decline of the Roman legion (which ceased to be Roman or even mainly Italian towards the beginning of the Christian era), was borne in turn by the Goths (whether as Roman auxiliaries or as enemies), the Huns (from whom the Prussians are in fact partly descended); the Normans (Scandinavians like the Goths but not Germans); the Saracens; the Spaniards (up to Rocroi); the Swedes (up to Poltava); and the French. Moreover, there was something bogus even about the Prussian army of Frederick the Great; and it may well have owed at least as much to the Hitlerian unmorality of its creator as to its own innate virtues. At least it collapsed ignominiously in the next generation at Valmy, Jena, and Auerstadt. Perhaps, however, it would be right to detect the existence of potentially good military raw material among the Germans right through their history. The testimony of Tacitus has already been mentioned. Then the Franks, ultimate creators of the Latin chivalry, were originally a German tribe; and it will be observed that many French military terms are Teutonic, not Latin. Again, if we contrast the campaigns of Gonsalvo de Cordoba (which were practically bloodless) with those of the Thirty Years' War (which was essentially a German civil war) it will be seen that the Germans of the seventeenth century showed a quite

astounding degree of pertinacity and of ferocity in battle. Indeed, the only real parallel to the war which destroyed three-quarters of the population of Germany is the campaigns of Lopez, the dictator of Paraguay, which destroyed six-sevenths of the people of that Republic and left alive only one male for every 28 females.

But ferocity and high casualties are not necessarily a proof of military genius, and what we are discussing is not whether the Germans possess unusual military courage but whether they possess unusual military skill. Marshal Ney (whose natural language was German) was the "bravest of the brave" among the Napoleonic constellation, but as a strategist he was the lowest of the low—infinately inferior to Davout or Berthier the Frenchmen, to the Scotchman Macdonald, and, of course, to the great Corsican himself. It is the theme of this article that the Germans can be shown to have possessed less than normal military skill and not even abnormal military courage.

The indictment of the major war criminals alleges a consistent and continuous conspiracy among the Nazi hierarchy during the six and three-quarter years (January 1933 to September 1939) to prepare for war. Some of the Generals have asserted that they were opposed to this conspiracy. They can in fact tell that to the marines. The conflict, so far as there was one, was about who should control the war machine, not about whether a war machine should be created. To most of the German General Staff, Hitler, as one of them declared, was the answer to a soldier's prayer. He stinted nothing. In fact, as even Stresemann's correspondence shows, war preparations started long before the advent of the Nazis. It is, however, enough for the purposes of this argument to establish the fact that for nearly seven years an autocratic Government, supported by an ample and experienced military hierarchy, and able to count on the work of some eighty million industrious people, set out to forge an irresistible military instrument. They could count upon apathy, ignorance or funk upon a very large scale among all or most of their intended victims. In spite of these immense advantages, they failed. The *prima facie* deduction is that they were not really very competent.

It will, of course, be said that the odds against them became very great. For example, most German generals in the course of interrogation have complained bitterly about two things—the first being the Allied air supremacy, and the second being that the Russians were so numerous that, however many were killed, there were always more to come. But that is no answer to the charge of incompetence. If the Germans had known their job, they would have finished it before Allied air supremacy could develop, and they would never have had a war on two fronts simultaneously. Asked why this country was not invaded in the autumn of 1940, one general explained that the Germans did not like to risk what the British Navy could do. A thousand years of fine naval tradition certainly paid us a good dividend—for what the Navy could in fact have done was demonstrated off Crete next spring. Even assuming that the metropolitan R.A.F. could have given some air cover in the Channel as it could not do in Crete, there can be little doubt that a resolute attack would have effected a landing, that a landing could have been met only by a most devoted but wholly inadequate defence, and that by an expenditure

of a few hundred thousand men at the outside the war in the west could have been won. Even supposing that things had gone wrong and that, for example, supplies for the invaders could not have been maintained (though they would not have needed to be elaborate), no adequate reason has ever been given why a competent military machine should not have risked it. The writer remembers asking a French general why he in the darkest days never despaired. He replied, "*Je me suis dit 'l'Angleterre gagnera parcequ'elle est l'Angleterre'.*" But such (to us) flattering imponderables did not affect and ought not to have affected the plans of the German General Staff. As for Russia, is it generally realized that the Germans actually succeeded in creating a strategic situation such as Hitler in *Mein Kampf* adduced as the greatest proof of the contemptible folly of the German war direction in 1914-18? To attack on the Eastern front in June 1941 on the assumption that the Western front was and would remain phoney long enough was exactly the same mistake (substituting Eastern for Western front) as Ludendorff made in March 1918. In both cases the essence of the error was the assumption that occupied countries or quiet fronts however cowed and quiescent do not require enormous forces to make sure that they are safe. The 1941 error was probably the more flagrant because it has yet to be shown that the Russians, if they had not been attacked, would of their own volition have entered the war.

The German generals are now frankly admitting that the overall politico-military strategy of the war was contemptible; but of course they put all the blame on Hitler from the cardinal error of attacking Russia to the final futility of Rundstedt's offensive in the Ardennes in December 1944. Without doubt Hitler's position both in law and in fact was exceptional. He was not a mere figure-head like the Kaiser. But surely competent soldiers are more than "yes-men". Some German generals undoubtedly were. For example, Von Fritsch right at the beginning seems to have opposed the conspiracy to make war or at least to make it when it was made, and was murdered after the fashion of Uriah the Hittite. Quite a few were sacked, though more often for failure than for unpalatable advice. Some were actually parties to the plot to suppress Hitler in July 1944—at the eleventh hour, be it noted. But on the whole the German General Staff (and it was 50,000 strong) showed a lack of strategic inspiration which even Hitler's position does not excuse. One sentence in General Marshall's final report to the American Secretary for War seems absolutely damning. He says "no General Staff objection was expressed when Hitler made the fatal decision to invade Soviet Russia". The General Staff's attempt to preserve their reputation for infallibility has not the same speciousness as after 1918.

It will be noted, for example, that Keitel takes credit for the first offensive against Russia (July-November 1941) because in retrospect, though it did not take Moscow or Leningrad, it appears well designed and well conducted. General Marshall indeed implies that it failed only because of the unusually early onset of winter. As a matter of fact, even this campaign was not very creditable to the General Staff, who were caught quite unprepared for winter conditions. Still, it was more creditable than the Stalingrad-Caucasus offensive of 1942, which Keitel tries to make out was Hitler's own special. There

is, however, no trace of any soldier's having been sacked because he opposed an offensive with two ambitious objectives—the taking of Moscow from the rear and the seizure of the Caucasus oil. The truth seems to be that the generals could never quite make up their mind whether their duty as soldiers involved an obedience to Hitler which was not only blind but also (in anticipation of events) silent; and it is not wholly convincing when they are clear-sighted and loquacious after the event.

Let us examine for a moment the next outstanding strategic blunder of the German military machine, which, in the writer's opinion, was the heavy reinforcement of Tunisia, after Alamein and the Anglo-American landings in North Africa had made the German position south of the Mediterranean hopeless. The generals say that they could not get the *Afrika Corps* and the existing Tunisian garrison away and therefore the only thing to do was to reinforce. That is a very queer argument. In the first place, surely if men could be sent in, men could be taken out. In the second place, if something had to be lost anyway, why make it much instead of little? The cost was fifteen good Divisions instead of four or five. If the ten or eleven extra German Divisions had been stationed in Sicily or southern Italy, the "under belly of the Axis" would not have been "soft" at all. It is true that the Allies, even as it was, had a desperately difficult campaign in Italy—if not in Sicily; but we now know that their difficulties were not due to the genius of the German High Command. That Command was in fact completely deceived about the location of the landings in Sicily; and if it put up a stiff fight in Italy, so it ought to have done. For in the peninsula it always had a superiority of force on the ground—some 25 divisions against 17 when the final decisive battle opened—and its force was homogeneous whereas the Allied Armies comprised 17 different nationalities. Italy indeed seems to the writer an outstanding instance of the German strategic muddle which resulted in the absence of at least a third of their resources from the critical battles on the Rhine and the Vistula.

Space forbids any elaborate analysis of German air strategy. But it is pretty evident that the Germans did not know how to use their Air Force. Apart from the superb performance of our fighter squadrons and A.A. batteries during the battle of Britain, the Germans lost that battle largely because they never concentrated upon one kind of objective for long enough. They switched from ports to airfields and from airfields to factories, and from factories to general terrorization without consistence or persistence. In fact, it is arguable that they knew how to use an Air Force in conjunction with an army, but not as an independent instrument. They had air tactics but no air strategy. Finally, of course, they turned the major part of their air effort away from the attempt to produce a competitive Air Force and in favour of the production of air gadgets. There is no denying the immense potentialities of the latter. If the V1 and V2 had been in mass production and use eighteen months earlier than they were, the result would have been very serious. If the *Luftwaffe* could have been equipped on any large scale with the new jet machines, the Germans might even have swung back the pendulum of air power—as they did once during the last war by equipment with Fokkers.

They were, we are now told, within an ace of discovering how to release atomic energy. It was a race against time, and the Germans lost. Admittedly there are many reasons why this is not wholly to their discredit. It is always a moot point in war how to divide effort between waging the war of this period and preparing for the war of the next. If you concentrate too much on what you have got already, you may not win before the enemy outstrips you and turns the tables. If you concentrate too much on turning the tables, you may lose before the tables are turned; and that is what happened to the Germans. Napoleon acknowledged the difficulty when he said, in effect, that the highest quality in a general was to be lucky. What we are discussing, be it remembered, is whether the Germans are pre-eminent in the art of war or not; and in the matter of air warfare they fail to qualify not only by the test of air strategy but also by Napoleon's test.

We come now to the military qualities of the German soldier. Mr. Churchill said recently that when two forces were more or less equally matched, the quality of their leadership decided the issue. That is, of course, true. But many battles have been won by the soldierly qualities of the rank and file. Albuera and Inkerman are two that occur at once—and it is not so easy to recall any battle won by relatively poor troops. The soldierly qualities of the Germans have often excited the admiration of their enemies—and the late war was no exception. But either German leadership was even worse than has been contended in this article or the qualities of the rank and file were not generally so good as occasional experiences indicate.

One interesting point, relevant to this question, arises from the private letters of German soldiers in the field. Some, like that published by General Auchinleck as a model of what a soldier's sentiments ought to be, breathe a selfless patriotism and resolution. But very many display a mawkish sentimentality and self-pity, which may, of course, be designed *épater les bourgeois*, but are far more likely to be a reflection of some fundamental softness. The facts support this deduction. When the German soldier thinks he is beaten—and he is not exceptionally immune from this impression—he surrenders readily. The ratio of German prisoners (taken before the surrender) to German casualties has been in fact extremely high; or, if it is preferred to put it another way, the total of German battle casualties has been surprisingly low. Broadly speaking, the German Army was eviscerated by surrenders rather than by losses in the field. Its permanent casualties (killed or too severely sick or wounded to serve again) seem to have been under 6½ million in rather less than six years of war as compared with 6¼ million in 1914-18. That is not a crippling rate of loss for a nation with an annual intake of about 800,000. On the other hand, the Western Allies alone took about 1½ million German prisoners before the closing stages. The figures for the Russian front are not known, but can hardly have been less and may have been much more. In short, the German Army fought well, but not exceptionally well, certainly no better than the British, American or Russian armies.

It may be said that after 1940 the German Army was not homogeneous. There were, of course, the Italians, the Rumanians, the Hungarians, the Finns, and quite a lot of non-German oddments such as the Spanish Blue Division.

These were, perhaps, an element of weakness in the *Wehrmacht* just as the satellite elements were a weakness in the *Grande Armée*. But the analogy is not very good. The dilution of the *Wehrmacht* was nothing like so extensive—only about a third of the 600,000 men that crossed the Niemen in 1812 were French. Moreover, many of the *Wehrmacht*'s foreign satellites were first-class troops—notably the Hungarians and the Finns. As for the Italians, Rommel never hesitated for a moment to leave them in the lurch when his Army was in difficulties, and it cannot truly be said that German troops were sacrificed to support them. Again it is true that in France the Allies found quite a few motley units in which unwilling non-German individuals had been incorporated. But the real reason for the success of the invasion (apart from the quality and leadership of the Allied Armies) was oscillation and imperfection in the German High Command. General Marshall's report shows the remarkable degree of confusion and indecision in the enemy's plans. Added to the dislocation caused by Allied bombing and the operations of the F.F.I. this chaos of thought was decisive.

Such are some of the facts which support the view that the Germans have no monopoly of military skill or courage. If that view be correct, one of the things that must never happen again is that the world should be bluffed, by the theory that they have such a monopoly, into failing to check aggression in time or to face it resolutely after it has erupted. No attempt has been made to deny that the Germans are good military technicians and more often than not brave soldiers. But they are not perfect technicians nor superhumanly brave soldiers. They are not either in the military or in the ethnological sense a "master race".

The Executive Committee system, while working well in certain respects, and especially in giving politically uneducated State Councillors some insight into the operation of the administrative machine, has led to much administrative delay, to a serious lack of co-ordination of policy, to competitive

spending between committees, to a considerable waste of time in irrelevant discussion, and, worst of all, to inordinate attention by the members to the question of appointments to the public service. An ill-advised regulation was introduced in 1931 to the effect that recommendations to fill vacancies in any department should be referred to the relevant Executive Committee before going to the Public Services Commission, a body consisting of the three Officers of State, in whose hands lay the final advice to the Governor on appointments. The results of this regulation have been a constant pestering of committee members by applicants and their relatives, widely credited accusations of corruption, and personal attacks in Council on the Officers of State when the Public Services Commission's advice has not tallied with an Executive Committee's recommendations.

There has been one especially unfortunate repercussion connected with the exercise of the vote by Indian estate labourers. In 1931 the extension of the franchise in this direction was severely limited. When in 1939 the Government of Ceylon decided to dispense with the services of a number of daily-paid Indian labourers in its employ, bad feeling was caused; the whole question was then taken up between the Governments of India and Ceylon, but in spite of two conferences no agreement was reached. Hence in 1941 two Bills, an Immigration Bill and a Bill for the Registration of Non-Ceylonese, were introduced into the State Council; they passed their second readings, but went no farther. If these measures were completed, they would leave considerable discretion in the hands of the Minister of Labour to regulate the admission into the island of any British subjects other than those who conform to the definition of "Ceylonese". This has roused both anger and apprehension among the Indian and European communities.

REFORM OF THE CONSTITUTION

FOLLOWING on the suggestions for reform made by Sir Andrew Caldecott, a long-drawn-out debate took place in the State Council in 1939, which served to bring out the differences of opinion between the Sinhalese and the minority communities. Between 1941 and 1943 correspondence took place in which the Board of Ministers pressed the Secretary of State for early action; but the latter was unwilling, partly on account of the war, and partly because of the lack of unanimity shown. In 1942 the State Council passed a resolution demanding a guarantee of Dominion status after the war. The next year, in May, the Secretary of State issued a declaration that the post-war examination of the problem would be "directed towards the grant to Ceylon of full responsible government in all matters of internal civil administration"; that the control of defence and external relations would be retained by His Majesty's Government, and vested in the Governor, but that the latter's other powers would be considerably restricted; the only Bills to be reserved by him for the Royal assent would be those which

"(a) relate to the Royal Prerogative, the rights and property of His Majesty's subjects not residing in the Island, and the trade and shipping of any part of the Commonwealth,

- (b) have evoked serious opposition by any racial or religious community, and in the Governor's opinion are likely to involve oppression or unfairness to any community, and
- (c) relate to currency."

The Board of Ministers was asked to produce a draft constitution within these limits, for examination by a commission or conference after the war, provided that such a scheme obtained the assent of three-fourths of the whole State Council. The Board agreed, and drafted a constitution, coming under heavy fire from the State Council, particularly the minority communities' representatives, for sending it to London before submitting it to that body, or even publishing it. This draft contained proposals for a single chamber of 100 members, all territorially elected except for 6 to be nominated; a scheme of weightage for the less thickly populated areas was put forward as a sop to the minority communities, though in effect it would not greatly increase their percentage of representation; the Officers of State were to be abolished, and a Cabinet chosen by a Prime Minister; and largely independent commissions were to control the public and judicial services. The report of the Soulbury Commission has adopted the great majority of these proposals.

In July 1944 the Secretary of State replied that he was appointing a Commission to visit Ceylon before the end of that year in order to examine these proposals, giving full opportunity for "consultations to take place with various interests, including minority communities". This produced a storm of wrath from the Board of Ministers, who stated that they had interpreted the 1943 Declaration as an undertaking to accept their scheme as it stood, the 1943 Declaration as an undertaking to accept their scheme as it stood, provided that three-fourths of the State Council supported it; they therefore withdrew it, at the same time publishing it as a sessional paper, and declined to have anything to do with the forthcoming Commission. The Secretary of State denied that he had ever had any intention of accepting such an interpretation, and persisted with the Commission, which, after some apparent delay in its composition, arrived in Colombo a day or two before Christmas. It was headed by Lord Soulbury, a former Conservative President of the Board of Education; the other two members were Mr. (now Sir) Frederick Rees, Vice-Chancellor of the University of Wales, and Mr. F. J. Burrows, a well-known trade unionist, since appointed Governor of Bengal.

THE ROYAL COMMISSION

THE Sinhalese ministers maintained an official boycott of the Commission, but Mr. D. S. Senanayake, Vice-Chairman of the Board of Ministers and Leader of the State Council, was constantly in attendance on its members, and the Report discloses that he had many private discussions with them. But another minister, Mr. S. W. R. D. Bandaranaike, introduced a bill into the State Council for complete Dominion status; it was the Ministers' draft constitution less the limitations set up by the 1943 Declaration, and was hurried through the Council before the Commission left. This being such an obvious political move, no one was in the least surprised when the Secretary of State signified that assent was refused.

During the three months that the Commissioners spent on the island many memoranda were submitted, and many deputations interviewed, mainly though by no means exclusively from minority communities and interests. The most noteworthy was that of the All-Ceylon Tamil Congress, led by Mr. G. G. Ponnambalam, a State Councillor of considerable ability, who submitted a complete draft constitution.

The views of the minority communities as submitted to the Commission showed a considerable measure of agreement. They differed from the Ministers' constitution mainly on the matters of representation and on the composition of the executive, while the smaller minority communities and several other bodies were strongly for a Second Chamber, in order to "check hasty and ill-considered legislation"—a phrase which was greatly to annoy existing State Councillors.

In June Mr. Senanayake received and accepted an invitation from the then Secretary of State for the Colonies to visit him in London. This annoyed the minority communities, who held that he did not in any way represent them, being merely the leader of the Sinhalese majority in the State Council. The Board of Ministers were not enthusiastic; they gave his visit a qualified blessing, but no mandate. He went in July, had several interviews with the new Secretary of State, and returned in mid-September; according to his report to the Board of Ministers, he pressed very strongly for full Dominion status. Several minority community leaders, particularly Mr. Ponnambalam, also went to London to press and to publicize their views; they have had an interview with Mr. Hall.

The only respect in which the Commissioners' Report differs markedly from the Ministers' draft constitution is its recommendation that a Second Chamber should be included in the provisions of the Order in Council. A "Senate" of 30 members is suggested, with powers much the same as those of the House of Lords; half are to be elected by the First Chamber, by proportional representation, and half nominated by the "Governor-General" acting "in his discretion"; the suggestion is that this half should be chosen from persons distinguished for public service or eminent in their professions or occupations—one-third of each half to retire every three years, reduced by the White Paper to two. Though this is spoken of as a safeguard for minorities, the minority communities generally have no opinion of its usefulness as such, considering the weakness of its powers and the nature of its composition.

The British model is, with set purpose, but without much imagination, followed throughout, on the ground that "the politically conscious majority of the people of Ceylon favour a constitution on British lines", which the Commissioners regard as a natural evolution in the progress towards Dominion status. This conclusion, already stigmatized as the line of least resistance, is unwelcome to the minority communities, one of whose main points is that their very nature and existence sharply differentiates political conditions in Ceylon from those in the United Kingdom. Most of them asked for "balanced representation" in both the legislature and the executive with communal electorates—a scheme similar to that of Lord Wavell for the

Central Legislature in India;* they argue that if the combined minority communities were given by weightage the same number of seats in the legislature as the Sinhalese, thus allaying their fears of domination, the tendency would be for the Council and the country to split into parties based on economic and political rather than racial lines, thus ultimately diminishing communal feeling. For the executive their demands were informed by the same idea, but there was no unanimity as to how this difficult task was to be done. The Commissioners reject the idea of pure communal representation completely, especially in the sphere of the executive; but they admit it in a sense by the modification they suggest of the Ministers' scheme of weightage by area, viz., the carving out by a Delimitation Commission of a certain number of constituencies, smaller than the average (which aims at 75,000), in which there would be a majority of one or other of the minority communities. This is probably intended mainly for the benefit of the Muslims, the community at present politically closest to the Sinhalese, and they have professed themselves satisfied: but it may also operate in the hilly Central Province, where the Kandyan Sinhalese claim special representation, yet where the Indian Tamil labourers on tea estates are most numerous. In other provinces the geographical distribution of races makes nearly every constituency communal in practice, if not in theory. The estimate made in the Report gives 58 Sinhalese seats to 37 others; to the latter must be added 6 seats filled by nomination.

The kindred and thorny problems of franchise and immigration are stated in the Report, but little is done to solve them. The claim of the Indian community for a more generous franchise for the Indian estate labourers, about 700,000 in number, is not met—when adult franchise was granted in 1931, the Sinhalese leaders insisted on its strict limitation in the case of this community, but for which the Donoughmore Constitution would have been rejected by the then Council; this matter has caused an open and still unsettled quarrel between the Governments of India and Ceylon. Both the Indian and European communities asked for statutory safeguards against discriminatory immigration laws—in 1941 during the quarrel above-mentioned two such measures, the Immigration and the Registration of non-Ceylonese Bills, went as far as their second reading in the State Council. All the Commission has done to meet this is to suggest that any bills directed against the right of re-entry of non-Ceylonese residents in the island at the date of introduction of the new constitution should be reserved for the Governor-General's assent. Thus if these two bills became law, Indian and European firms could be prevented from bringing any new employees into the country; most of the export and import trade is in the hands of these two "foreign" communities, and so far they have had little opinion of the business capability of the Ceylonese. The European and Burgher deputations made a strong point of their great preference for electing their representatives instead of having them nominated, but the Commissioners, in their enthusiasm for the theory of territorial representation, brush this aside. Thus, while the Tamils, of territorial representation, brush this aside.

* The statement in the White Paper that this scheme is supported by the Tamils only is surprisingly inaccurate.

Burghers, and perhaps the Muslims fear political extinction, the Europeans and Indians fear economic extinction as well, in view of the State Council's declared policy of Ceylonization, which has already gone far in the Public Services. It may be mentioned that the almost universal demand for an independent Public Services Commission, free from all political influence, has been endorsed by the Commission, who recommend the closing of the loophole for this which the Ministers in their constitution had left for themselves; this may well prove the most valuable result of the whole business.*

The principal significance of the White Paper is that it has not yielded to the Ceylon State Council's demand for immediate Dominion Status, but that it gives an undertaking that such a concession will follow in a comparatively short time, provided that the Ceylonese do their best to work the new constitution "as a foundation on which Dominion status may be built". The only modifications of any real importance that it makes of the Commission's recommendations are, that the power suggested for the Governor of legislating by ordinance in case of a constitutional breakdown or other pressing public emergency shall be only exercisable by him after it has been conferred by an Order in Council specifically made to meet such an occasion, and that the normal channels of communication between His Majesty's Government and the Government of Ceylon shall continue to be through the Secretary of State and the Governor, not directly with the Prime Minister as suggested. Any hopes the minority communities may have had of defeating the adoption by the State Council of the principles of the new constitution disappear with the withdrawal of the stipulation that such adoption should need the support of three-fourths of the whole Council: the White Paper states that this would have applied to the Ministers' draft constitution if it had not been withdrawn, but was now necessary because the minority communities had had the opportunity of placing their views before a Commission though in fact the constitution envisaged under the White Paper differs very little from that draft.

The Soulbury Report has already been attacked in extremist quarters as an attempt to perpetuate "British imperialism", and it is highly probable that this line will be taken by the more irresponsible politicians, as well as by all those sections of the small but very vocal Communist party. The more responsible sections of Sinhalese opinion will probably accept it as the penultimate step in their political destiny: they seem to be divided in opinion as to what should be the last step.† Some envisage Dominion status, as the White Paper suggests, with an agreement under which Great Britain would undertake the island's defence: others believe that Ceylon should and will ultimately form part of a federated and independent India—an idea to which

* It should be observed, however, that the proposal to vest the control of the civil services in the Governor-General acting on the advice of a Public Services Commission appointed by him 'in his discretion'—as well as to empower him to reserve Bills opposed by minorities and to nominate half the Senate 'in his discretion'—is not consonant with 'full responsible government in all matters of internal administration'.—*Editor*.

† On November 9, by a majority of 51 to 3, the State Council of Ceylon accepted the constitution offered.—*Editor*.

the Tamils will probably give strong support after their disappointment with the White Paper.

This disappointment, and that of several other minority communities, has yet to be voiced, though it is understood that preliminary protests have been sent. They feel that the Soulbury Commission, after making a very fair statement of their claims, were content to leave the solution of their difficulties to the majority community, with the pious hope that the latter will refrain from exercising the permanent political power it continues to possess, coupled with the wishful thought that economic divisions will overshadow racial feelings and create a party system more like the British.

The somewhat vague statement by the Leader of the House when asked by the late Colonial Secretary for a debate on "that very large constitutional change" is a little disquieting. To an observer who has been out of Britain for over eight years, and who reads in the home press (not without scepticism) that a genuine interest is at last being taken in colonial affairs, it would seem odd if the experiment of giving a non-European country within the Commonwealth such large powers of self-government on the British model should become law without debate in the Mother of Parliaments, especially since the new constitution may well, for better or for worse, come to be regarded as a model for those of self-governing colonies within the Commonwealth of the future.

Ceylon.

November 1945.

THE AFTERMATH IN AMERICA

EMOTIONS OF RELEASE

HOW swiftly the tides of American opinion ebb and flow—and how dangerous to judge our national policy by surface signs alone. Three months ago, with the Japanese war still gripping the nation in forced unity, we were getting used to President Truman and rather liking it. We were holding the line at home and preparing to invade Japan over the beaches.

To-day we are in the very depths of post-war reaction and let-down. The atomic bomb has fallen. We are in Month III of the Atomic Age and not sure what to do about it. Mr. Truman's political honeymoon is over. Strikes are crippling reconversion. There is a wave of alleged isolationism. And so confused is the situation that it would be difficult to define specifically any major national policy.

But this confusion may well diminish as rapidly as it arose. It is the aftermath of the war's end. It is the natural result of the relaxation of war's disciplines to a people who are not by nature disciplined. It is a result of our deceptive distance from the actual scenes of the fighting. It springs from our seemingly favorable economic situation.

We are basically an irresponsible nation, owing to historical, geographical and ethnological causes. National policy, after all, does not spring from self-conscious devising, but from long, patient and almost emotional conditioning. Doubtless it will be agreed that the instinctive reaction of the average Briton—his awareness of continental European political balances, his reliance on world trade—goes back many generations. So it is with the basic policies of any nation—France, Russia, &c. But with the United States the instinctive reaction is a sense of our own continental strength and richness, our aloofness, indeed our isolation. That is what the average American feels in his bones.

And we have to awake, of course, to the vastly changed world. Rationally we tell ourselves that aloofness and irresponsibility are no longer possible. Our minds accept the facts. But our instincts are still escapist if not xenophobic. At least they are irresponsible.

Thus, the chief political fact to-day is the pressure from the public on members of Congress and the army and navy leaders for rapid and still more rapid demobilization. Every mother, father, wife, sweetheart and employer is bearing down upon his or her Congressmen with an insistent demand that Johnny come marching home and into civilian clothes in less time than it takes to walk up Capitol Hill. There has never been quite such determined pressure on Congressmen.

The result, an inevitable result of pressure, is that Congress is nervous and jumpy. The bad effects are felt in all phases of legislative work. The relative freedom from criticism which the army and navy have enjoyed during the war years is at an end. Their plans for post-war continuance on a

big scale are now subject to all sorts of political revision. The definite proposals for compulsory military training which the army has long advocated are very likely politically impossible.

All this reaction naturally produces the appearance of a wave of isolationism. Its most marked effect is economic and financial. The Gallup poll figures show definite resistance to financial aid for Britain or other nations. There might even be a majority in favour of an effort to collect lend-lease. However, a substantial British loan at low interest rates is confidently expected.

It would be a mistake to take all this let-down and recession of American world responsibility too tragically. It is no laughing matter, in all conscience. But at the same time it is largely emotional; and it is likely to run its course with some speed. The United States cannot escape its place in the world, whatever its inclinations. The grim challenges of modern warfare are inescapable. They are too well known to too many Americans to permit protracted avoidance of our duties. And we are a mercurial people. We will bounce back from our present let-down and regain much of the dynamism which marked our war effort.

It is a fact, however, that on the present evidence President Truman will not be far ahead of public opinion—perhaps not far enough ahead. He has thus far shown himself to be a coordinator and stabilizer, but not exactly a leader. There has been a need for these qualities during the cooling-off period. Now the times call desperately for more positive policies, for leadership which shall rise to new challenges. Manifestly, President Truman will seek to meet the challenge. In the process, he will have to commit himself to far more than hitherto. On bitter domestic issues perhaps he will have to take decisive choices between the almost incompatible wings of his party: the radical left wing, dominated by the C.I.O. faction of organized labor, and the conservative right, largely composed of old-line southerners. And Mr. Truman's choice may foreshadow the political alignments of the presidential election in 1948.

THE INDUSTRIAL BATTLEFIELD

AGAINST this general background comes our biggest domestic challenge: labor strife. Currently, between 400,000 and 500,000 workers are out on strike, and the number seems certain to rise. The strikes are a result of perfectly simple and elementary facts. The cost of living has risen twice as much as hourly wages have done. The problem is to find ways of satisfying labor's natural and inevitable aspirations without setting in motion an inflationary spiral, which would endanger labor's gains as well as the whole country's savings and stability.

During the war, prices—although held down somewhat by the Office of Price Administration—rose 29 per cent according to the figures of the Bureau of Labor Statistics, and 43 per cent according to union surveys. Hourly wages were held to a 15 per cent increase by the "Little Steel" formula. However, overtime payments raised the "take-home" pay so much in most industries that labor was reasonably satisfied.

With the end of the war and production cut-backs, overtime has generally ceased. Moreover, labor's wartime "no-strike" pledge is no longer in effect. It is evident that the wage-price relationship which maintained stability during the war is now severely upset.

Nevertheless, it is of extreme importance to prevent post-war runaway inflation. Thus it is that the "irresistible force" meets the "immovable object". On August 18, President Truman issued an executive order which (1) permitted wage increases where no price rises would result; (2) authorized the correction of "gross inequalities" if the Office of Economic Stabilization approved any price rise that might result. Such increases were to be rare.

Manifestly, if wage increases could come out of corporation profits, there would be no problem. And many industries have already seen fit to grant increases while absorbing the increased cost of production. Productive efficiency has been greatly advanced in many lines, giving grounds for higher wages. And profits have been high. There is a prevailing feeling, not altogether shared in industry, that wage increases of 15 per cent could readily be granted without necessitating price increases of more than 3 or 4 per cent.

The fundamental unbalance between wages and prices is not the only cause of today's labor strife. Indeed, the major strikes at the moment of writing do not stem from that factor, but are results of jurisdictional battles between different unions or between labor and employer on grounds other than wages.

The most damaging strike in the country was in October in the soft coal mines, where some 200,000 were idle, endangering the nation's steel supply and threatening shipments to Europe. In this perennially strike-torn industry, John L. Lewis again challenged the operators. His United Mine Workers sought to bring from 28,000 to 50,000 foremen into the union. The coal operators asserted that a foreman is a representative of management, and that his inclusion in a workers' union would represent the taking over by labor of a management function. The operators sincerely took the position that Mr. Lewis's invasion of the foreman group presages a degree of labor control akin to socialization.

After ten days of unremitting but futile conference under Federal government auspices in Washington, Mr. Lewis called off his strike until "a later more appropriate date". This result meant that the Government had failed to settle the strike, but leaves the threat of future work stoppage hanging like the Sword of Damocles over this essential industry. Thus while the settlement of the strike was welcomed, the future outlook is not reassuring.

The bitter and exacerbating element in the strike situation, in the soft coal mines and elsewhere, is that both sides are strong and well equipped to fight. Each side has a measure of public support. Each is ready for a show-down. Each knows that the people want reconversion and production, and assumes that this sentiment will fight for its side. It is a thoroughly dangerous combination of circumstances.

The second gravest strike also does not concern wages directly. It is strictly a jurisdictional battle between the Congress of Industrial Organizations and the American Federation of Labor for the waterfront of New York.

Joseph Ryan, "King" Ryan, the tough and picturesque head of the International Longshoremen's Union, is challenged by Joseph Curran's National Maritime Union, in which there is a big Communist faction. Mr. Ryan's outfit is a closely-held personal affair, relatively conservative and affiliated with the A. F. of L.

Burly, hard-hitting "King" Ryan is lifetime president of his I.L.U., at a salary of \$20,000 a year. The rank-and-file members of his union have been rebelling against his leadership. Recently they struck against his wishes, demanding improved working conditions. When he whipped most of his union back into line, and work promised to be resumed, the N.M.U. moved into the picture. Joseph Curran, head of this C.I.O. union, ordered his seamen not to get up steam for winches on any ships that Ryan's longshoremen attempted to unload.

Harry Bridges, the Australian-born leader of longshoremen on the Pacific Coast, came hurriedly to New York. He seeks a foothold in New York harbor. But, as long as two years ago, Ryan announced: "I'm only waiting till this war is over so we can slug it out with Harry Bridges."

This gangsterism, more sinister than cinema, has today tied up New York harbor. The employers, the public, the consumers are apparently helpless. Wages, working conditions, collective bargaining—all have been forgotten. It is a battle to the death between two rival unions and their dictatorial chief. It is a battle between conservatism and communism. Such jungle warfare is all too reminiscent of prehistoric battles of dinosaurs who may well destroy themselves but will perhaps do a great deal of damage before they are through.

And in industry after industry, city after city, either jurisdictional or outlaw strikes are flaring up. Very obviously, governmental action must be taken to end this kind of anarchy. It is not simply that organized labor is going through growing pains, as it did a generation or more ago in Britain. That stage should have been over long ago. Organized labor has become a personal and lucrative "racket" and the rank-and-file member is helpless against a permanent and highly paid union chief.

So great is labor's political power, however, that Congress has hitherto failed to pass effective legislation. Present labor statutes seem almost to do more harm than good. Bills are now pending providing for compulsory arbitration—which is not widely favored—or voluntary arbitration with emphasis on conciliation. But more fundamentally, public opinion is swinging around to favor laws defining the circumstances under which strikes would be illegal, and holding labor leadership accountable for its own finances and for free elections.

Such statutes, however, will not meet the present situation, here and now. That calls for leadership by President Truman and his Administration. The President seems anxious to avoid a commitment. He tried throughout October to defer decisive action until a management-labor-government conference in November. He seeks above all an agreed solution, for his Democratic Party is dependent for its majority upon a working cohesion between union labor and the anti-union and conservative South.

If once Mr. Truman has to plump for the larger element in his support, which is the orthodox conservative group, then labor may well go the way of a third party, under the leadership of Secretary of Commerce Henry Wallace and Sidney Hillman, of the C.I.O. Such a split would almost certainly mean Mr. Truman's defeat and the election of a Republican in 1948. It might mean the downfall of the Democratic Party for many years to come. Naturally, therefore, Mr. Truman—who is a bred-in-the-bone party politician—will seek to avoid any such split.

Yet his greater and more urgent challenge is to achieve a measure of industrial peace here and now. Unless reconversion can proceed uninterrupted—as it promised to do a few weeks ago—the results will be very serious. Not only will unemployment mount, but failure of production will inevitably stimulate the inflation for which the ingredients are so abundantly present.

Moreover, the strikes discussed above are only a few of those that threaten. The entire automotive industry may be out if wage increases of 30 per cent are not granted. The telephone companies are quivering on the verge of a strike, with resultant grave consequences to the national communications. New York's elevator operators were only sent back to work by the forceful intervention of Governor Dewey of New York. During their stoppage, the fantastic dependence of sky-scraper New York upon these employees was vividly demonstrated.

In short, a national wage-price policy, a strike-and-union-responsibility policy, are all desperately needed. The alternative is almost certainly inflation, plus work stoppages and civil strife on the most damaging scale. The repercussions, of course, would be world-wide.

PHYSICS AND POLITICS

So much space has been given to strikes here because they are currently at the top of the news, and less is likely to be known of them abroad than of other items of more obvious interest. That does not mean they are necessarily the most important subject. The gravest problem, of course, is the long-range maintenance of peace—and that turns upon the control of the atomic bomb and other new techniques in warfare. Here, alas, public thinking is still in a daze. The dangers are almost too big for the human mind to grasp. Our natural scientists keep dropping hints that the atomic bomb used upon Japan is already outmoded.

Our military men also drop hints that atomic bombing is by no means the latest word in horrible warfare. It is understood that forms of bacteriological warfare were under study and ready to use, which in some sense might be more devastating than even the limited disintegration of the atom. It is an open secret that our army authorities were very fearful that Germany would use bacteriological warfare against the British Isles and the American troops staging there before the invasion of the Continent. Perhaps this is not the time to dig out war secrets of this nature, but the foregoing hint is based on information much more substantial than gossip.

General H. H. Arnold, commanding officer of the American Army Air

Forces, bluntly states that weapons now ready or "inevitable" on the basis of present techniques make it possible to drop a guided missile—containing an atomic bomb if desired—"on any square mile of the earth's surface from any square mile of the earth's surface". Such a statement indicates to all thoughtful men that the use of force in war has become suicidal. And yet the national policies derivative from the facts have not yet been formulated. The United States has no desire to seek to dominate the world by force. We have no wish to promulgate a Pax Americana. But we are not yet acting upon the only alternative.

The physicists who finally completed the atomic bomb have seen the issues more clearly. Speaking from their secluded retreat at Los Alamos, New Mexico, 400 of them proclaim: "... we are left but one course of action. We must cooperate with the rest of the world in the future development of atomic power, and the use of atomic energy as a weapon must be controlled by a world authority. ... Such conditions will demand some modification of our conception of national sovereignty. This makes it imperative that we have the good will of all nations, for it must be realized that we are dealing with a deadly challenge to civilization itself. ..."

These stirring words were echoed by another group of respected leaders, led by Mr. Justice Roberts, recently retired from the Supreme Court, who met in New Hampshire and proposed a world federal government as a substitute for the present United Nations Organization. They called for a constitutional amendment in the United States to make possible American participation in a world legislative assembly chosen on the principle of weighted representation. They urged the American Government "to promote the formation of the world federal government, after consultation with the other members of the United Nations, either by proposing drastic amendments of the present United Nations Charter or by calling a new world constitutional convention".

Such a proposal is far in advance of the articulated concepts of American public opinion. However, the full weight of those who understand the implications of force in to-morrow's world has not yet been felt. Our scientists and our thinkers are going to be very eloquent and impressive, for they will have the support of grim facts. These facts, it is to be confidently expected, will awaken American public opinion from the post-war miasma into which it has momentarily plunged. The question is: how long a breathing spell do we have? The only safe assumption, with the New Mexico scientists and the New Hampshire conference men, is that there is not a moment to lose.

Meantime, political relationships in the world grow no easier. We are well aware of the deficiencies of our occupation policies in Germany and Japan, and the magnitude of the problems confronting us—and our allies—in both areas. We have been acutely reminded of the difficulties of reaching agreements with the Soviet Union. We know that our own policies are far from being well defined, or free from inconsistencies.

In short, the weeks and months following the surrender of Japan have been a bad period, a confused period. The peace has erupted upon us almost

as the war did, following the attack on Pearl Harbor. We had a black time of it for many months in 1942. We shall undoubtedly do better now. But our allies should be as patient with us as we ought to be with them. We profoundly need wisdom and statesmanship. We have a President and a Secretary of State with patience and poise. They do not yet have a coordinated policy.

GREAT BRITAIN

LIFE CHANGES SLOWLY

THE end of both wars has, so far, brought little change to the outward face of British life. Within the home, personal anxiety for the safety of dear ones is lifted. Tens of thousands of prisoners of war have come back to their families, to tell their experiences. Demobilization has started—but not more than started. Overtime in war factories has been cut. Passenger train services, from the beginning of October, have been slightly improved, though they are still overcrowded.

The blackout has gone entirely. We are back on Greenwich Time; the war expedient of continuing Summer Time throughout the winter has ended, and autumn afternoons close in early by the clock, as they used to do before 1939. The street lamps are lit before the children go to bed, who till now had never seen them lighted. The sirens are silent. No periodic crashes disturb "Southern England" as they were doing a year ago, and the "blitz" of 1940-41 is a fading memory. Before long, the ordinary person will be ceasing to remember how near we once were to being invaded or defeated. But as for the general pattern of life, it has not been greatly altered yet.

Three months after the end of the shooting, it is still far closer to 1943 or 1944 than to 1939. The VE and VJ days have come and gone, but they have not shaken the kaleidoscope. We read of spectacularly swift reconversion from war to peace in lands across the Atlantic. Here one is conscious of nothing of the kind. War-time licensing systems and controls are still ram-pant. Goods for civilian use are, if anything, scarcer than ever, for enlarged output from the factories has hardly yet begun to trickle through. Food supplies generally seem to be shorter, and queues as long. There are no new houses yet, and few started, apart from the Coalition Government's programme of 150,000 temporary prefabricated bungalows. Meanwhile, thousands every week are added to the lists of those wanting a home to settle down in. That is precisely the tension: minds which during war were concentrated on victory and attuned to sacrifice are turning towards peace now, but the satisfaction and the normalities of peace are not yet there. Besides all this a governing fact is that, though we may not all realize it, we are all very tired.

UNION DISCIPLINE WEAK

FOR several weeks, against the advice of their trade union, 40,000 dockers have been on strike. That is symptomatic. It is not likely to be the last of such strikes. Were a Conservative Government in power, they would probably be more bitter and more extensive. The dock strike has already made it clear, however, that even a Labour Government cannot entirely rely upon all sections of the working class to give heed to reasonable Government guidance. One was accustomed to talk about "organized labour". The

probably transitional phenomenon, for which we have now to prepare, is labour not amenable to trade-union discipline, and precipitate to exert pressure on the State or on the employer without much discriminating between them. At the back of it all is wage chaos. Wage systems surviving from a different technical age fifty years ago or more; wage rates negotiated between employers and unions in one industry without any rational connexion with wages in other industries; continued refusal or failure of successive Governments to enunciate any principles of wage policy, except non-intervention by the State—these are the deficiencies which we must find trade-union leaders and employers and Ministers brave enough to tackle. Until then, we shall continue to lack standards of reference whereby to eliminate all the anomalies which, especially in a period of reduced overtime earnings, create exploitable dissatisfaction and give ground for strikes.

CONCEALED UNEMPLOYMENT

THE new Minister of Labour, Mr. Isaacs, is an experienced trade-union official, but neither as an administrator nor as a politician is he the peer of either of his immediate predecessors, Mr. R. A. Butler (Conservative) or Mr. Bevin. He cut a poor figure when attacked in the House on October 22 by Mr. Churchill on the subject of demobilization. This is bound to remain one of the major political and social issues for the next year at least. No one in civilian clothes need remain out of a job, but in the armed forces there is concealed unemployment on a colossal scale. This is the penalty which must be paid for sticking, quite rightly, to the original Bevin scheme of basing demobilization on a combination of age and service; but for that principle, troops in this country with nothing to do could be released. Under intense public pressure the Government has sharply speeded up the operation of the scheme, but it still has not furnished the public with enough information to allay doubts on the two critical points raised by Mr. Churchill—whether the target figures for the desirable strength of the Navy, Army and R.A.F. are not too high, and whether these targets are being reached quickly enough. All the time there is another section of opinion, small and non-vocal but possibly farther-sighted, which wonders whether we are wise to reduce our armed strength so greatly as the Government is intending to reduce it. But what all schools of thought are united in asserting is that, in our crying need for exports and for civilian goods, we cannot afford to watch any part of our man-power remaining unproductive.

FIRST PEACE BUDGET

THE second Budget of 1945 (and the first peace-time Budget since 1939), which Mr. Dalton introduced on October 23, was scanned anxiously from the same angle. Would it afford sufficient stimulus to high productivity? The Chancellor announced that from April next the standard rate of income tax would be reduced from 10s. to 9s. in the £, the tax-free personal allowances would be raised for single persons from £80 to £110 a year and for married couples from £140 to £180, and the incidence of tax on the next £125 would be shaded in the taxpayer's favour. These changes will cost

£322 million a year, but will be offset by a saving of £225 million on post-war credits, which are to be brought to an end. From wealthy taxpayers he proposed to recoup part of the income-tax reduction by an increase in surtax. To these changes the immediate reaction of the public was highly favourable, for they had hardly expected so large an apparent easing of their burdens. They were a trifle slow to realize, what Mr. Dalton himself astutely glossed over, that many families living on a few hundreds a year were on balance going to be slightly worse off, because their saving on current tax would be more than outweighed by the absence of any post-war credit. Maybe, however, they will say that a bird in the hand is worth two in the bush. Post-war credits have always seemed to be deep in the bush and a long way off, especially as no Government will pay them out until goods are much more plentifully available, and the risk of consequent inflation is past.

The Chancellor refused a vociferous demand to lift the purchase tax off new cars, but wisely removed it from many kinds of domestic equipment needed for the housing programme. It had been hoped that he would also abolish Excess Profits Tax, which is bound to become more and more anomalous in its incidence as time goes on, being based on the standard of profits earned eight or ten years ago. Instead, he reduced it from 100 per cent to 60 per cent; the new figure is less onerous than perhaps it sounds, for all profits would pay income-tax at 45 per cent (9s. in the £) in any case.

It was an able Budget for the first year of a Labour Government, for it alienated nobody, and directly pleased many. The raising of the personal allowances will entirely relieve from liability at least two million people who are at present paying tax. Criticism of substance which can be levied is that the Budget offers no sufficient recognition to the importance of incentive just now, in that it fails to terminate Excess Profits Tax, or to restore the earned income allowance (on earnings up to £1,500) to the level at which it stood before 1941. But what has caused deeper concern is the discovery, from Mr. Dalton's Budget speech, that in spite of the end of both wars the national expenditure in the current financial year will be but little lower than Sir John Anderson's estimate in April, and the estimated deficit very much the same. Small wonder that even some who voted the Conservatives out of office in July begin to ask—perhaps belittling this Government's practical difficulties—whether it could not impart Churchillian drive into more of its actions.

DOSES OF SOCIALISM

YET its legislative programme bears all the appearance of keen energy, and it is making the House of Commons work harder than it has for years. The five-three-day Parliamentary week of the war years has been lengthened to a five-day week, as before 1939. Under new proposals approved by a Select Committee for the speedier dispatch of business, practically all Bills are sent to a Standing Committee. Several of the early Bills have been carried over, practically without change, from the Coalition programme. An important measure to authorize the continuance of wartime controls for another five years—the Supplies and Services (Transitional Powers) Bill—was hotly challenged by the Opposition, who unsuccessfully moved an amendment to

cut the period to two years, and to require annual renewal by Parliamentary sanction thereafter.

A Bill to nationalize the Bank of England by buying out the private stockholders was hailed by Labour supporters as the fulfilment of a long-cherished party aim. The stockholders, whose dividend had been stabilized at 12 per cent for many years, are being compensated with sufficient 3 per cent Government stock to bring them the same return—terms which generally are accepted as entirely equitable. Conservatives and, from his independent position, Sir John Anderson derided the Bill as being either superfluous or, if it was not superfluous, potentially harmful. The harm crouched in a provision which would grant to the State-controlled Bank of England the power to give directions to other banks. In practice, a hint from the Bank is never ignored. But henceforward the iron hand will be within the velvet glove. Will compliance be readier or more loyal? The Labour Party, after all its talk in 1931, was bound to take some such step. The Opposition points out, not without force, that the new power could be dangerously misused, for compelling the banks to depart from sound banking practice in order to serve the sectional purposes of a political party.

The transformation to Socialism, promised in the Government's election programme, is beginning to go ahead along a wider front than many people expected. The Imperial telecommunications system of Cables and Wireless is to be taken over by the State. This follows upon the recommendation of a Commonwealth Conference. More startling to those concerned was the announcement that the Government intended to throw over the plan for civil aviation agreed upon by the Coalition—and criticized as too bureaucratic in the June issue of *THE ROUND TABLE**—in favour of a far more bureaucratic scheme in which privately owned agencies such as the railways and shipping companies would have no financial stake. Not all Ministers may agree, in their heart of hearts, that this new scheme will equal the old in its capacity to stand up to the far more flexible organization of American air lines. But nothing less would be likely to satisfy the Labour Party's rank and file, intent on internationalism in the air and on preventing privately owned corporations from stretching out into a new field.

SCYLLA, ATTLEE AND CHARYBDIS

MR. ATTLEE and Mr. Herbert Morrison, who presumably acts as chief architect of policy, have to steer their victorious party through a narrow channel. On the one hand, they are obviously planning a full five-year programme of legislation, which they may claim as a good instalment of Socialism by the time when they have to face the electors again in 1950. They can afford to make no slip. If the legislative output is moderate enough in conception not to frighten the middle-class voter, they can hope for power for a further five years, in which case by 1955 they will be well towards their declared aim of creating the Socialist Commonwealth of Great Britain. But if the middle-class voter is Scylla, their own less responsible supporters are Charybdis. These quickly started to press the Cabinet for an immediate rise

* See *THE ROUND TABLE*, June 1945, No. 139, p. 240.

in old-age pensions, but the Cabinet resisted on the ground that it must await and be integrated with the general social security proposals, which may not be ready for presentation before next year. Then these friendly rebels proceeded to defeat the Government on an amendment in Committee to the Industrial Injuries Bill, a substantially agreed Coalition measure which remodels and modernizes the system of workmen's compensation. If this is party discipline after four months, what will it be after four years? Need the Conservatives do more than watch the Parliamentary Labour Party disintegrate? Lest Conservatives should rejoice too soon, let it be said that a manifest failure of the Labour Government within the next year would be much more likely to precipitate a swing farther to the Left than back to the Right.

HOUSES THE TEST

THE public are profoundly troubled about the foreign situation and the state of Europe. But they trust Mr. Bevin, and their anxiety does not reach the same order of acuteness as it used to do in the days when a superior German air force was threatening us. Where millions of families at this moment feel the pinch of the shoe is at home, in the most literal sense. Mr. Aneurin Bevan, the Minister of Health, has to produce the houses. In a recent housing debate his passionate Welsh oratory won him a Parliamentary triumph. But words alone do not build houses, and it is houses that the people want. They will be ruthlessly critical if they do not get them. Building labour is the bottleneck, and thus we hark back to the pace of demobilization. Mr. Bevan is, rightly, not going to enlarge the Coalition programme of temporary bungalows. He intends to use the local authorities as his main instrument for building. In years to come, few people will be able to say, "My house was built in 1946 or 1947, but it is not a Council house". Licences for private building of new houses may be given, but only if the cost does not exceed £1,200. That would have been a £600 or £700 house before the war. True to its political theory, this Government has rejected the plan adopted by Mr. Bevan's predecessor of offering a subsidy on houses built by private enterprise. But if the exceptional war-time cost of building is not offset by subsidy in some such way, it seems hardly likely that private people will go ahead with any building at present costs, except in case of dire local necessity where the local authority refuses to move.

MUNICIPAL ELECTIONS RESUMED

HOUSING was made the predominant issue by all parties at the municipal elections on November 1 throughout the country. These were the first local government elections since the spring of 1939. At the beginning of the war it was enacted by Parliament that sitting councillors should continue in office, and that casual vacancies should be filled by a system of co-option. Under a gentleman's agreement which was almost universally observed, the party to which a councillor belonged who had retired or died was, in practice, given the opportunity to nominate his successor. On November 1, 1945, the normal procedure whereby one-third of the members of a borough

council retire each year was resumed, and in addition, as a special measure, all the seats held by co-opted councillors were treated as falling vacant.

The results had the same landslide character as at the Parliamentary election four months earlier. Besides the councils which it already held, Labour gained control of Leeds, Bradford, Hull, Nottingham, Leicester, Northampton, Bristol, Plymouth, Southampton, and many other large towns. In London, where the electoral system is different and all the councillors retire together, the poll gave the Labour party control of 22 out of the 28 metropolitan borough councils, with a total of 1,029 representatives, against only 321 Conservatives and 18 from other parties.

PARTIES AND PEOPLE

It had not been expected by anybody that these municipal elections would reveal any quick swing of the pendulum against the Labour party, still filled with exuberant confidence from its July successes. Nevertheless, they disappointed Conservatives who were hoping for signs that the tide was beginning to turn. The truth is that Labour's victory in the General Election was no momentary flash in the pan, but the reward for many years of skilful and untiring though often unscrupulous propaganda, self-advertisement, and undermining of the moral prestige of the main rival party, the Conservatives. All this has gone deep, and it will stay for long, unless the Labour party in power makes mistakes which discredit it. The first five Parliamentary seats for which by-elections have had to take place have gone as they did in July; they, like the municipal elections, have shown no shift of opinion yet, and the size of the majority in every case but one has varied by only a few hundred votes from the General Election. The solitary exception was Bournemouth, a safe Conservative seat, where the majority fell sensationally from 20,000 to 6,000, apparently because Mr. Brendan Bracken was an unpopular candidate for whom thousands of Conservatives could not vote.

Parliament has several major new Bills promised to it before next summer: for a national investment board, speedier acquisition of land, compensation and betterment, nationalization of the mines, repeal of the Trade Disputes Act, a national health service, and a comprehensive social insurance scheme. Several of these will be highly controversial. If the Government back-benchers are sometimes disunited, the Opposition does not yet seem to have got into its stride, and Conservative back-benchers are inclined to say that, for the Parliamentary effectiveness of the party, Mr. Churchill and the other ex-Ministers do not yet take the rank and file sufficiently into their confidence. This is a young Parliament in every sense, and its prestige at present stands high. But it is hard to pick out the great men of ten years hence. A country yearning for leadership finds itself with not many great men capable of leading. If all the numerous improvements in life which politicians have encouraged the people to expect "after the war" are not delivered in reasonable time, Demos may be unforgiving.

Great Britain.

November, 1945.

CANADA

FINANCIAL STRESSES IN A FEDERAL SYSTEM

A FRESH effort is now being made in Canada to achieve overdue readjustments in the relations, particularly in the financial field, between the Dominion and the Provinces. In 1866 the architects of Confederation could not foresee and make provision for the immense changes which have overtaken Canada in the years since elapsed; and certain of the arrangements which they embodied in the Canadian Constitution have become so obsolete or are working so unsatisfactorily that a large body of thinking opinion is now convinced of the urgent necessity for drastic changes in them. The basic aim of the framers of the British North America Act was to build a Federal structure as a foundation link of national unity; but they could only secure the support of the different Provinces for it by leaving them a large measure of autonomy, which made each of them master in its own house over matters directly concerning them and only indirectly the Dominion. Under this plan jurisdiction in a number of fields of administrative activity was specifically allocated to the Provinces, and it was assumed that the sources of revenue reserved for them would be amply adequate for meeting their responsibilities.

This calculation held good until the close of the first world war, but the heavy expenditures involved in the progressive development and expansion of such services as education, electrification and good motor-roads soon put a severe strain on the financial resources of the poorer Provinces. However, it was the steady enlargement of social services during the era between the wars that involved the less fortunate Provinces in critical financial embarrassments. In only a few of the Provinces did the expansion of their revenues through the increase of general prosperity keep pace with the growing demands upon them; and the reckless extravagance of certain provincial ministries, who scorned to cut their coat according to their cloth, piled up for their people a load of debt, whose annual charges worsened the plight of their public finances. But there was no uniformity in the position of the provinces. Ontario and Quebec, which harbour between them two-thirds of Canada's total population, and contain the chief centres of industry, have enjoyed since the present century began a huge increment of their wealth through the expanding development of their manufactures, mines and forest wealth. Consequently they have been able to finance their social programmes with comparative ease and dispense their benefits on a more generous scale than has been possible for poorer Provinces, which were involved in recurring financial crises. It became a settled habit of the latter to appeal for succour to the Federal Government and, when it doled out special payments or loans to the suppliants, the taxpayers of the richer provinces, who were the heaviest contributors to the Federal revenues, complained that their burdens were being increased through the improvidence of the weaker brethren.

When it became clear in the 'thirties that such a situation was impairing the unity of the nation and demanded timely readjustments before it was too late, the King Ministry in 1936 bestirred itself to tackle the problems involved. As a start it appointed a Royal Commission, whose membership, including as it did such eminent figures as the late Chief Justice Rowell of Ontario and the late Mr. J. W. Daffoe, the editor of the *Winnipeg Free Press*, commanded authority and respect, to make an exhaustive investigation with the aid of trained experts into the financial and constitutional arrangements of Canada. This Commission, whose labours occupied more than four years, produced in May, 1940, a very comprehensive report, covering every facet of the situation, and in it made a long series of definite recommendations for far-reaching reforms and changes. Meanwhile the Canadian people had become absorbed in the war; and when a Dominion-Provincial conference, which assembled in 1941 to discuss the report, proved abortive, largely through the non-co-operative attitude of the Provincial governments of Ontario and Quebec, the King Government decided to postpone any further discussions of the problem until the war ended.

The end of the war in Europe set the King Ministry free to pay attention to this important problem, and at its invitation a Dominion-Provincial conference was held in Ottawa early last August. Representative delegations composed of their Premiers, several junior Ministers and various experts were sent by each of the nine Provinces and conferred with Federal Ministers in sessions which lasted four days. The King Ministry took the initiative by submitting to the conference a very comprehensive brief containing its basic proposals about taxation and a national programme of social welfare and economic betterment. In it the Provinces were invited to negotiate with the Dominion, without any waiver of their constitutional rights, new agreements in regard to taxation and the annual subsidies now paid to them by the Federal Treasury on a *per capita* basis. The Provincial governments as a temporary arrangement for the saving of administrative expenses had agreed for the duration of the war to refrain from imposing personal income and corporation taxes and also succession duties in return for financial compensation, which recouped them for their loss of revenue; and the Federal Government now proposed that this temporary arrangement should be made permanent. As baits to secure the assent of the Provinces, it undertook to increase the subsidies paid to the latter by the Federal Treasury to a basis of \$12 *per capita* by the count of the census of 1941, with provision for further increases in accordance with increases in population and in the gross value of the national income. It also offered to assume full responsibility for the payment of old-age pensions to all persons over 70 years of age and to share with the Provinces the cost of pensions for needy persons between the ages of 60 and 65 and of a general scheme of health insurance. In regard to unemployment there was proposed a division of responsibilities under which the Dominion would extend the present scope of unemployment insurance and pay unemployment benefits to insured unemployed who were employable, and the Provinces would take care of unemployables and self-employed persons who needed relief.

There was also included an offer to contribute Federal grants to the Provinces for public works which conformed to a national plan for the maintenance of full employment and enlarge Federal activities in connexion with basic surveys of natural resources and the stimulation of their development by such projects as the construction of roads into newly settled districts. And in its brief the Federal Government gave an assurance that "the Provinces would not be asked to make any binding irretrievable commitments in the proposed new financial arrangements" but it sought a guarantee for three years against their abrogation.

After the brief had been submitted, two western Premiers, Mr. Garson of Manitoba, a Liberal-Progressive, and Mr. Douglas of Saskatchewan, the solitary Socialist among the group, proclaimed their general satisfaction with the Federal proposals, from which their Provinces will benefit in a special degree. The other seven Premiers, however, whose views about them were very divergent, refrained from any commitment about them but agreed that they were acceptable as a basis for discussion after their terms and implications had been carefully studied. So, after a decision was reached that three months should be allowed for an exhaustive study of the proposals, there was established a co-ordinating committee consisting of Prime Minister King and the nine provincial Prime Ministers, which was authorized to create, supervise and co-ordinate the work of other sub-committees concerned with specific proposals. It will meet on November 26 for a further exchange of views. The conference, whose proceedings were completely harmonious, was not expected to produce any decisive results, and its revelation of a general disposition to recognize the need for radical readjustments and evolve some workable formula for them was rated a satisfactory outcome.

But the reactions in certain Provinces to the proposals and public pronouncements by some of their Premiers have darkened the prospects for a unanimous acquiescence in the plan of the King Ministry. The premiss that the more prosperous Provinces have some obligation to assist in alleviating the burdens and disabilities of their less fortunate sisters does not provoke much dissent. But the proposal that the central government should acquire from all the Provinces their main sources of revenue and redistribute their proceeds on a plan formulated by itself means a revolutionary centralizing change in the structure of Canada's public finances. Admittedly the temporary transfer for the war years has made possible substantial economies in administrative expenses, but the increase offered in the annual Federal subsidies would only raise their total from 125 to 138 millions per annum; and for most of the Provinces their share in the increment does not constitute a very alluring bait for their consent to make permanent an arrangement under which Ottawa would secure a stranglehold upon the public finances of Canada and the provincial ministries would be reduced to the rôle of mere annuitants of the Federal Government.

RESERVATIONS IN ONTARIO

MOREOVER the proposal that a basic pillar of the structure of Confederation should be removed and financial power centralized in Ottawa may encounter

war years through restrictions upon their production and in making good the nation-wide deficiency in housing. So there could be kept in reserve for the maintenance of employment a programme of public works, which the Government would finance; and Mr. Howe, the Minister of Reconstruction, expressed confidence that there would be no need for immediate resort to it.

The paramount problem was to reabsorb in satisfactory civilian employment the 40 per cent of Canada's total labour force, numbering about 1,750,000 persons, which had been drawn into the armed forces or war production. After VE day, when a sharp curtailment of orders for war materials occurred, the Government began to encourage the resumption of the production of goods for civilian consumption by a gradual relaxation of the controls over essential materials. Since VJ day the shrinkage of war production to very modest dimensions has permitted an acceleration of the process of abolishing controls; and as a result the output of numerous kinds of civilian goods has been mounting steadily. But in most cases the supplies flowing to the market are still far short of the demand, because manufacturers have been seriously handicapped by a scarcity of vital materials like metal castings and by difficulties about securing machinery for the retooling of their plants.

So far in regard to employment the rather exuberant prediction of the Minister of Reconstruction that there would this winter be two jobs available for everybody seeking work has not been fulfilled. A very substantial number of returning veterans and displaced war workers have been reabsorbed in employment and the National Employment service reported that on October 5 the number of unfilled vacancies for workers, 145,580, exceeded by about 9 per cent the number of applicants, 133,190. But unfortunately the distribution of the available employment is uneven; for example Ontario on that date had 64,278 vacancies available for 43,821 applicants, but unemployment had raised its head in the cities of Quebec, where Montreal had only 19,494 jobs listed for 26,714 applicants and Quebec City 2,701 for 7,503. A parallel situation prevailed in British Columbia. There is also visible a reluctance on the part of workers, who had earned abnormally high wages in war plants, to accept the lower scales which many manufacturers say that they cannot exceed, now that they have to sell their products in competitive markets. At the same time the epidemic of industrial unrest, arising chiefly from dissatisfaction with wages, which has been rife in the United States has spread over the border to Canada. Serious strikes in motor-manufacturing plants and coal-mines have dislocated the plans of other industries, while the threat of a nation-wide strike in the meat-packing industries, which would create a critical situation about food-supplies, has impelled the Federal Government to take over all the plants of the chief packing companies. There is evidence that both employers and workers regard the wage disputes in the motor-manufacturing and meat-packing industries as test cases and, if a mutually satisfactory settlement of them could be achieved, the example set would probably be followed in other industries, with the consequence that post-war reconstruction could not be hampered by the absence of the necessary co-operation between employers and labour. Another source of trouble is that

so few workers are now willing to be classified as unskilled labour, for which there is an almost unlimited demand. But, as savings become exhausted, there is an increasing disposition on the part of the workers to take the best job offered to them, provided the pay is adequate for their needs.

Meanwhile the Federal Government in its first post-war Budget has alleviated the heavy burdens of the Canadian taxpayers by a uniform cut of 16 per cent in the personal income tax, and has pared down the Excess Profits Tax sharply from 100 per cent to 60 per cent for the purpose of helping industry and business to solve their problems of reconversion and undertake plans for expansion. There is, however, ground for some anxiety about the financial situation of the Federal Government, since this last Budget could only forecast total revenues of 2,515 million dollars for the current fiscal year to meet total expenditures estimated at about 4,650 millions. The resulting deficit of over 2,000 million dollars will not be met unless the campaign to place the ninth Victory Loan now in progress produces over-subscriptions heavily in excess of the minimum limit of 1,500 millions set for it.

There is no expectation that the national income of Canada, which increased from about 3,900 million dollars in the last pre-war year to a peak figure of about 9,000 millions in 1944, can be maintained at the latter level in the years immediately ahead. But there are several favourable factors which offer good assurance against its decline to the pre-war scale. The war has been responsible for both a substantial enlargement of and a much greater diversification in Canada's industrial structure; and many articles, which had to be imported previously, can now be produced at home. Housing programmes which are being carried out or projected will provide the building industries with ample work for some years ahead, the forestry industries are all prospering through the heavy demand for lumber and paper products and, while mines producing base metals suffer from the cessations of orders for munitions, the gold-mining industry, from which labour was diverted during the war, is now recovering it and is in a position to expand its output rapidly. Canadian agriculture was set on its feet by the bumper crops of 1944; but while there has been no repetition of them in 1945, a harvest which is up to the average in most sections promises to maintain rural purchasing power at a satisfactory level. So Canada has a reasonable prospect of preserving for some years the rather high level of prosperity which the industrial boom of the war years has produced for her.

But it must be added that there is considerable anxiety about the long-range problem of the preservation of that prosperity. It has been estimated that about 35 per cent of Canada's productive capacities before the war was devoted to goods destined for export; and, while the heavy outflow of munitions and war equipment has swollen her exports during the war, its cessation will alter the picture and Canada will be faced with the problem of recovering foreign markets for her exportable surpluses of foodstuffs, lumber, minerals and other natural products. These must be disposed of at profitable prices to assure general prosperity. At present, with Europe in a state of economic chaos, the British market remains the most promising outlet for

them. For this reason keen interest and a certain measure of anxiety attaches to the Anglo-American fiscal and trade negotiations which have been in progress at Washington; and in view of the issue about the abolition of imperial preferences which has been raised and which has a vital bearing upon Canada's tariff policy and economic fortunes, many manufacturing and business interests feel that they cannot lay their plans for the future with any confidence until the outcome of these negotiations is known.

Meanwhile a sharp controversy has developed at Ottawa and in the country over a bill called the National Emergency Powers Act, through which the King Government aims to keep alive for another year many of the arbitrary powers conferred upon it for the period of the war by the War Measures Act. Influential spokesmen of the business and industrial communities are protesting against the retention of even modified controls, which they contend will be brakes upon the speedy reconversion of business and manufacturing establishments to normal peace-time activities. They maintain that at a time when the United States is moving fast to free its people from war restrictions and the supply of consumer goods south of the international boundary is increasing by leaps and bounds, it is folly for Canada not to follow the example thus set and that the resulting slowness of reconversion will impair Canada's ability to compete in export markets. The case which Ministers and their officials present against these arguments is that Canada is still faced with the pressure of war-inflated costs, and, if price and wage controls still in effect were lifted, there would ensue a dislocation of the economic equilibrium which would soon set the vicious spiral of inflation revolving with calamitous results. It is pointed out, for example, that when some time ago the price of rye was exempted from the ceiling on grain, it doubled in a comparatively short time; if it had been a major kind of animal food or industrial material, the Government would have been swamped with demands for price adjustments from the interests affected. Mr. Donald Gordon, the deputy-governor of the Bank of Canada, who has as Chairman of the Wartime Prices and Trade Board administered the price-ceiling system with such efficiency that the rise in Canadian prices during the war has been far smaller than the rise in the United States, declares that "it would be madness to remove price control when the very conditions of incipient inflation, which it was established to combat, are visible on every hand". The Government is committed to support his policy; and so it will not agree to the demand of the official opposition for early removal of price and wage controls. But it will undertake to terminate them as soon as the danger of inflation has passed.

Canada,

October, 1945

[The Editor regrets that the usual quarterly contribution from India was received too late for inclusion in this issue.]

AUSTRALIA

THE CAREER OF JOHN CURTIN

THE final V-Day, being VP-Day, had significance in Australia corresponding to that of VE-Day in the Motherland, and was celebrated accordingly. The Victory celebrations combined quiet thankfulness and solemn religious observance with wild rejoicing—natural reactions, according to temperament and outlook, from long-drawn-out stress and strain. The end came with some shock of surprise, following upon forecasts of another year or two of war. There is a very general feeling of regret that the war leadership of Mr. Churchill did not last a few more weeks, until the end of the world war, and that his voice was not heard—incomparably eloquent—in the proclamation of peace. He has his unique place in all our hearts.

The loss by death of our own Prime Minister, Mr. John Curtin, occurred as the last quarterly article was being dispatched. He died, at the age of 60, on July 5, just a month before Japan sued for peace: the objective towards which all his energies had been directed since he assumed office towards which all his energies had been directed since he assumed office two months before "Pearl Harbour". The occasion was marked by widespread public mourning, and by striking tributes to Mr. Curtin's great service to his country and the cause of freedom. It is remembered very specially to-day that he and his Government (in consultation with the Government of New Zealand) took the initiative in the approach to the United States which resulted in the appointment of General Douglas MacArthur as Commander-in-Chief of the Military Forces of the South-West Pacific. (The two men formed a close personal friendship which had much to do with the smooth functioning of the main Australian war effort.)

Mr. Curtin had a remarkable career. His father was a sergeant in the Victorian police force, and he left school at the age of 14 to work for his living, taking a number of very humble jobs. Later, he was secretary of the Victorian Branch of the Timber Workers Union for four years; and in 1917 he became editor of *The Westralian Worker* (a Labour weekly), and made his home in Western Australia. He was contesting elections for the Commonwealth Parliament before he was thirty years old; but he was not successful until 1928. He was defeated in 1931, but re-elected in 1934; and he sat in Parliament continuously thereafter. When Mr. Scullin (the Labour Prime Minister of the depression years) resigned his leadership of the Party, for reasons of health, in 1935, Mr. Curtin was elected as its leader by a majority of one over the present Deputy Prime Minister, Mr. Forde; and he led it with conspicuous ability and success for a record tenure of nearly ten years—to its present very strong position. He grew with the responsibilities of office: in his case such responsibilities as no previous Prime Minister had had to shoulder; and he showed that mark of quality—the capacity to learn by experience, and to broaden his views in the conduct of large affairs. His party loyalty and his

patriotism were each for him a kind of religion; but they were not always easy to reconcile in practice, under the strains of war; and the resulting stress had much to do with the breaking down of his health. It is said that he had vowed never to split the party, as other Labour Prime Ministers had been impelled—by force of national circumstances—to do; and it is perhaps not too much to say that that vow broke him.

For Mr. Curtin the question of a “national” government—for the purposes of total war—just did not arise, since the rules of the Australian Labour Movement prohibit Labour from entering into coalition. This has proved to be a fact of major importance in the history of Australia—however its consequences may be interpreted. (The Advisory War Council was a *pis aller*—introduced, as such, by Mr. Menzies. Its eventual breakdown in 1944, as a united war effort by the parties, was the inevitable outcome of co-operation without commensurate responsibility.) All comprehensive war-time powers cannot safely be entrusted to any one political party, with confidence that they will not be used for party purposes: least of all to a party which comes into power while the war is on, convinced that it has a mission to reform the social order. That has been our main political problem during the war; and it became Mr. Curtin’s own problem. For his evolution from party leader to national leader was quite remarkable; and at the 1943 election he gave pledges (often quoted since by political opponents) not to use war-time powers to advance Socialist policy. But he was not a free agent; and he could not insist on loyalty even from his colleagues in the Ministry—since these are not chosen by the Prime Minister himself, but are elected to the Ministry (though not to their specific offices) by the party caucus. He had, in fact, to disclaim responsibility again and again for embarrassing utterances by certain of his colleagues, whom he was apparently not in a position to discipline—short of staging a major crisis in the party. Yet his ascendancy was evidence of his leadership; he held the party together on a steady line of policy; and it knew how much his leadership meant to the Labour cause.

FIRST STEPS OF THE CHIFLEY GOVERNMENT

ON July 6 the Deputy Prime Minister, Mr. Forde—who had just resumed as Acting Prime Minister, on his return from San Francisco—received commission to form a Ministry, pending election by the Labour caucus of a successor to the leadership of the party; and the members of the Ministry were sworn in, without change—except that Mr. Beasley became Acting Minister for Defence (*vice* Mr. Curtin). On July 12 the Treasurer, Mr. J. B. Chifley, was elected as leader by a large absolute majority; and Mr. Forde was re-elected as deputy. Mr. Chifley was sworn in as Prime Minister and the vacancy in the Cabinet was filled by the election of Mr. H. V. Johnson, member for Kalgoorlie, Western Australia. Only the necessary minimum of redistribution of portfolios was made: the Prime Minister retaining the Treasurership, and Mr. Beasley becoming Minister for Defence. New portfolios of Housing and of Immigration have been associated, respectively, with Works and with Information. The Ministry of War Organization of Industry had already been superseded by that of Post-War Reconstruction,

with which is now associated responsibility for the Council for Scientific and Industrial Research. Mr. Chifley has declared that he “will follow in the footsteps of John Curtin and will carry out the policies and ideals for which he stood”; and he has told the party quite plainly that Mr. Curtin “was hurt not so much by Opposition attacks as by dissent within the Labour movement”, and that “the country will not stand for dissension in any movement, Labour or otherwise”.

When Parliament resumed under the new Government on July 17 the principal item on the order paper was the Australian National Airlines Bill. This followed lines already indicated.* The specific provision is for a commission of five, to control and operate Australian inter-State airline services, with power to establish and maintain international air services; but subject, meanwhile, to the constitutional limitation which excludes the Commonwealth from intra-State activity. The Commission is subject to ministerial direction in major matters; and the Minister may, in particular, direct the commission “to establish or alter, or continue to maintain, any particular air service”. Private companies will not be allowed to compete on any route operated by the Commission: any airline licence now held being automatically rendered inoperative when the Commission has established, under the Act, a service on the same route (subject, in both cases, to provision by the Commission of services “necessary to meet the needs of the public”).†

At the end of July the Prime Minister announced a recess in August, of which the duration would depend upon how quickly a certain programme of legislation was completed. As Parliament had been sitting continuously since February and the session had been exceptionally strenuous, the response was unanimous. The measures in question were passed with little or no discussion—including the Banking Acts (in the Senate) and the Airlines Act. Before Parliament went into recess, on August 3, the Minister for Immigration announced draft agreements with the British Government on migration providing (1) free passages to Australia for British ex-service men and women and their dependants, (2) assisted passages to civilians in the United Kingdom; but the Government plans on this major question are at present so nebulous—and so bound up with its policies for demobilization, rehabilitation, housing and “full employment”—that no more can usefully be said about them here.

Immediately the House went into recess, and to some extent before, the political scene shifted to the by-election contest in Western Australia for the Fremantle vacancy caused by the death of Mr. Curtin. This was regarded as an important trial of strength, and for a week or two nearly all the “big guns” of both Government and Opposition were streaming back and forth. The spirit of the election seems to have been excellent; and the result is regarded as an important win for the Government. The successful candidate, Mr. K. E. Beasley, was a teacher (and President of the Teachers’ Union).

* THE ROUND TABLE, June 1945, No. 139, p. 270.

† Towards the end of September, Australian National Airways Pty. Ltd. initiated legal steps to contest the validity of this legislation—on a number of alternative counts.

The other important event of the month's recess was the periodical Premiers' Conference: elevated to first-rate importance, on this occasion, by the sudden ending of the war, and by the refusal of the people (in August 1944)* to grant the Commonwealth the comprehensive powers for post-war reconstruction for which it had asked by referendum. Agreement was reached for co-operation on the large schemes of Soldier Settlement and Housing which are urgently necessary; on continuance of Price Control for some post-war years; on proceeding actively with the great plan of Railway Gauge Standardization (long overdue); on a scheme of De-centralization of Industry, based on a report by the Secondary Industries Commission; on relevant matters of the Commonwealth Reconstruction Training Scheme; and on a variety of other matters. As the tentative agreements have to be submitted, in legislative form, to the State Parliaments, they may come up for more detailed consideration in that context.

In all such transactions, the Commonwealth Government, under our present system of taxation,† holds the whip-hand, through power of the purse, and is therefore able to get very much its own way whenever the matter in question is of urgent importance and involves large expenditure. The Prime Minister (as Treasurer) told the Premiers quite plainly in August that the war had placed the Commonwealth in a position of financial authority, from which it was unable and unwilling to retreat.

There has been some easing of the control of man-power, of capital issues, of import restrictions, of building, and of other less important activities; but, as yet, in spite of insistent public demand, little general relaxation of controls. Rationing of both food and clothing will continue while scarcities persist. This is felt to be fair while there are acute scarcities in Britain and other Allied countries; but other controls that remain will have to be specifically justified, and kept to a minimum in range and duration.

Meanwhile the Government's most serious problem is the prevalence of labour unrest: confined not only to private enterprise, but occurring also among employees of governments and municipalities, despite the provision of a great variety of general and special tribunals for the legal settlement of disputes. The most serious have been the continual coal strikes, occurring at a time of exceptional demand; keeping industry and State utilities alike on hand-to-mouth supplies for long periods, and causing quite unnecessary railway, gas and electricity restrictions, to add to the cheerfully borne essential inconveniences of a war-time economy. There has been frequent refusal to accept Arbitration Court decisions, or even to agree to arbitration on variation of award sought by an employing body on legitimate grounds.

AUSTRALIA IN INTERNATIONAL COUNCIL

THE Report by the Australian Delegates on the United Nations Conference is an elaborate document, of somewhat uneven quality, but on the whole of historic value. It gives a clear account of the process from the Moscow Declaration on General Security (by the Governments of Soviet

* See THE ROUND TABLE, December 1944, No. 137, pp. 76-83.

† See THE ROUND TABLE, December 1942, No. 129, pp. 86-7.

Russia, Great Britain, United States of America and China) in 1943 through Dumbarton Oaks and Yalta to San Francisco; and it explains how Australia had long been "preparing itself to play a fitting part in the shaping of a new international system". It gives prominence to the consultations of the Australian and New Zealand Governments during 1944, and points out that the Australian policy at San Francisco was based essentially on resolutions formulated at the Wellington Conference in November 1944 and approved by both Governments. These are set out in the first of the numerous Annexes to the Report; and they do, in fact, succinctly summarize the principles for which the Australian delegation contended—with a large measure of success—at San Francisco.

It is a matter for regret that no adequate background of public opinion had been built up in Australia for the delegation's strenuous efforts. Again and again, Parliament and the public were presented with *un fait accompli*—as, for example, in the case of the Wellington conclusions, which, coming as decisions in which the Government of another Dominion had participated, could not be made the subject of real debate in the Australian Parliament. As a consequence, the very strong line taken at San Francisco by the Minister for External Affairs came as something of a surprise to the Australian people, and had behind it no sufficient backing of declared Australian opinion. This is the more regrettable, since it is apparent from the Report that a notable contribution was, in fact, made to the United Nations Charter in the name of Australia.

A good deal of concern has also been felt—and has been expressed in Parliament and in the press—at the manner in which the Australian case was presented by Dr. Evatt. More particularly, there is anxiety about what appears to have been unnecessary assertion of Australia's independence of Great Britain, without any compensating indication of the underlying unity of the British Commonwealth of Nations; also about the bid for leadership of the smaller nations, over against the Great Powers (including Great Britain). Some positive resolution of this dilemma would have been welcomed in Australia, since it raises for us, in acute form, the whole problem of the British Commonwealth. Is it as the "tight little island", or as the world-wide commonwealth, that Britain is one of the Big Three (and the Big Five)? And is the standing of a Dominion in the world a matter of just her own power and prestige, or something she shares in with the Motherland and the other Dominions? We can't go on "having it both ways", while the rest of the world looks on and wonders what it all means. In Australia there is a growing opinion that some definite form must be found by means of which practical expression may be given to the continuous unity of the British Commonwealth of Nations. To this idea certain organs of the press are giving considerable publicity, and (just as this article is being completed) one writer of standing has put forward valuable concrete proposals in that sense.

The unfortunate manner of our able Minister of External Affairs was again exhibited in his vigorous public reaction to the Potsdam declaration and the problem of Hirohito: suggesting a certain lack of wise restraint in the conduct

of foreign policy and, perhaps, something of that greatest failure of democracy-in-action, viz. distrust of, and even disloyalty to, proved leadership—whenever one may disagree with it in detail.

THE BUDGET

THE Prime Minister, as Treasurer, made his Budget speech on September 7, the day Parliament ratified the Atlantic Charter.

The budget for a financial year which began in war-time and which will be largely concerned with demobilization and rehabilitation and the general winding-up of the war effort is essentially transitional.

The reduction in "war expenditure" (covering all costs specifically related to the war) is estimated at about £100 million (from £460 million to £360 million); the Treasurer stated that relief in taxation is to be given by (1) an average reduction of 6½ per cent (12½ per cent operating from January 1, 1946) in the taxation of individual (as distinct from company) incomes, (2) relaxation of sales taxation, to a total amount of £1,900,000.

There is to be no change in the general scheme of taxation, except one which is more or less formal, viz. division of taxation of incomes (after January 1) into two parts: (1) a "Social Services contribution", at a flat rate of 1s. 6d. in the pound on taxable income—based on a minimum exemption (for a taxpayer without dependents) of £104; (2) "ordinary income tax" on a graduated scale of rates ranging upwards from 3d. in the pound—based on minimum exemption of £200—to 15s. 2d. on income in excess of £5,000 (so that these latter incomes shall be subject to total taxation of 16s. 8d. in the pound). The Social Services contributions are to be credited to the National Welfare Fund—as also are the proceeds of the Pay-Roll tax: the total income of the fund for the financial year being estimated at £46 million. All Health and Social Services (including Child Endowment and Old-Age, Invalid, and Widows' Pensions) are now to be charged to that fund: the estimated total, £65 million, of these charges for the year being made up by the addition of £19 million, taken from the credit balance (£53 million) in the fund.

The ear-marking of the proceeds of income taxation on Social Services is known to have been controversial in caucus, since it has hitherto been Labour policy to change Social Service benefits to consolidated revenue. But the arguments *pro* and *con* have been all behind the scenes and a solid front will be presented in Parliament. There is some dim suggestion of "contributory" social insurance, though the great bulk of the tax will come from those who by reason of "the means test" on most of these "services" cannot themselves benefit; and there is nothing resembling an actuarial basis. But the essential fact seems to be the need, in the scheme of this transitional budget, to retain taxation of incomes between £104 and £200, as a source of revenue: tempered by definite guarantee that such taxation shall be used entirely for direct "insurance" of these taxpayers themselves. The distinctiveness of this tax would largely disappear if a common level of minimum exemption were to be subsequently fixed.

Australia, October, 1945.

SOUTH AFRICA

A TIME OF OPPORTUNITY

SOUTH AFRICA'S geographical position, and the nature of its trade relation with the rest of the world, have together produced during the past five or six years a degree of prosperity which has largely counter-balanced the wasteful expenditure of war, and created, as a result, conditions in many respects favourable to recovery and readjustment to peace: favourable at all events by comparison with those prevailing in the United Kingdom and other parts of Europe. Quite apart from our immunity from direct attack and its effects upon productivity, our export trade, far from declining, has, with the exception of such items as fresh fruit, flourished during the war. In addition to staples such as gold, gem diamonds and wool we have also found ready markets at satisfactory prices for base minerals, industrial diamonds, fresh and canned agricultural produce and, perhaps the second largest item, certain types of munitions which we have produced far in excess of the requirements of our own forces in the field. There are, of course, drawbacks to this somewhat artificial prosperity. We cannot hope to retain at anything approaching the war level this export trade in manufactured and processed goods, and its decline must, temporarily at all events, reduce the country's net income and create employment problems. But making every allowance for this drawback we cannot complain that, from a material point of view, we are not setting off on the road of peace to a flying start.

We are of course beset by the short-term problems common to all the United Nations: demobilization and the reabsorption of volunteers into civilian life; conversion from war to peace production and the finding of jobs for the war workers; the building of houses, of which there is a severe scarcity. These matters naturally top the list of the Government's present preoccupation, though it is too soon to judge what success will ultimately attend the Government's plans; but reference has already been made to these in previous issues of THE ROUND TABLE, and it is perhaps now timely to attempt an appraisal of the economic and political problems which lie a little farther ahead. These problems are themselves more difficult to define, and the success with which they are likely to be tackled more difficult to predict.

The war years have undoubtedly brought about a more widespread knowledge of the present weaknesses in our social and economic system and a more positive and compelling desire to remove these weaknesses. On the social side the world-wide drift to the left is reflected in this country in demands for social security, for free health service, for more vigorous attacks upon malnutrition and, in short, for everything which promises wider opportunities and better conditions for the under-dog. On the economic side, the reports of a number of commissions—one or two of which, surprisingly enough, can almost be described as best sellers—have revealed a

picture of maladjustment both in agriculture and in secondary industry which, if correct, calls for the most drastic and far-reaching reforms. Agriculture, it appears, is in a particularly bad way: farming systems are unscientific, efficiency is low, State guidance and assistance have in a large measure been short-sighted and the soil of the country is being wasted and eroded at an alarming rate. Industry is perhaps in somewhat better case; the war years have undoubtedly given an impetus to inventiveness and resource, but a recent Board of Trade enquiry sounds a note of warning for the future and recommends more intensive research and far more vigorous pursuit of efficiency, and the elimination of many small-scale productive units if secondary industry is to maintain its claim to State protection during the transition period from war to peace, and until it can "find its feet".

It is probably true to say that these weaknesses are the result of influences which began their operation during the last war, when the Union, of necessity, turned in the direction of economic self-sufficiency. This policy was not reversed when the war was over, and in the late 1920's and early 1930's the Government found itself obliged to subsidize and protect in order to maintain stability and save interests which had become "vested"; but no serious attempt was made to make the receipt of these benefits conditional upon improved efficiency. The influences of the last war have come into operation on an even larger scale during the past six years. For example, a considerable acreage, quite unsuited to the purpose, has been put under wheat—at 36s. a bag—while a number of small factories have been supplying the country with goods of doubtful quality to take the place of the unobtainable imported article. It is obvious, therefore, that, if the cost of living is to be reduced and if the principles of the Atlantic Charter are, even in a modified form, to be adhered to, "rationalization" both in farming and in secondary industry are imperative. The term "rationalization", which covers so conveniently a multitude of interrelated problems, covers, in this country in particular, the vital problem of the future of European and non-European labour, and their relationship to one another. The present state of affairs is far from healthy. There is a growing realization that prosperity rests, in the last analysis, upon the maximum use of man-power resources, and that this in turn means the education and vocational training of the non-Europeans so that they may take their place as efficient workers both on the land and in the factory. It is also realized that the payment of reasonably high wages for such efficient work will vastly increase internal purchasing power and thus give the necessary support to the growth of secondary industry. On the other hand, such a "rational" policy is so revolutionary by contrast with the relatively repressive trends which have been followed in the past that any government with conservative tendencies must hesitate to pursue it: it is opposed on economic grounds by the European workman, especially of the skilled class, who feels that his aristocratic and indeed almost monopolistic position would be challenged: it is opposed on political grounds as raising the dark spectre of miscegenation and the swamping of white civilization in southern Africa.

There is, however, no doubt that at the present time progressive opinion is gaining strength. There is a growing tendency to face the future realistically and with moral purpose; the man in the street may not have a very clear appreciation of past causes or of future difficulties, but he is keenly aware that things are not as they should be, and that the past is a record of short-term palliatives without a long-term plan. He is eager that a positive plan should be devised and adopted. The ex-volunteer in particular is very much on his toes; soldiers' parliaments, debating societies and a good deal of solid literature have aroused his interest in and increased his knowledge of the state of the country, and he is returning to civilian life with the soldier's characteristic question on his lips: "Well, what are we doing about it, why don't we get on with the job?" The present Government's answer to these questions, given by implication rather than expressly—carries one immediately out of the field of economics into the field of politics. The Government says, first, "You don't realize the difficulties." It says secondly, "Give us time; the reforms and changes you demand cannot be brought about over night." It says thirdly, "These reforms and changes if introduced too hurriedly will give rise to dangerous political repercussions, to temporary economic dislocation, and to the strikes and disturbances which such dislocation must cause." The extent to which these somewhat temporizing doctrines would be found really to reflect the bulk of public opinion if put to the test of a general election presents a political question of supreme interest and importance. The Government of the day is predominantly United party; the war-time coalition with the Labour party is likely to come to an end in the very near future, and it is a United party Government that will stand before the bar of public opinion at the next election. It is worth remarking here that there would seem to be a strong similarity between the South African United party and the Conservative party of Mr. Churchill; both are "conservative" in the English political sense of that term. The United party also has its left wing, which probably has much in common with the Tory Reform Committee of the Conservative party. But at this point the parallel between English and South African politics comes abruptly to an end. There is no party in South Africa which corresponds to the English Labour party, for the simple reason that there is no party here which represents the majority of South African labourers, namely the native labourers. The S.A. Labour party, while positive on the side of State control, is Socialist in name only, for it does not aim at socialization in the sense of a universal raising of living standards for the working classes, irrespective of colour. In these respects the Labour and Nationalist parties are closely akin, but the kinship is economic only, since, for the moment at all events, both parties are proclaiming that an alliance between them is out of the question, Labour being staunchly loyal to the Commonwealth, while the Nationalists stand for a *Herrenvolk* and Republicanism. We have therefore a political situation totally different from and, we venture to think, far more complex than that in the United Kingdom. If we may guess that Labour's sweeping victory in England was in effect a victory for the "progressives" rather than a violent swing towards full-blooded socialism, then the comment is apt that

progressives of the type which supports Mr. Attlee can find in present-day South Africa no political home. It is for this reason that there is so much talk and rumour of a new political party: the progressive spirit is striving everywhere, and "lets have an end to 'racial' politics and get on with the job" is its principal slogan. To this talk and rumour there comes back from the side of many government supporters the warning that the formation of a new party can result only in a victory for the Nationalists at the next election. The Nationalists, it is said, are anti-democratic, reactionary and republican; they will remain united, while the democratic pro-Commonwealth forces will be split. The progressives will get much support, but not enough, owing to the existence of strong "conservative" elements among the present government parties. Incidentally it is generally thought that General Smuts like Mr. Churchill is a Conservative, and it may therefore be supposed that the conservative elements would not be without a leader!

At the time of writing, therefore, a forecast of the future is more than usually difficult. South Africa stands at a climacteric in her fortunes: old problems have been rendered more acute and clamour for solution; new tendencies and forces are manifesting themselves, but the old tendencies and forces which have their origin in the remote past die hard. In addition there comes to anyone contemplating the complex scene with puzzlement the further saddening reflection that South Africa has not yet attained political maturity; that there is not yet fully aroused in the South African peoples that sense of responsibility and citizenship which in Great Britain seems to act as a check and a corrective to individual self-interest, and which seems to guide the people in times of crisis whether of war or peace in the direction of sane and balanced solutions. But it may be that South Africa's coming of age is really at hand, and if that be so, the next few years will witness great changes both in the economic sphere and in the political arena.

MIGRATORY LABOUR

Up to the year 1870 migratory labour was very little known in the Union of South Africa and its adjacent territories. It was the discovery of the diamond mines at Kimberley that introduced it. The subsequent opening-up of the rich mines of the Witwatersrand entrenched it as an accepted, and for a time almost unquestioned, part of our South African economy. Actually it has only existed on a large scale for half a century. It therefore hardly deserves the aura of sanctity that has been thrown over it as a venerable institution, and it is no wonder that thoughtful men in the Union are beginning to criticize it and to suggest that some check be placed upon its development.

Hitherto the main magnet for migratory labour has been the Witwatersrand gold-mines. Domestic service has been another fruitful source of demand, and in recent years quite a number of secondary industries have been built up on the same basis. Industrialists are not accepting the system uncritically; many indeed are willing to consider modifications of it, and in

recent years they have received unexpected support from leaders of the farming community, who are concerned to secure a stabilized labour supply on their own farms. Farmers indeed are beginning to complain that they are subsidizing the gold-mines and certain industrialists by providing for families on their farms while the breadwinner or his vigorous young sons are working in the gold-mines at a wage based upon the supposition of a freeholding in the Reserves.

It is of course true that the gold-mines draw their labour partly from outside the Union, and so far as it comes from within the Union they draw it very unequally from different territories. On August 31, 1944, the gold-mines employed some 300,000 African labourers, of whom approximately only 140,000 came from the Union; another 50,000 came from the British Protectorates, chiefly Basutoland; nearly 90,000 from Portuguese East Africa, and about 25,000 from tropical areas. Coming back to the figure of 140,000 from the Union, it is to be observed that nearly 100,000 of these came from the Cape Province, the majority of these from the Transkeian Territories. It would be safe to say that, so far as the gold-mines are concerned, it is mainly the economy of the Transkeian Territories that is affected by their demands for migratory labour.

On the other hand, 230,000 migratory workers are engaged in other forms of employment, mainly domestic service and industries. It is interesting to compare the figures engaged in gold-mining and other forms of employment in the four Provinces:

	<i>Gold-Mining</i>	<i>Other</i>	<i>Total</i>
Cape	96,636	31,915	128,551
Natal	14,125	64,466	78,591
Orange Free State . .	5,419	24,774	30,193
Transvaal	23,383	117,019	140,402

So far, therefore, as the Provinces outside the Cape are concerned, it is misleading to attack the gold-mines as being the chief cause of migratory labour. Their share of responsibility is not merely the number of natives whom they take, but the fact that it was they who popularized the system on a large scale; and it is they who with their own vested interests at stake fight most earnestly in its defence. The gold-mines are vanishing, though very slowly vanishing, assets. It would therefore be unfortunate if they are to stereotype for the rest of the country a system in itself unsuitable. The gold-mines themselves have put up an able case for the defence of the system so far as their own industry is concerned. It is suggested that in respect of gold-mines the Union's policy should be to scrutinize with care any extension of the system, and while it lasts to encourage the importation of workers rather than the disorganization of the Union's own economy, although to be sure this only sets the problem a little farther back geographically. There are few people who would suggest that the whole of the gold-mining industry and the whole life of the Witwatersrand should be dislocated by an immediate reversal of policy. What the Union cannot afford to allow is that projects, such as the agricultural rehabilitation and the industrial development of the Transkeian Territories,

should be held back, or that the wage level should be kept artificially low in order not to impede the mining industry.

And now, coming to look at the problem as a whole divorced from its special connexion with the mining industry, one must face the issue of whether our secondary industries should be developed on this basis of migrant labour. The Social and Economic Planning Council has strongly recommended as a policy that we should either take the factory to the worker by placing more of our factories in towns bordering on the Reserves, or that we should take the worker to the factory by providing family accommodation in the neighbourhood of his work. No doubt there will be a good deal of opposition to the latter suggestion because it seems as if it is a reversal of the "segregation" policy so loudly acclaimed as the considered policy of the country when the Hertzog Bills were passed in 1936. Under the influence of this policy it has been assumed that the African living in an urban area is a foreigner and an intruder, who has no business to be there except as a temporary labourer for the benefit of the European community. The theory underlying this has been one which held with beautiful vagueness that all natives should be accommodated somewhere in the remote and hazy distance "in the Reserves". Few South Africans until recent years have taken the trouble to investigate the exact nature of the Reserves, their carrying capacity, and their ability to supply homes for all.

To-day the atmosphere has changed. Research workers are studying the Reserves with increasing attention. The Government itself has been impressed by the economic deterioration of these areas, some of which at least are potentially good agricultural land. The ravages of soil erosion, not only in the form of donga erosion but in the more dangerous form of sheet erosion, are making themselves felt. What were once fertile areas are coming to assume more and more a neglected and in a few instances a semi-desert appearance. What else can be expected when the vigorous men of the community are drawn away as absentee workers in some distant town and agriculture left to the women, the very young and the very old. South Africa has to make up its mind whether the Reserves are to be regarded as areas for stabilized peasant farming together with a certain amount of urbanization and industrial development, or whether they are to be regarded primarily as a reservoir of labour providing homes for the families and subsidies for the wages of urban workers. Even though a completely logical and clear-cut solution will hardly be found to this dilemma, it is obvious that the permanent interests of South Africa call for the former rather than the latter conception of the Reserves. All who know the Reserves are agreed that nothing but continual deterioration will result from the present system of using them largely as a labour reservoir.

We have spoken of soil erosion, we must not forget soul erosion. The present system disrupts family life, causes widespread immorality, and through the absence of a father's discipline and care encourages unruliness and delinquency among the children. In every sphere of social and even political life the denudation of the Reserves, taking many of their most vigorous men away, makes itself felt with serious consequences. At the other

end in the towns themselves the presence of a large excess of males has the consequences which such a situation always produces—prostitution, previously an unknown vice among the Bantu, illicit liquor trade, unnatural vice, and many other unfortunate social results.

It is doubtful whether even the recording angel will be able to balance the good and bad which the gold-mines have brought to South Africa. Their influence in both directions has been colossal, but we cannot betake ourselves to some sheltered backwater, we must live on the main stream of life, and that means that we must accept the industrialization of South Africa, mineral or other, and see what we can do, without destroying what has been built up, to create a healthier state of affairs. Industry in general would certainly benefit from stabilized and experienced labour, as would agriculture. Some greater stabilization is essential if the Reserves are not to be completely spoilt. The health of the people and the protection of their family life demand rapid and effective action.

Taking it all round, the essentials of policy seem to be:

- (1) To scrutinize very carefully and if possible to check any new development of migratory labour in the gold-mines or elsewhere.
- (2) To leave the gold-mines with as little interference as possible otherwise, but not to allow them to influence policy in the direction of holding up schemes for better agriculture, more thorough industrialization and better wages.
- (3) To plan our policy for the Reserves on the definite assumption that they are for the future to provide more and more permanent homes where families as a whole can make a living, either on the land or in urban areas within the Reserves.
- (4) To encourage the distribution of factories, so that some are placed in areas where Africans can live at home while working in the factory.
- (5) To encourage experiments such as that of the South African Iron and Steel Corporation for the provision of family accommodation for all workers.
- (6) To direct public opinion so that it is ready to accept the new conception of permanent native urban populations with freehold rights, definitely looking to the towns for their life and their improvement.

Conditions in the Union are so different from those in the neighbouring territories that a parallel can only be drawn with many reservations and conditions. At the same time it should be noticed that the Belgian Congo has recently held that 5 per cent of the male population represents the danger-point so far as the Reserves are concerned. If we compare this 5 per cent with the 28 per cent in some areas in the Union, we realize that any one who has the welfare of the Native Reserves at heart must look with criticism and even some alarm on the policy that has been allowed to grow up.

South Africa,

October, 1945.

NEW ZEALAND

VJ DAY

TO New Zealanders the startling rhythm and early climax in the drama of the Pacific War were as surprising as they must have been to other peoples of the United Nations. At the beginning of August the Government made a long-awaited announcement as to its plans for participation in the final stages of the campaign. A two-brigade division, requiring with base and service troops a personnel of 18,900 men, was to take part in the land campaign, though the theatre of their operations was not announced. Further reductions in the Air Force and in the forces serving at home were also announced. This would have left about 50,000 men in military service, while freeing about 45,000 or more for early release. New Zealanders prepared to watch their men take part in an arduous though not dramatic campaign with further casualties. Some were of the opinion that more men might have been released to take part in expanding vitally necessary supplies of foodstuffs. Then came the dramatic entry of the U.S.S.R. into the campaign, and the still more dramatic introduction of the atomic bomb. Finally came the sudden surrender of Japan.

Before the belated announcement of the end of the war and the official celebrations with their note of serious thanksgiving, a tide of unofficial celebrations had already begun. They had about them more hilarity and spontaneous joy than the VE-Day celebrations. Yet in a sense the latter represented the true climax of the war to New Zealanders. True, they could look back to the days when New Zealand was directly menaced, and full mobilization, the building of air-raid shelters, the holding of air-raid drills, the ceaseless watch on the coasts were the symbols of that danger. They could recall the part played by the Royal New Zealand Navy in the Pacific campaign, the missions of the Third Division at Guadalcanal, Nissan and the Treasury Islands, and the dangerous work under trying conditions of the R.N.Z.A.F. in co-operation with the forces of the United States and Australia. Yet the rôle of the Third Division has been properly appreciated by only a minority of New Zealanders. Their part was small, though it was not insignificant. What they were asked to do they did, and did well. Their rôle was never dramatic, and the small casualty list and early withdrawal of the division made it all the less dramatic. New Zealand's thoughts went rather with the Second Division, and its more striking achievements alike in the stress of withdrawal and in the triumph of victorious though arduous advance through Libya, Tunisia and Italy. Yet New Zealand has necessarily become more conscious of its rôle as a nation of the Pacific. It took pride in participation as a signatory, represented by Air Vice-Marshal Isitt, at the main surrender ceremonies. The decision to contribute a brigade to the occupation forces was received with approval, tinged with some disappointment that the force must be provided by drafting men already in the field, and voluntary enlistment could be used only later for replacements.

The Government have outlined their demobilization plans, first for the Army and later for the Air Force. Priority in release is to be given to men needed in essential work, to men with four years' military service, to men under twenty years and six months, who can have had little experience of civilian employment, to married men with children and to men over 35. At Army mobilization camps, some of which will be closed, only a minimum staff for maintenance and for training recruits is to be retained. More air stations are to be closed. In the final stage planning has to provide for the maintenance of forces retained in the Pacific during the stabilizing period, for the interim maintenance of ferrying services, and for stages of adjustment to the needs of the permanent Air Force. Decisions in regard to the permanent military forces to be maintained still remain to be announced.

THE BUDGET

THE Financial Statement, brought down before the end of the war with Japan and subsequently revised, disclosed a decrease in war expenditure of some £33 million compared with the previous year. The main items of expenditure are as follows:

	(£ Million)	
	1944-45	1943-44
Navy	6.6	8.2
Army	51.0	78.0
Air Force	33.3	33.8
Civil	4.9	7.9
Reverse Lend-Lease	26.7	24.5

Expenditure from the Consolidated Fund, after providing for transfers to the War Expenses Account and Social Security, totalled £44.5 million as compared with £35 million in the previous year, owing to increases in debt charges and to increases in salaries and wages to State employees, payable as from June 30, 1944. Payments from the Social Security Fund totalled £19.3 million, an increase of £1.7 million on the previous year, due to higher expenditure on hospital, medical, family and age benefits. Aggregate expenditure on the War Expenses Account, the Consolidated Fund and the Social Security Account was £192 million as compared with £205 million in the previous year. Taxation revenue provided £110.9 million; Lend-Lease and Mutual Aid £24.5 million; war loans net £48.2 million, and other receipts, including the disposal of surplus war stores, £13.7 million. Loans totalling £11.1 million were raised from Government Departments for national development purposes, principally housing and electricity development. After allowing for debt redemption, but ignoring Mutual Aid and Lend-Lease transactions, the net increase in national debt for the year was £36.7 million. Borrowing under the Memorandum of Security, less repayments, brought the balance outstanding at the end of the year to £19 million. Other national debt held abroad was reduced during the year to a total of £181 million. Consequent upon the Government's policy of meeting war expenditure mainly from taxation, the Minister claimed that only 43 per cent of the total war expenditure of £507 million up to March 31, 1945, remained

outstanding in the form of war loans, all due for repayment in New Zealand except for the balance on the Memorandum of Security.

The surplus on the Consolidated Fund, £1.2 million, is not this year to be transferred to the War Expenses Account nor in the coming year are there to be any transfers from revenue to that account. The estimates of expenditure from the Consolidated Fund total £57.3 million, and provide for increases of approximately £1 million in debt charges and £6.5 million on health, education, social security and other services. The projected borrowing for national development purposes amounted to £16.6 million, an increase of £5.5 million on last year, and will cover increased expenditure on housing, electricity development, land for settlement and railways improvements. These loans are again to be raised from State Departments.

War expenditure was originally estimated at £105.4 million, including £24 million for reverse lend-lease and £2 million for rehabilitation. War taxation at existing rates was estimated to yield £49.6 million, lend-lease and mutual aid £20.5 million, the Memorandum of Security £3.5 million, and disposal of surplus stores and miscellaneous receipts £6.8 million, leaving a gap of £25 million to be met by war loan. The 1945 Victory Loan of £25 million was oversubscribed by half a million, and further National Savings receipts could be expected during the remainder of the year. The Minister of Finance apparently planned to hold the credit balance of £9 million from operations of the previous year as a fund for unforeseen contingencies. Consequently he held that: "The time has not yet come for a general review of taxation, for we still have heavy costs of war and rehabilitation to meet." This was a disappointment to many taxpayers who had been hoping for reductions in taxation, but the termination of the war aroused hopes that the decision would be revised. To their amazement they learned that, according to the Minister, the coming of peace would merely increase the war expenses for which provision required to be made. His revised estimates raised the total required to £121.2 million, because of increased payments in respect of balance of pay due, deferred pay, leave and allowances, transport, stores already ordered and shipped, maintenance and rehabilitation.

The Minister's estimates were sharply criticized, because he gave few details and little supporting argument, but they had to be accepted. The only item in which he expected a reduction was reverse lend-lease, reduced to £22 million. After the announcement of the termination of lend-lease the Minister indicated that this last item remained to be settled by delicate negotiations between Governments. An amendment to the Land and Income Tax Bill, to defer the second reading for twenty-one days in order that the Government might reconsider its taxation proposals, was defeated by only 37 votes to 34. It is probable that the increase in the War Expenses estimates was due to the decision of the Minister to cover the period up to final demobilization, which might come after the end of the financial year. He also pointed out that a further amount of £18 million would be necessary to meet the gratuity of £3. 15s. per month for service abroad and £1 per month for service in New Zealand, though, apart from special concessions, this expenditure would be spread over a period. He therefore

reiterated his view that there was no scope for adjustment of taxation, though revision would be necessary and desirable next year.

The one concession made this year is a special depreciation allowance for tax purposes of 20 per cent of the cost of new buildings and equipment, to be spread over five years, at 40 per cent per annum in addition to the standard depreciation allowance of 7½ per cent per annum for equipment and 1 to 2½ per cent for buildings, depending on the nature of construction. This allowance has been criticized as inadequate under the special conditions of the period. The concession was originally to begin in the year 1946-47, but the Minister later indicated that he would consider whether it might not be possible to apply it in the present year.

SOCIAL SECURITY

ESTIMATED expenditure from the Social Security Fund for the present year is £22.6 million, increased by later additions to £23.1 million, compared with £19.3 million in 1944-45. Receipts from the Social Security Charge and the Registration Fee are estimated at £14.5 million. Seven millions are to be transferred from the Consolidated Fund. The remainder is to be met out of balances in hand at the beginning of the year of £2.4 million. The increase in estimated expenditure is mainly due to increased benefits, forecast in the Financial Statement and embodied in the Social Security Amendment Bill as part of the Government's minimum family income policy. For married couples the invalidity, sickness and unemployment benefits are to be £4 per week with allowable income from other sources of £1 per week. Age benefits are to be on the same basis, even where the wife is under the benefit age. For single adults the benefits are to be £2 per week with an allowable income of £1. Miner's benefit and war pensions are also brought on to the same basis. For persons under 20 years of age sickness and unemployment benefits are raised to £1 per week and invalidity benefit to £1. 10s. with an allowable income of £1 per week, provided that in the case of unemployment benefit it is not derived from salary or wages. For widows with children the benefit is to be £2 per week, and for widows who have had no children £1. 10s. per week, but in this last case the allowable income is £1. 10s. per week. At present family benefit of 10s. for each child under 16 is paid in cases where the family income is not over £5. 10s. per week. From October 1, 1945, the income limit for family benefit is to be raised to £6. 10s., but after April 1, 1946, the benefit is to be paid irrespective of income. Thus a minimum income of £5 per week will be ensured in cases of a married couple with two children. This provision is later to be supplemented by legislation to ensure a minimum wage for all adult workers, male and female. The universal superannuation benefits for all persons of 65 or over have also been extended from the ultimate limit of £84. 10s. per year to £104 per year. Since April 1, 1945, the amount paid on universal superannuation has been £22. 10s. per year; and it increases by £2. 10s. each year until the limit is reached. The higher limit will therefore merely be attained at a later date.

Thus after April 1, 1946, the means test for family allowances will be removed. The effects will be threefold. Although the war-time index of the

cost of living has been maintained at a stable level, the cost of items not covered by the index has increased. The increase in benefits, including the changes in family allowances, will do something to offset this, especially in the case of those not at present receiving family benefit. The changes will also do something to redistribute the national income in favour of those with families in middle and lower income levels. It may also be designed to encourage a growth in the size of family, and by increasing the birth-rate do something to remedy the increasingly unfavourable age-distribution of the population which menaces New Zealand. On the other hand, the present exemption in respect of income tax of £50 for each child under 18 is to terminate after April 1, 1946, though the standard exemption for a wife is to be raised from £50 to £100, provided that the consequent reduction in tax shall not exceed £26. This will serve to reduce the net costs of the scheme. It is on the matter of probable costs that most criticism of the proposals has been raised. Under challenge the Minister of Finance stated that the net additional costs of making family allowances universal, allowing for changes in income-tax exemptions, would be £7 million in the first year. The Leader of the Opposition has contended that the costs must be appreciably higher, though he accepted the general principle of increased benefits while contending that it would be better to seek to reduce the cost of living and increase the purchasing power of benefits. The other main line of criticism has been that the changes represent stronger discouragement to thrift and that the allowable income from other sources should be raised, or that, where, because of thrift, income from other sources is more than £1 per week, the loss of benefit should be graduated.

FULL EMPLOYMENT

PARLIAMENT ratified the charter of the United Nations Organization on August 9 after a notable and judicious statement from the Prime Minister on the negotiations at San Francisco. The country therefore accepted the obligation of seeking to maintain full employment and to raise standards of living, a provision for which its representatives had strenuously contended at the Conference. As was to be expected, the budget announced a policy of full employment. The Minister of Finance also stated: "Our people must be able to acquire purchasing power through employment, but it cannot be too strongly emphasized that the standard of living depends upon the volume of goods produced and services made available. The production of goods and services is the prime essential, without which there is no living standard. The responsibility of the Government is to ensure that necessary work in whatever form brings its full share of the commodities and services produced."

The Minister of National Service had already announced that a survey of the employment field was to be undertaken by his Department in conjunction with the Rehabilitation Department, while the special field of employment in the main manufacturing industries was being surveyed by the Organization for National Development with the co-operation of the Manufacturers' Federation. The Employment Bill brought forward by the Government, however, was not a particularly inspiring measure. It provides for the

establishment of a National Employment Service under a Minister of Employment, with a Director of Employment as administrative head. The Service is to provide a complete employment service for placing workers in employment, assisting employers to secure labour, and assisting and guiding those who require training or occupational readjustment to enable them to find employment. It is also responsible for "assisting employers to provide employment", though no means are indicated by which it can do this. It is to make surveys and forecasts in regard to classes of employment required or available. It is to "do all things deemed necessary or expedient for the purpose of promoting and maintaining full employment, whether by facilitating the better location or availability of employment in relation to the labour available or otherwise howsoever". Power is given to make regulations for obtaining information "whether in relation to labour requirements or retrenchments, movements of labour, subsidies or otherwise" and prescribing punishments for offences against regulations made under the Act. The Minister will have power to appoint advisory councils or committees; this will provide a means for associating employers' and workers' organizations with the Service. The Bill thus provides an agency for placing workers, provided it can meet the varied needs of employers efficiently, and a means for increasing mobility between occupations and between places. As the Prime Minister pointed out, "there must and will be a programme to promote industry and public works which will have to go hand in hand with these provisions". No attempt is made in the Bill to define the objective of Full Employment, and difficulties will remain in regard to the treatment of necessarily seasonal employment, which is especially important in New Zealand. The Organization for National Development has already received over 1,250 replies to its questionnaire to industrial employers; and these indicate a considerable amount of planned expansion in private industry, involving investment of approximately £6 million. The introduction of the Bill, however, accentuates the problem of amending taxation, especially on companies, so as to give encouragement to private investment—a policy pressed by business organizations and the Opposition. In addition the Minister for Works is preparing a long-range plan of public works, covering a possible outlay of up to £250 million. During his discussion of the Bill the Prime Minister indicated that the Organization for National Development might be terminated when it had completed its initial co-ordination of plans. He thought that its statistical section might be merged in the new employment service, and other sections, including the network of regional planning committees it has organized, might go to the Ministry of Works.

Some critics have contended that, in the interests of economy, the new employment service should come under the Labour Department, which has officers throughout New Zealand. There is indeed much to be said for this. However, the Labour Department is concerned also with the enforcing of arbitration awards, and in the near future is likely to have the responsibility of supervising a new Factories Act. In his final report Dr. J. M. Davidson, one of the British Government's medical inspectors of factories, who has been for some time associated with the Health Department in a survey of

factory conditions, made trenchant criticisms of working conditions in New Zealand factories. He stated that from a survey of over 200 factories, some of which he found to provide good conditions, his leading impression was of overcrowding, poor lighting, and dirt, and he considered revised legislation necessary to provide more hygienic and better conditions of work, better medical and nursing supervision, and improvements in safety measures. It may well be that a service to provide workers to employers should be separated from activities which for some time may be vexatious to employers who find difficulties in adapting new standards.

POPULATION AND HOUSING

A CENSUS was taken on the evening of September 25, and was undoubtedly overdue. No census has been taken since 1936, and, owing to the war, one or two reports of that census have not yet appeared. Holding a census this year has broken the regular sequence, which would have called for one next year. However, it was considered necessary by the Government for the purpose of regrouping electorates for the elections next year and for other urgent purposes. There has been some criticism of a census at a time when war controls have drawn so many people to centres of war production and away from normal residence in the country areas. The census schedule paid special attention to data in regard to housing facilities and to incomes. One reason for holding a census this year may possibly be seen in the introduction of an Electoral Amendment Bill just on the eve of dispatch of this article. This measure aims at the abolition of the "Country Quota"—the provision under which, when the 76 European electorates are marked out, 28 per cent is added to the rural population, so that the actual voters in rural electorates are fewer than in urban electorates, and the rural portions of New Zealand are given a greater voice in Parliament than they would otherwise have.

The housing situation has continued to be difficult. It is not possible to provide homes for men returning for demobilization, and this problem must become more acute. Some small military camps, adjudged suitable for the purpose, are being adapted to provide temporary accommodation for the families of demobilized men and others. The camps are offered by the Government to local bodies free of cost for this purpose, though costs of adaptation to be borne by local bodies are often appreciable. Building costs are still mounting, and will be further increased by increases in wages and timber prices granted in order to meet the labour and financial difficulties faced by country timber millers. Scarcity of timber is one of the main bottle-necks in housing, and is accentuated by lack of transport.

NEW GOVERNOR-GENERAL

NEW ZEALANDERS heard with great pleasure that the King had approved the nomination, as the next Governor-General, of Sir Bernard Freyberg, V.C., the distinguished soldier who has so ably led the Second Division from its inception.

Wellington,

October 16, 1945.

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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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HERBERT BAKER

THE death in his eighty-fourth year of Sir Herbert Baker removes one of the oldest and most constant friends of the Round Table and of the objects that it was founded to promote. The two absorbing passions of his life were architecture and the British Commonwealth. His artistic imagination stimulated, and was in turn nourished by, his faith in the civilizing power of the Empire.

An Englishman by descent and by conviction, Baker was born and died in the same village of Kent, amongst the wooded hills which overlook the lovely estuary of the Medway. At the age of thirty he went out to the Cape, and it was in South Africa that the foundations of his career as an architect and of his belief in the Empire were laid. In those days of the early 'nineties great changes were on foot to fire the imagination of a young man as he wandered amongst the treasures of Dutch Colonial architecture along the mountain slopes and through the vineyards of the Cape Peninsula. The discovery of the Rand and the first settlements in Rhodesia opened the way to the civilization of Africa from the south. The bitterness of racial divisions was not yet a barrier to progress; and Rhodes himself, then at the height of his powers and Prime Minister of the Cape, still enjoyed the trust and respect of Dutch, English and natives alike. Baker soon met him, won his friendship and shared his visions. One of his first commissions was the admirable reconstruction of Groote Schuur, the old Dutch house which Rhodes was to leave as an official residence for the Prime Ministers of a South African Union. It was to Rhodes, too, that Baker owed the opportunity to visit Italy and the Mediterranean and to study the great monuments of Greek and Roman architecture, which inspired so much of his later work. He returned to South Africa and in less than twenty years, with his gifted partners and pupils, embellished the Transvaal, the Cape and Rhodesia with a long series of distinguished examples of his art in public, ecclesiastical and domestic architecture. They were marked, like all his work, by an exceptional power of getting the best out of the site, by close attention to detail and by the imaginative use of craftsmanship in wood and stone for ornamental and symbolic purposes. His mind seized on the history of the people who had passed there before him and of the land in which he was working. The building of New Delhi, shared with Lutyens, took him to India; and when that immense task was completed, time and energy still remained for monuments to his ability such as the reconstruction of the Bank of England, South Africa House, built on a most difficult site in Trafalgar Square, and the war-memorial cloister of Winchester College, which may well come to be regarded as his masterpiece.

For the older generation of those who have served the Round Table it is difficult to think objectively of Baker as the great architect. There are few of them who have not at one time or another lived in his houses, worked in his public buildings and worshipped in his churches. Those creations of

his art have become part of the fabric of their lives and been accepted almost as a matter of course. It seems in some way more natural to remember and to commemorate the man himself and his beliefs: his unshakable faith in the destiny of our race, in the moral and political purposes of the Commonwealth, in the ability of the Dominions of the Crown to shape their relations to one another and to Great Britain so as to conform to the changing needs of a new generation without any detraction from the instinctive unity in spirit which binds them together; and in the man those great qualities of freshness and enthusiasm, modesty and simplicity, and above all unswerving loyalty to old friendships.

FINANCE OF RECOVERY

THE LOAN IN PARLIAMENT AND CONGRESS

MORE than four years ago, before Pearl Harbour, THE ROUND TABLE concluded an article on Anglo-American Co-operation during and after the war with these words:

"If [the two Commonwealths] allow misunderstandings, particularly in the economic sphere, to destroy their unity and obstruct progress, the greatest optimist must regard the future with alarm."*

Nothing that has happened since 1941 has invalidated that observation. Indeed its truth, to-day no less than when the words were written, is the final and unanswerable argument for the course followed by Parliament in ratifying the financial agreement between the two countries. Congress may yet throw out the agreement. There will certainly be misunderstandings in the economic sphere. But who can doubt that we should have had not misunderstanding only but enduring bitterness and discord if, within a few months of a common victory, won largely through intimate collaboration with the United States, on land and sea and in the air, Great Britain had rejected out of hand the offer of this loan—an offer which provides a final and generous settlement of the intricate accounts of Mutual Aid, which gives us a breathing-space for rebuilding our shattered economy and a dollar credit of £937 million to assist us on terms that are not oppressive, and which asks in return only that we should adopt a monetary statute that we had played a leading part in drafting and should help to clothe with flesh and blood commercial principles accepted by the Government of the United Kingdom in the Atlantic Charter of 1941 and the Mutual Aid Agreement of 1942?

If, notwithstanding the force of this reasoning, which cannot have escaped any thinking person, the agreement was received in this country with hostility in many quarters and with misgiving in all, the cause must be sought in a combination of factors. For one thing, we were brought for the first time as a nation face to face with our financial future in cold figures. We are to pay tribute to the United States and to other creditors of something like £70 million† a year for half a century. That seems to Englishmen unjust, if considered as the reward of standing alone for a whole year, "a bulwark for the cause of men". This sense of being hardly treated was aggravated by what many Americans have regarded as the unreasonably abrupt and embarrassing manner of terminating Lend-Lease after the fall of Japan. Moreover, the loan negotiations had continued for three months, with much contradictory publicity and with stories, well authenticated, of the subservience of the American negotiators to the lightest hint from Congress and of insistence at the last moment on one major condition not previously mentioned. Not all

* See THE ROUND TABLE, No. 125, December 1941, p. 16.

† The sum due to the U.S.A. will be £35 million and at least an equal amount must be reckoned for sterling creditors.

the art of Lord Keynes, in his conventional rendering of *Harmony* at the Council Board, could quite efface these impressions. Indeed the conduct of the negotiations magnified the doubts already stirring in Great Britain, doubts whether the American negotiators were representative either of American business opinion or of Congress in their conversion to the liberal principles of multilateral trade and their rejection of all forms of "discrimination". But no one factor contributed more to what may seem the ungracious reception of the agreement in this country than the decision of His Majesty's Government to force their resolution through Parliament in little more than a week after the documents were signed in Washington. Admittedly, the failure of the National Coalition Government to present the Bretton Woods agreement to Parliament gave their successors an excuse for urgency. But for Congress to have an undetermined number of months for debating the proposals, while the House of Commons, through a technicality, is restricted to a week, is an indefensible anomaly. Yet the Government accepted the indefensible and accepted it, indeed, without making any request to the United States for time. Such is the authoritarian temper engendered in complacent Ministers by an unassailable parliamentary majority.

The first consequence of this untimely haste has been that the financial alternative to acceptance received only the most perfunctory examination. We were told that our rations would be in jeopardy and our cigarettes cut off. There were hints that the sterling area could not be kept together, and there was Lord Keynes's epigram about "building up a separate economic bloc which excludes Canada and consists of countries to which we already owe more than we can pay, on the basis of their agreeing to lend us money they have not got and buy only from us and one another goods we are unable to supply". Yet since Congress is free to reject the agreements and thus to force us to resort to the alternative, the nation might reasonably have expected to be told, before its representatives were asked to commit themselves, how that alternative would look in detail. They were entitled to know such things as the stocks of food and essential raw materials now held by this country, the calculations as to quantities, categories and sources or destinations of imports and exports underlying the estimate of a deficiency of £1,250 million in our balance of payments between now and 1950, and the changes which would need to be made in those calculations if the American loan fell through. In the absence of this information Parliament judged the Washington agreement on broad political grounds, reinforced by the assumption that, whatever the risks and obscurities of the future, we could not fail to be better off with \$3,750 million now than without them. Even if the political argument were not decisive, THE ROUND TABLE believes that an expansion of multilateral trade is in the interests of Great Britain more perhaps than of any other trading community, and that only at our peril could we neglect this opportunity of a joint endeavour to put into practice the theoretical principles favourable to such expansion, as they are embodied in the statutes of the International Monetary Fund and Bank and the proposals for an International Trade Organization. That view rests not on theory but on the known facts of our economic situation.

On the average of the years 1936 to 1938, our imports were £866 million, our exports £477 million, and our income of £352 million from foreign investments, shipping, insurance and other receipts fell short of bridging the gap. By 1945, as a direct result of our war activities, exports had fallen to two-fifths in volume of those of 1938, our shipping tonnage to two-thirds of its pre-war amount, our income from foreign investments to less than half; in addition, we had increased our external indebtedness, mainly to the countries of the sterling area, by almost £3,000 million. There, in brief, are the elements of our short-term and of our long-term problem. That we are now on balance a debtor country must affect our economy for many years to come but it is not our first anxiety. Blocked sterling balances cannot be paid to-day and, on the one condition that we can rebuild and expand our foreign trade and re-establish confidence in sterling, there is no reason why our creditors should be so unmindful of their own interests as to wish to depreciate their investment in the prosperity of Great Britain. The far more serious immediate problem is how we are to buy food and raw materials in the next five years, and the first object of the mission to Washington, and of the loan agreement which it signed, was to ensure the means of carrying on. The amount is less and the interest more than had been hoped for, and there are other conditions, to which reference must be made later, that we should have wished to see modified. But when every reasonable reservation has been made, it cannot be open to doubt that if Congress ratifies the agreement our immediate problem will be lightened. We shall be free to devote the skill and energy of the nation to the re-establishment of our world trade.

BRETTON WOODS AND TRADE EXPANSION

THAT trade was built up in a world of multilateral trading. It is not difficult to look through the list of our exports, to point out that coal has gone and cotton dwindled and to ask where an addition of 75 per cent to the pre-war volume is to come from. What goods are to be exported to which countries? If the volume of world trade is to remain stationary and our own exports to be broadly the same in kind as twenty years ago, the answer can only be that the problem is insoluble. But if the channels of trade can be freed and the interchange of goods be allowed to create its own expanding demand, if the scientists, engineers and merchants of this country, whose ability and experience are unsurpassed, are encouraged to promote the changing needs of man, the goal now set before British industry need no longer be unattainable. Viewed in this light, Bretton Woods and the proposed trade organization are essential to our future prosperity. If they are an experiment, as indeed they are, it is an experiment directed towards the revival of the only conditions in which world trade has ever flourished—reasonable stability of exchanges and reasonable freedom for the movement of goods. The experiment may fail, for there is no short or easy road to the solution either of political or of economic problems in a world in which so many landmarks have been destroyed and so many traditions repudiated as in the world of to-day. Over a large part of Europe, and in many countries outside Europe, new men and new parties—wild and inexperienced or merely inexperienced

—have come to power. Here in the United Kingdom we are protected against the worst perils of innovation by generations of practical politics, by ingrained habits of tolerance and by the competence and integrity of a permanent Civil Service. It is easy to forget that in those respects we stand almost alone. If the first interest of British trade is the restoration of stability, there can be no more effective insurance of that aim than that these untried Governments should be able to appeal to the rules of the world club to which they have adhered against the grosser monetary and economic heresies of the politicians who have put them in office. Even in an informed society such as our own there is a strange attraction to many able minds in bilateral trade, conducted with some pale likeness to the prestidigitations of a Schacht; but no one who has had practical knowledge of its higher manifestations is likely to regard its exaltation of ingenuity over enterprise and of the bureaucrat over the trader as the most promising background for the revival of British exports.

Though the Bretton Woods agreements and the proposed trade organization are necessary and promising instruments in the movement to expand world trade, they inevitably involve restrictions on our own freedom as on that of all other members. The implications of Bretton Woods have already been examined at length in *THE ROUND TABLE*.^{*} The Monetary Fund has been assailed with vehement hostility as a return to the gold standard, by which is meant the Baldwin agreement of 1925 to restore the 1914 parity of the dollar-sterling exchange and the traditional method of maintaining that parity. That, at least, it is not, as is evident from the provisions for a permitted variation of 10 per cent in the agreed rate, for borrowing from the Fund, for measures to prevent "fundamental disequilibrium" and for the treatment of "scarce" currencies. But since the object of the Fund is relative stability of exchange, there must be some measure of stability and that measure is again gold. Whether, with all its intricate devices, the Fund can operate successfully must depend, as its authors recognized, on the extent to which its members adopt commercial policies calculated to promote the interchange of goods and services. The proposals which are to be recommended by the United States and the United Kingdom to an international economic conference in the summer of this year are an attempt to provide the accepted prerequisite for the successful working of the Fund. Their object is to remove, or at least to lower, barriers of whatever nature to trade between nations. The United Kingdom has been committed opposite the United States since 1941, in the Atlantic Charter and the subsequent Mutual Aid Agreement, to "the expansion, by appropriate international and domestic measures, of production, employment and the exchange and consumption of goods . . . to the elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers".[†] The proposals now published implement that understanding and they reinforce it inasmuch as the United Kingdom has expressed its "full agreement on all important points in these proposals, accepts them as a basis for inter-

^{*} See *THE ROUND TABLE*, No. 137, December 1944, p. 15.

[†] Article 7 of the Mutual Aid Agreement, 1942.

national discussion and will, in common with the United States Government, use its best endeavours to bring such discussions to a successful conclusion, in the light of the views expressed by other countries".

THE COMMITMENT AND THE CHALLENGE

THESE trade proposals met a twofold criticism in Parliament and outside: by what may be called the Cinquevalli school of publicists, who see our best hope for the future in the opportunist exploitation of our purchasing power first in one market and then in another, and by those who claim that the Government has agreed to eliminate Imperial Preference without consulting the Empire and who view the whole proceedings with repugnance as an anachronistic survival of human sacrifice on the altar of the Dollar. It is as easy to underestimate our commitments in this document as it is to overstate them. We have agreed to work for the expansion of multilateral trade if others will do the same, to throw into the melting-pot our discriminatory practices if others will throw in theirs. We have agreed to treat any territory with a separate tariff as an independent unit for the purposes of this commercial code and to that extent we have divided the Empire into its constituent parts. We have agreed, with certain exceptions, to abolish the quantitative restriction of imports or exports; but we have retained the right to restrict imports quantitatively if that is necessary to restore equilibrium in our balance of payments. Turning to the other side of the medal, we have committed no self-governing part of the Commonwealth except the United Kingdom to anything whatever, and we have agreed to nothing that would limit the freedom of the United Kingdom to enter into a Customs Union with any territory in the Commonwealth or indeed with any other country whatever. Although we have undertaken at the coming conference to work for the acceptance of these joint proposals, we have not agreed to go farther in implementing them than the other nations of the world can be persuaded to go. It is well to remember that the most important of these nations is the United States.

The question will be asked, "Admitted that it is both an honourable commitment and a British interest, economic no less than political, to explore this path towards freer trade with energy and without reservations, what prospect is there that it will lead us to a tolerable future? We are laying on the nation for half a century a heavy burden of external payments. Can we hope to support it?" It is relevant in reply to observe first of all that what Parliament has ratified is an agreement between the United States and the United Kingdom. Congress has still to approve it, and when that hurdle is surmounted the fate of this agreement, like that of any other, will depend on the manner in which it is carried out by both the parties to it and not by one only, on the degree of loyalty shown on both sides of the Atlantic to the spirit in which it was concluded. The terms of the loan, the monetary statute and the trade proposals are not unreasonably rigid. They include the waiver of interest when transfer would be dangerous, the Bretton Woods escape clauses and many other opportunities for the joint consideration of what is necessary to meet other conditions, if they arise. The individuals who

negotiated the agreements would, if they were available, be unlikely to find any insuperable difficulty in arriving at agreed modifications, as needed, within the scope of the documents themselves. But when this is recognized and the duality of responsibility understood, it is clear that the power of the United States to wreck the agreement by its own action is almost unlimited and the power of the United Kingdom alone to make it work is non-existent.

This follows inevitably from the predominant place of the United States in world economy and from the uncertainty which must always surround the foreign, political and trade policies of a community governed under the political system of the American Constitution. It is obvious that the probable course of events in the first five years after a long and destructive world war must be obscure everywhere. But nowhere is the darkness more impenetrable even to the eye of the domestic prophet than in the United States. Will Congress ratify the Anglo-American agreement? Will the last two years of the Truman administration be wasted in futile conflict between a Democratic executive and a Republican Congress? Will the administration, or the public spirit of the American people, succeed in controlling inflation and forestalling the bitterness of a fight *à outrance* between capital and labour? Will the American delegates to the Trade Conference present practical proposals for lowering barriers and abandoning discrimination in foreign trade practices, remembering that no country has higher barriers to remove, or more numerous and varied methods of discrimination to abandon, than their own? If they do, and other nations follow them, will Congress sanction their work? These are only a few of the interlocked questions to which no confident answer can be given. But on the answers must depend whether the Anglo-American agreement, Bretton Woods and the Trade Organization have the chance to survive and flourish. It may be thought that to acknowledge a prospect so uncertain is a plain admission that those who have opposed "tying our economy to that of the United States" are right. These risks, however, are inherent in the world economic situation rather than in an agreement with the United States, and if the worst possibilities of things going wrong in America were realized, not even the wildest optimist could expect our economy to avoid the repercussions of that disaster through the mere fact of our having no agreement. The best contribution which this country can make to the cause of economic sanity is to collaborate with the administration and the informed public opinion of the United States when the opportunity is offered, as it is offered now.

No emphasis on the unique power of the United States to make or mar our agreement with them must be allowed to blind us to the obligations assumed by the Government and people of the United Kingdom through the approval of this agreement by Parliament. If the arrangements break down, if default comes, it must not be as a result of any neglect or lack of effort on our part. The task which this country must now shoulder is formidable alike in size and in urgency. Within five years we must attain equilibrium in our balance of payments. Within one year we must free the sterling exchange for all current transactions, which is only another way of saying that we must be prepared to pay for all our imports in dollars, drawing on

the American credit to the extent required. That condition of the agreement, introduced at the eleventh hour, is perhaps the only one of which it is possible to say that it is neither reasonable nor wise. It is unreasonable because it amends, to the detriment of the United Kingdom alone, a fundamental safeguard of the Bretton Woods statute. It is unwise because it is capable, if the luck is against us, of driving the United Kingdom into acute difficulties before the first interest date—a result which could only be unwelcome to the lender no less than to the borrower. But, the condition having been imposed and accepted, nothing remains but to accept also its implication, which is that time presses. We have not only to re-establish industry and rebuild our exports but to do it with an eye always on the clock.

No neutral observer from Ruritania would regard this sense of urgency in all we do as the most striking characteristic of our economic life to-day. He would collect much evidence of delay and frustration, of retarded demobilization, of interminable waiting for innumerable departments to sanctify with their permits and licences this or that project of private or even public enterprise. He would find working parties, strongly seasoned with dilettanti, let loose in many industries and every proposal for new capital or large-scale reconversion and extension held in suspense to await their reports. He would meet a spate of legislative measures, complex, obscure, controversial and profoundly disturbing in their impact on the functioning of the industries concerned—all directed to bringing this form of industrial activity or that under "public ownership", for no better reasons than that Karl Marx and the Fabian Society said before Ministers were born that it was the right thing to do and Mr. Herbert Morrison has since discovered those industries are inefficient. If our observer pursued his researches he would be astonished to find that these backward industries had played some small part in winning the war through the surprising range and variety, quality and quantity of their productions. If he visited the current exhibition of the Physical Society or perused its admirable booklet, he would realize that our scientists and inventors and engineers were both numerous and distinguished, and the discovery would help him to understand why the world was crying out for British goods. But reflection on his earlier experiences might well convince him that the demand which he had been led to believe it is important to maintain and expand would wither and decay unless British industry was freed from its shackles to carry out the contracts with which its order-books were already filled.

In fact, the first task of Government to-day in this country is to recognize and define the prudent limits of Government intervention in industrial life. Unless that decision is taken, the combination of party politics with the overloading of an already overburdened bureaucracy—incapable of rapid expansion at the only point where expansion is worth while, at the top—will throttle industrial progress and ensure our failure to meet the obligations we have undertaken to the United States and the world. That may well seem a difficult decision to men who, after a lifetime of devotion to a cause in which many of them sincerely believe, and after an election in which their views on industry have been advocated from the hustings, find themselves at last in a

position to obtain for their doctrine legislative sanction. But there can be no reasonable doubt that in accepting the American agreement, as they must be presumed to have accepted it, with the honourable intention of meeting its obligations, they signed away their power to give us Socialism in our time—not because the Americans willed it like that but because the two aims are irreconcilable. That fact may well have escaped many among the docile majority that trooped into the lobbies, under the Government whip, to vote for the loan. But we shall not begin to put ourselves right for restoring our economy and carrying out our undertakings until Ministers make it clear to their supporters and the country that first things must now come first, and that we are committed to a life of hard productive effort for all classes, not in an atmosphere of austerity, which by its senselessness defeats its own object, but in a spirit of national unity, which requires that our economic life should be freed from the domination of political theory. Without a rapid expansion of the national wealth, derived, as it can only be derived, from the unleashing of every creative force latent in the virility and experience of our people, the universal aspiration to achieve social security, shorter hours and higher standards of living will be remembered only as an *amabilis insania* of this generation.

FIVE SPEECHES ON WORLD GOVERNMENT

“THE most perfect settlement will not, in itself, ensure lasting peace. We can no more expect that all nations will respect or even understand one another’s views and rights unless compelled thereto, than we expect that all individuals will respect their neighbour’s rights and feelings, where there is no law and no policeman. It is not a simple question of might versus right. The practical issue is whether there is to be might behind right, or might behind wrong. Until we reach the stage when the constitution of a real government of the world has entered the sphere of practical politics, the only security for international peace and liberty will be the determination of the most civilized Powers to uphold the sanctity of international agreements and right, in the first place by all peaceful means, but in the last resort by the sword.”

These words were not written with any direct thought of the present situation, in which delegates assembled in London inaugurated an organ of collective security to keep the peace of the world after the conquest of Germany and Japan. They appeared in THE ROUND TABLE for June 1915* in the course of an article supporting the current of opinion that was to lead eventually to the foundation of the League of Nations. No change of word or emphasis, however, seems now to be required. After more than thirty years the words will stand both as a declaration of belief in the principles of the United Nations Charter, and as an indication of the reason why THE ROUND TABLE, while whole-heartedly supporting the present momentous enterprise, does not yet see in it the prospect of a final solution to the problem of world peace. The United Nations Organization, like the League of Nations before it, is a voluntary association of sovereign states; and THE ROUND TABLE has always argued that such an association, possessing no authoritative law which is binding on all its members, can be no more than a temporary expedient, which may provide and secure the conditions of further political progress “until we reach the stage when the constitution of a real government of the world has entered the sphere of practical politics”. Looking back in its hundredth number, published in September 1935, upon the work of “Twenty-five Years”, THE ROUND TABLE† expressed this guiding principle of its foreign policy by claiming that it had “never abandoned its view that the only final basis for freedom and enduring peace is the organic union of nations in a Commonwealth, embracing the whole world or, in the first instance, a lesser part of it”. The article ended: “The organic commonwealth of free peoples, as the only permanent foundation of liberty and peace, is still a vision, but it is a vision that has inspired twenty-five years of effort, and that will continue to inspire the renewal of that effort in the years to come.”

* See THE ROUND TABLE, No. 19, June 1915, p. 617.

† See THE ROUND TABLE, No. 100, September 1935, p. 653.

Although the founders of *THE ROUND TABLE* thirty-five years ago were well aware how distant was this vision and how great were the practical and sentimental obstacles to its achievement, the survivors and those who have since been associated with them believe themselves to perceive throughout that period an uninterrupted movement of public opinion in many parts of the Commonwealth and elsewhere towards the conception of world government that they have accepted as an ultimate ideal. They are bound to acknowledge that at times, particularly in the closing phases of the two world wars, there have been simultaneous intensifications of the passions of nationalism which constitute the principal adverse influence. Nevertheless the idea of an ultimate world commonwealth has in the course of these thirty-five years notably strengthened its hold upon the popular mind; as was perhaps indicated by the favourable reception in England in 1940 of Mr. Churchill's romantic gesture, offering common citizenship with the British Empire to defeated France. To those who share the ideal, and remember how on a smaller scale it was translated into reality, in the thirteen colonies of North America in 1787, what has hitherto seemed lacking has been a leadership comparable to that with which Washington and Hamilton mobilized public opinion in favour of the principle of union and gave it articulate expression in the federal Constitution of the United States. For many years it has seemed a remote possibility that any statesman of the first or even the second rank would risk alienating nationalist sentiment, presumed still to be by far the most powerful influence upon the mind of the people, by declaring himself in favour of any such surrender of sovereignty as world government postulates.

Within the last six months, however, this reluctance of the world's statesmen to take the long view, and look beyond all expedients of international organization to the fundamentally different conception of the organic union of peoples, has been notably modified. Appended to this article will be found extracts from five speeches made in the Parliaments of the Empire by leaders of the first authority, together with a few sentences in which agreement was expressed with them by private members of great experience. The speakers include, in the United Kingdom, the Labour Secretary of State for Foreign Affairs and his Conservative predecessor; in the Dominion of Canada, the Liberal Prime Minister and the Leader of the Opposition; and in the Union of South Africa the Deputy Prime Minister. It will be noted that the three last-named stand for those Dominions of the Empire which, having been in least danger of invasion during the late war, have shown themselves least ready to consider any closer articulation of government and policy within the limited society of the Commonwealth. All these five statesmen, however, whether in more or in less explicit language, have now expressed their adherence to the principle, of which *THE ROUND TABLE* has been so long the exponent, of organic union under world government as the only ultimate guarantee of peace. Since not all these important speeches are accessible in the press of every nation in the Commonwealth, it may be useful for readers of *THE ROUND TABLE* to have them simultaneously on record.

Let it be admitted that the vision is a vision still. The early debates of the United Nations do not suggest that national passions and jealousies have yet notably relaxed their grip upon the minds of men. All that can be said is that this aspiration towards a larger though remoter fellowship has grown up side by side with the longer-established sentiment. The two ideas are in conflict in the world, within nations, and in the hearts of individuals. It may yet take long before the conflict is resolved. The speeches here cited, however, are evidence that what was once the vision of enthusiasts, who were believed incapable of influencing practical affairs, is now shared by statesmen bearing the largest responsibilities in the world: by members of that small cadre of leadership where resides the power to mould the ultimate loyalties of their generation. What has contributed most notably to their conversion is evident, and by some is explicitly stated. In the age of the atomic bomb it is no longer possible to contemplate a long series of approximations to an ideal of world peace, proceeding by stages defined in the stress of successive world wars. Humanity has had the warning that opportunities for political experiment will not indefinitely recur. The United Nations Organization, taking charge of world order at a time when universal exhaustion affords in itself some promise of a period of comparative tranquillity, has the opportunity to deepen the tranquillity and so extend its period for long enough to prepare the next and decisive step forward to the establishment of a world society. What is quite certain is that this is the last such period that the world can expect to enjoy. If during its continuance mankind do not succeed in progressing to the finally stable form of political order, there will be no further opportunity; for

That two-handed engine at the door
Stands ready to smite once, and smite no more.

THE SPEECHES

I. SOUTH AFRICA

Speaking at Maritzburg on November 13, 1945, Mr. JAN HOFMEYR said:

"I have been speaking of South Africa's problems. For us of course they are difficult enough—they tend to fill our horizon—but don't let us forget the bigger issues at stake; don't let us be unmindful of the wider obligations that rest upon us all as citizens of the world.

"South Africa after all cannot be really prosperous unless world prosperity is restored. South Africa will be drawn helplessly to destruction, if civilization goes under, as well it may.

"I do not regard the world's immediate problems, political and economic, great though they are, as insoluble. We must not let ourselves be disheartened by the magnitude of those problems as they present themselves to us to-day. Let us not forget that we have just come to the end of the most convulsive war in human history—that time and patience are necessary for the disturbances it has set up to spend themselves.

"I am encouraged in that regard by my own observations of the improvement of the conditions in a country like Italy to-day in comparison with what I saw of it just over a year ago.

"Despite the failure of the Council of Foreign Ministers, I have little doubt that the present political tension will be resolved. I am sure also that, albeit painfully and at great cost of human life and suffering, Europe will win its way back to a state of economic well-being.

"But I do view with profound disquiet the long-range possibilities of disaster for humanity.

"The development of the atomic bomb carries with it as a consequence that a war in which it is used on both sides will send our civilization reeling into the night. It is therefore of the profoundest significance for us all that such a war should be prevented. The San Francisco Conference applied itself to the problem of world security. I fear that the development of the atomic bomb has rendered the work of that conference, successful though it was in relation to the circumstances then prevailing, now largely out of date.

"From the purely political point of view, I can see no way of saving humanity from destruction in the altered circumstances created by the atomic bomb, short of the creation of a form of world government, which will be more than a League of Sovereign States, but will be responsible to a truly international electorate. That means, of course, the substantial impairment of the concept of national sovereignty, and I need not tell you that so far even the atomic bomb has not availed to shake the nations into willingness to accept a solution of that kind.

"The only other method of approach is on the moral side. The truth of the matter is that man's scientific and technical progress has outstripped his moral and spiritual advance. Can he catch up on the moral plane—that is really the issue. 'War', Mr. Attlee said the other day, 'begins in the hearts of men.' How far and how fast can we bring about a change of heart? That is perhaps the most important question to be answered in the world to-day. For myself, I shall not attempt to answer it. All I know is that there is nothing that more urgently demands from us co-operative thinking. I hope that, despite all the other matters with which this Congress will be concerned, this question will not be entirely absent from your minds now and in the days to come."

II. GREAT BRITAIN

On November 22, MR. ANTHONY EDEN, addressing the House of Commons, said:

"Let me come to what seems to me to be the fundamentals of this problem. The truth is that by the discovery of this atomic energy science has placed us several laps ahead of every present phase of international political development, and unless we can catch up politically to the point we have reached in science, and thus command the power which at present threatens us, we are all going to be blown to smithereens. I think that Mr. Byrnes, the United States Secretary of State, put it quite well at Charleston when he said the civilized world cannot survive an atomic war, and I agree entirely with the Prime Minister that no set of rules will enable us to survive a future war when this weapon is latent for use. I agree, too, that no safeguards by themselves will provide an effective guarantee. They have to be accompanied by the acceptance of the rule of law amongst the nations. It is something more than 100 years ago that Castlereagh first conceived the idea of making progress in diplomacy by contact. He was on the right lines,

but he failed. After the last war the nations tried again, by the League, to make another effort more in conformity with the developments that had taken place in the intervening period, and they failed, and during this war we at San Francisco tried again, and have sought to lay the foundations of a new world order.

"The truth is that all the inventions of recent years have tended the same way, to narrow the world, to bring us closer together and, therefore, to intensify the shock and sharpen the reactions before the shock absorbers are ready. Every succeeding scientific discovery makes greater nonsense of old-time conceptions of sovereignty, and yet it is not the least use our deluding ourselves, any more than Mr. Byrnes did in his Charleston speech. It is yet true that national sentiment is still as strong as ever, and here and there it is strengthened by this further complication, the different conceptions of forms of government and different conceptions of what words mean, words like 'freedom' and 'democracy'. So, despite some stirrings, the world has not, so far, been ready to abandon, or even really to modify, its old conceptions of sovereignty. But there have been some stirrings. There was the Briand plan after the last war for the Federation of Europe, which my right hon. Friend revived in another form in what he said in Brussels the other day, about the new unity of the European family. In the darkest hour of 1940, there was the offer made to France by my right hon. Friend the Member for Woodford (Mr. Churchill), on behalf of the Coalition Government, and there were the various suggestions made between the United States and ourselves. Now atomic energy has come to enforce the call for something more, because the world family is smaller to-day than was the European family at the end of the last war. I have thought much on this question of atomic energy both before and since that bomb burst on Nagasaki, and for the life of me I have been unable to see, and am still unable to see, any final solution which will make the world safe for atomic power, save that we all abate our present ideas of sovereignty.

"We have got somehow to take the sting out of nationalism. We cannot hope to do so at once, but we ought to start working for it now, and that, I submit, should be the first duty of the United Nations. We should make up our minds where we want to go. In this respect I know where I want to go. I want to get a world in which the relations between the nations can be transformed in a given period of time—we cannot do it in a short period—as the relations between this country and Scotland and Wales have been transformed."

On November 23, MR. BEVIN said:

"... I agree with the right hon. Gentleman that the coming of the atomic bomb and other devastating instruments has caused offensive action to jump ahead both of defence and of the machinery of diplomacy, and the instruments capable of settling world affairs. He had a remedy with which I heartily agree. The right hon. Gentleman called it the surrender of sovereignty. I do not want to use that word.

"MR. EDEN (Warwick and Leamington) indicated dissent.

"MR. BEVIN. I beg the pardon of the right hon. Gentleman. I do not want to attribute a word to him wrongly. If I have misunderstood it is because it is often suggested by people, when they talk about sovereignty, that what you are asked to do is to surrender your sovereignty. I want to develop my argument that that is not what you do. If I attributed to the right hon. Gentleman what I ought to have attributed to someone else, I am sorry. He said there must be established a rule of law, but law must derive its power and observance from a definite source, and in studying this problem I am driven to ask: Will law be observed, if it is arrived at only by treaty and promises and decisions by governments as at present

arranged? In all the years this has broken down so often. I trust it will not break down again but, if it is not to break down again, I think it must lead us still further on. In other words, will the people feel that the law is their law if it is derived and enforced by the adoption of past methods, whether League of Nations, concert of Europe, or anything of that kind? The illustration was drawn of the constitution of the United Kingdom, which took many years to establish. Where does the power to make law actually rest? It is not even in this House, it is certainly not in the Executive, it is in the votes of the people. They are sovereign authority.

"It may be interesting to call attention to the development of the United States of America. Originally, when the States came together, they met as States with separate governments, but they soon discovered that they had little or no power to enforce their decisions, and it is the enforcement of the decision, the sanction, that is the real difficulty in world law or any law. They then decided, for the purpose of conducting foreign affairs, taxation, defence and the regulation of commerce, that they would create a federal body and in that body there would be direct representation of the people, not through the thirteen states, but direct from the people to the federal Parliament of the country. So, from the outset, the United States drew its power to make laws directly from the people. That is the growth of the United States to the great State which it is to-day.

"MR. PICKTHORN (Cambridge University): It brought about the Civil War.

"MR. BEVIN: It may have done. We have had any amount of civil wars. I do not know what the last two wars have been. I doubt very much whether the last war has been an international war at all. It was really a tremendous conflict of ideas. After all, in many ways the world is no greater to-day than the United States was then. To take another example. The right hon. Gentleman played a part in South Africa. There you had racial differences—The old Cape Colony, Natal, Transvaal and the Orange Free State. In the end, to get peace and development there had to be a federal Parliament, and it had to rest on the votes of the people direct to that Parliament.

"MR. PICKTHORN: White and black?

"MR. BEVIN: Not yet, but if you had been as intelligent as we in the years when you were in office, you would have done that. At any rate, liberal-minded persons like Campbell-Bannerman and Selborne developed the idea. I am not saying who should vote or what should vote. I am speaking of principles. I do not think the interruptions of the hon. Gentleman make any difference at all. We have benefited, at any rate, as an Empire from that decision on two great occasions, because that great country had the foresight to build on the votes of the people. It was the same in Australia, which did not just bring the State Governments together but built up the Federal Parliament on the same lines. I used to argue this thing out with the late Lord Lothian and other people for many years, and I am glad to have the opportunity of putting a personal view—not a Cabinet view—because the right hon. Gentleman the Member for Warwick and Leamington raised it yesterday. I think it right to let the country see exactly where the surrender of sovereignty leads us. The fact is, no one ever surrenders sovereignty; they merge it into a greater sovereignty.

"MR. CHURCHILL: A portion.

"MR. BEVIN: A portion for specific limited purposes. I think if you try to take on too big a thing, like all the things you are building up under the United Nations now, such as education and all the rest of it, your organization may break down. It can only deal with the specific objective that the people feel is necessary for their security.

"MR. EDEN: Might I interrupt the right hon. Gentleman, because he keeps saying that I referred to the surrender of sovereignty, and I never said anything like that. The point I was trying to make, which I think he is trying to make, is that these modern developments make nonsense of certain old-fashioned conceptions of sovereignty.

"MR. BEVIN: Well, I am trying to put a new one anyway.

"I am asked to restudy San Francisco; I have not only restudied it but, when it was being developed, as the right hon. Gentleman knows, I was gravely concerned, with him, as to whether we were really finding the right solution. There was no conflict between us. We were all trying to do our best, and what worried me, and the right hon. Gentleman and others on the Committee of the then Cabinet, going through all these meticulous documents, was whether again the people would be disappointed. That was his worry, I know, as it was ours. Now that is added to, and accentuated by the coming of the atomic bomb and many other devastating weapons. In 1940 the right hon. Gentleman the Member for Woodford offered France joint citizenship—

"MR. CHURCHILL: We were all in it.

"MR. BEVIN: Yes, that is quite right. Often after that I tried to study how we could have given effect to it, and it seemed to me that joint citizenship involved joint parliament and joint responsibility. It involved an acceptance of this for certain limited purposes in order to derive the powers of law. Therefore, when we turn from all the things you have built up—the League of Nations or your constitution—I feel we are driven relentlessly along this road: we need a new study for the purpose of creating a world assembly elected directly from the people of the world, as a whole, to whom the governments who form the United Nations are responsible and who, in fact, make the world law which they, the people, will then accept and be morally bound and willing to carry out. For it will be from their votes that the power will have been derived, and it will be for their direct representatives to carry it out. You may invent all sorts of devices to decide who is the aggressor but, after all the thought you can give to it, the only repository of faith I have been able to find to determine that is the common people. . . .

"The common man, I think, is the great protection against war. The supreme act of government is the horrible duty of deciding matters which affect the life or death of the people. That power rests in this House as far as this country is concerned. I would merge that power into a greater power of a directly elected world assembly in order that the great repositories of destruction and science, on the one hand, may be their property, against the misuse of which it is their duty to protect us and, on the other hand, that they may determine in the ordinary sense whether a country is acting as an aggressor or not.

"I am willing to sit with anybody, of any party, of any nation, to try to devise a franchise or a constitution—just as other great countries have done—for a world assembly, as the right hon. Gentleman said, with a limited objective—the objective of peace. Once we can get to that stage I believe we shall have taken a great progressive step. In the meantime, there must be no weakening of the institution which my right hon. Friends built in San Francisco. It must be the prelude to a completion or a development of it, so that the benefit of the experience and administration derived in that institution may be carried to its final end. From the moment you accept that, one phrase goes, and that is 'international law'. That phrase presupposes conflict between nations. It would be replaced by 'world law' with a moral world force behind it, rather than a law built upon case-made

law and on agreements. It would be a world law with a world judiciary to interpret it, with a world police to enforce it, with the decision of the people with their own votes resting in their own hands, irrespective of race or creed, as the great world sovereign elected authority which would hold in its care the destinies of the people of the world.

"SIR ARTHUR SALTER (Oxford University): This House and the world will realize that far and away the most important feature of this debate has been what the Foreign Secretary has just said and what his predecessor said yesterday about the merging of national sovereignty. I profoundly and passionately agree with what they said."

On November 27, LORD SAMUEL said in the House of Lords:

"We have recently read most remarkable speeches by the present and previous Foreign Secretaries, Mr. Bevin and Mr. Eden, advocating that national sovereignty should no longer be absolute and unconditional, responsible to no one. That is a most remarkable development in international policy which, I feel, should be widely welcomed, although I must at once express my agreement with the view put forward by [Lord Cranborne]—namely, that the federal solution of the election of a universal or a European assembly by a direct vote of all the peoples, while leaving in being all the present Parliaments, would create a situation which would not be likely to conduce to the smooth government of Europe or of the world."

III. CANADA

On December 17, Mr. W. L. MACKENZIE-KING (Prime Minister of Canada) said:

"As political problems affecting the relations of governments, the solution of the problems presented by atomic energy must be sought in the realm of world politics. The more deeply one ponders the problems with which our world is confronted in the light—'the terrible light', as Mr. Attlee said—of the implications of the development of atomic energy, the harder it is to see a solution in anything short of some surrender of national sovereignty. With a limited surrender of national sovereignty, there must be instituted some form of world government restricted, at least at the outset, to matters pertaining to the prevention of war, and the maintenance of international security.

"The United Nations Organization is not a sufficient answer to the problems of peace and security which the world is now seeking. It is a first step, and an all-important step, in the direction of that co-operation between nations which is essential to the survival of civilization. It is not, however, the only, much less the final step. The United Nations Organization is an indispensable medium and channel and forum through which the peoples of the world can work out new institutions and arrangements which their peace and security now require.

"We do well to recall that the United Nations Charter had been signed before the world knew of the existence of the atomic bomb, much less anything about its ghastly military potentialities for mass destruction. The coming of the atomic bomb has opened our eyes to the appalling possibilities which will face the world if the United Nations should fail to achieve effective international cooperation. It is to be hoped that such a prospect may be sufficient to cause every country, in the interests of its own citizens, to recognize that 'over all nations is humanity'. It is devoutly to be hoped that the nations will not delay too long in welcoming, albeit in the form of some self-denying ordinance upon individual national sovereignties,

a measure of world sovereignty sufficiently effective to maintain international security and to end all possibility of war.

"If we are agreed on the ultimate necessity of some measure of world government to maintain world security, we should, by every means in our power, support and strengthen every agency of international cooperation and understanding which can help to make the world community a reality. The peoples of all nations must address themselves to the task of helping to devise and shape institutions and relationships which will enable mankind to ensure, if not its salvation, at least its survival. We must work with all our might for a world order under the rule of law. This seems to be our only hope. Humanity is one. We must act in the belief that no nation and no individual liveth to himself alone, and that all are members one of another.

"MR. JOHN BRACKEN (Leader of the Opposition): The United Nations Charter was founded on an agreement of the Big Three. That charter has been elaborated on the foundation of certain basic understandings. But the discovery of how to release atomic energy has shattered our faith in that foundation as it is now laid. The most vital problem, therefore, faces us still. Can the world, organized as it is to-day or as it may be organized in the future, so conduct itself as to save itself from destruction? Are man's own inventions to be the cause of his own destruction? Is the world to remain in an age of unreason; or is man, with his new gadgets, to revert to times we thought were passed—times without the controls civilization could provide?

"I am not one who feels that we must close this debate on a note of pessimism. I feel that many discussions outside this house have been characterized by too much alarm and despair and by too little hope and optimism. If man is to be destroyed by his own inventions, why weep about it beforehand? Rather, knowing the danger, let us set about with determination to avoid that end. Let us set out to find and to provide the most practical political solution that the collective mind of man is capable of making.

"Some say: Let the problem be entrusted to the security council of the United Nations Organization. That would mean entrusting it to eleven sovereign states, leaving some forty others out of consideration. Let us not forget that warfare has experienced a great transformation in recent years. In the first great war, a country like Belgium could defend itself for weeks or months—this time, only for a matter of days. In future, days will not be allowed us to get ready—only hours, perhaps only minutes, possibly not even that. It is possible that non-aggressors will be less helpless than they have been in the recent past. Aggressors will at least know that if they make war there is every risk that an instrument is in being that may abolish their largest cities in a matter of seconds. That will surely be a restraining influence upon aggressors.

"The choice for us seems to be between an association of Powers in which it becomes the necessity of nearly all to prevent any one from dominating the scene—either that or a renunciation of some part of our sovereignty, some abridgement of our national sovereignty. If the latter is to be the solution, it ushers in the beginnings of a world state.

"The nations of to-day were not built in a day. The national state as we know it has been a thousand years and more in the building. And a new international order will not be built in a day. But it can be started in a day—in fact, it has already been started; and while it is in the building, we must move with caution and with awareness. We are fortunate in being a member of the British Commonwealth of Nations and in being a neighbour of the United States. We all rejoice that the

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agreement before us to-day is one made between Britain, the United States and Canada. Thus we in Canada must all feel, as a member of this triumvirate, that while we are in good company we share a terrible responsibility.

"What does it all add up to? If my sixty years tell me anything, they tell me that humanity will neither be satisfied nor safe till there is world security against aggressors. Any realist must know that this security will come in one or other of two ways—the way of war, followed by slavery to a dominating state, or the way of understanding, followed by a cooperative world; by force of arms that will result in a world state, in which one part will be dominant, or by force of reason in which nations will live together, each contributing its proper share of the price of discipline, and each bearing the fruits of the consequent peace and progress of mankind.

"Our path as Canadians is clear. Collective security for humanity is possible only in international collective agreement. We must pay the price of international collective agreement. That price is the sacrifice of some degree of national sovereignty. That price the nations will only grudgingly and slowly be willing to pay; but that price we have already commenced to pay. A world state we now living may never see, but the various peace pacts of the past, the International Labour Organization, the United Nations Organization, the food and agriculture organization, the Bretton Woods agreement, the proposed international trade conference—all these are steps toward international security. All these give up something, even though it be little, of national sovereignty. What we are enduring to-day is the labour pains of better world understanding, the beginnings of a world of peace and of potential progress such as man has never before witnessed.

"We have two things to do, both of which require conscious effort and a degree of international tolerance and understanding never before demonstrated in the world. We must determine to have international peace, and we must determine to be relieved of the shackles that have tied us to war and hunger and disease in the past. We must go forward in faith, conscious that, while we may not reach the goal in our day, we are going at least in the right direction and knowing that we are doing our part in bringing the world nearer to the time when peace and prosperity rather than war will be the inheritance of mankind."

"MR. ANGUS MACINNIS (Vancouver East): Mr. Speaker, I regret that owing to a slight indisposition the leader of this group [C.C.F.] is not here this morning, and I regret it particularly because I know that he had prepared something on this subject.

"The leader of the opposition (Mr. Bracken) says we have come to the stage in world affairs where co-operation is not only necessary but imperative. Indeed, in my humble opinion the atomic bomb has brought us to the stage where world government at the international level is not only a desirable thing, but a necessity. The choice before us is either world government or world destruction."

THE TRUSTEESHIP SYSTEM

DEPENDENCIES IN THE NEW WORLD ORDER

IN December 1944 THE ROUND TABLE,* in an article entitled "The International Interest in Colonies", traced the history of the movement for the introduction of some form of international control over the administration of all colonial dependencies. At the time, the importance of that topic lay in the probability that this aspect of the colonial question might form one of the issues in the discussions on a post-war settlement. The decease of the League of Nations would make it necessary to provide for the future of the territories held under Mandate. The future of the Italian dependencies presented a problem in which a wide range of national interests were closely concerned. But all the previous history of the subject indicated that discussion would not be limited to these immediate issues. As had been shown, the movement for introducing some form of international control over all colonial dependencies had come, at different times, under a variety of influences, but the force behind it appeared strong enough to ensure that it would find expression when the United Nations came to frame a scheme of post-war order.

Subsequent events have fully justified this expectation. The colonial question was not discussed at the Dumbarton Oaks Conference. But it clearly received some consideration at the Yalta meeting in February 1945, for Mr. Stettinius could speak in the following April of the scheme of trusteeship as being generally in accord with the Crimea agreements. It was left, however, to the San Francisco Conference to deal comprehensively with the range of problems involved, and they proved to be one of the most controversial of the matters on its agenda. It is probable that, as on all such occasions, the more contentious issues were solved behind the scenes; indeed, one American journalist went so far as to describe this part of the proceedings as "a gigantic game of euchre". On the other hand, the British representative, Lord Cranborne, welcomed the decisions of the Conference in the matter of trusteeship as its most remarkable achievement.

A brief sketch of the history of the question from the point at which it was left in the article of December 1944 may help to throw some light on the influences under which the Conference arrived at its decisions. A speech made by Colonel Stanley, then Colonial Secretary, in the course of a visit to New York in January 1945, seems to have been designed to test the strength of American opinion on the maintenance of the system of Mandates. His references to it were at once attacked by a number of American publicists, as indicating a desire on the part of the United Kingdom to divest itself of international supervision over its mandated territories. It was generally believed in America that Mr. Cordell Hull, and possibly Mr. Roosevelt himself, had been in favour of extending the mandatory system to all colonial

* See THE ROUND TABLE, No. 137, December 1944, p. 24.

dependencies. Whatever the truth of this, it was a view which both then and subsequently was strongly advocated by Mr. Sumner Welles, a former member of Mr. Roosevelt's administration. But other currents of opinion were beginning to make themselves felt in the States. Mr. Walter Lippmann, for instance, was warning the public that the complexities of the Colonial question could not be solved by easy generalizations or "grandiose ambiguities such as those of the Atlantic Charter". Moreover, did the States intend to accept international supervision in Puerto Rico or Hawaii, which if not technically colonies must at all events be classed as dependencies?

But a more dynamic issue was created by the now growing feeling in the United States that it must, for security reasons, acquire undivided control over certain of the Pacific Islands, including those for which Japan had held a Mandate. The meeting of the Naval Committee of the House early in 1945 left no doubt as to the strength of the views held by the American Navy on the subject. "Condominium", as one of the advocates of annexation asserted, "can only mean pandemonium." And this view had the open support of names which carried much weight with the American public, such as those of Admiral King and Admiral Nimitz.

In other quarters also there were signs of increasing concern in some of the specific problems that were now emerging. Early in 1945 Mr. Eden repeated the statement, first made as far back as 1941, that Italy had no right to the return of any of her colonies. The Atlantic Charter seemed to estop their annexation by other Powers, but France and Egypt were manifesting a desire to include some portions of these territories within their frontiers; and if the friends of Ethiopia were to be believed, she was asserting a claim to Eritrea. But it was becoming apparent that the future of Italy's North African territories presented a more far-reaching and more contentious problem, since it arose in the field of security. The Italian press asserted that there existed an agreement between Britain and the United States that they should take possession of the North African colonies, with the definite purpose of denying the Soviet any share in their control. Whatever the facts, this suggestion may perhaps afford some clue to the part subsequently played by the Soviet delegates at San Francisco. The diversionary attack has long been a tradition of Russian policy, and it is noteworthy that about this time the leading Soviet papers should have opened a campaign against the colonial system of Britain and the expansionist ambitions of American capitalism.

DISCUSSIONS AT SAN FRANCISCO

It was clear then that the discussions at San Francisco on what may be described generally as the colonial question would not be regulated merely by conceptions as to the present or future status of the non-self-governing peoples. There were issues which were closely linked with those which would have to be considered in relation to the functions of the Security Council. It may be said in advance that the proposal to place all Colonies under the direct administration of an international body, to which reference was made in the article of December 1944, seems to have received at San Francisco only the unimportant advocacy of Egypt and the Arabian group.

Nor is it easy to determine, from such material as the press reports supply, how far there was any effective demand in the Conference for the extension of the mandatory system to all Colonies. This was indeed advocated by Dr. Evatt, on behalf of Australia, and supported by the Soviet and Chinese delegates. But it does not seem to have formed part of the case of the United States, possibly for the reasons already indicated, and was strongly opposed elsewhere. France in particular argued forcibly against sharing her sovereignty with an international body.

In the result, the Conference decided to draw a clear line between the non-self-governing territories held by Colonial Powers and those areas which might be brought under a Trusteeship System, namely, the existing mandated territories, the territories which may be "detached from enemy states" as the result of the Second World War, and those which might be voluntarily placed under the System by the States responsible for them.

In regard to the Colonies, the Conference confined itself to framing what may justly be described as a Colonial Charter, defining the objectives which must determine the policy of the Colonial Powers. Its main heads were as follows. The interests of the inhabitants of the territories must be regarded as paramount. The Colonial Powers will be under an obligation to promote the political, economic and social advancement of the Colonies, with due respect for the culture of their peoples. They are, again, committed to develop self-government, and to assist the progressive development of free political institutions, according to the particular circumstances of each territory and its peoples and their varying stages of advancement. But it was not proposed that the International Organization should exercise direct supervision over the manner in which Colonial Powers discharge these obligations. They were to transmit to the Organization statistical and other technical information regarding conditions in their colonies, but this was explicitly stated to be for information only.

The objectives thus defined may perhaps be felt merely to reflect the spirit underlying the policies of the more enlightened Colonial Powers, but their definite prescription in the form of a Charter is none the less valuable. On one point only does there seem to have been any conflict regarding the terms in which the Charter should run. Americans, for whom the word "independence" is by tradition sacrosanct, have always looked with suspicion on the British preference for the term "self-government". In their insistence on the use of the term "independence" they were supported by the Soviet delegate, and it required the good offices of the Chinese delegate to secure assent to the compromise formula actually adopted in the Charter. It is certainly better adapted to the developments in colonial relations which are envisaged both in British and French policy.

The issues involved by the Trusteeship System proved to be more debatable. There were three major problems. First, should the Trust territories be directly administered by a Trusteeship Council, or should individual Powers be recognized as Administering Authorities, under the supervision of the Council? On this point the Soviet delegation seems to have taken a somewhat unexpected line, which was doubtless determined by the fact that

the Trust territories are to include the ex-Italian possessions as well as the existing Mandates. At a later date Mr. Molotov frankly admitted that the Soviet had an interest in the disposal of the North African territories, and he clearly did not favour the prospect of sharing in a collective trusteeship. The world, he said, had no experience of the successful working of any such system. Then, secondly, were the existing mandated territories to come automatically under Trusteeship, or would the Mandatory Powers have any option either in this matter or in regard to the terms of their Trusts? Thirdly, if the Trusteeship Council was not to take over the direct administration of the Trust territories, what should be the extent of its supervision over an Administering Authority? Dr. Evatt would appear to have desired to give it powers which would extend to its taking control over any area which it considered to be badly administered.

BASIC OBJECTIVES OF THE TRUSTEESHIP SYSTEM

THE Conference began by defining the basic objectives of the Trusteeship System. In the form finally adopted they do not differ materially from those already described as embodied in the Colonial Charter, though it is noteworthy that the political objective is in this case defined as self-government or independence. But they contain one significant addition. The prescription in the A and B class Mandates of the principle of equality of economic opportunity, or briefly the Open Door, had always been regarded by advocates of the mandatory system as one of the strongest arguments in its favour; there were, on the other hand, many in this country who regarded the existence of this provision as one of the main grounds for seeking the removal of the mandatory régime. The Conference decided to apply the principle to the Trust territories, but added the condition that this must be without prejudice to the basic objectives above described. It has been held in some quarters that this reservation may permit of a departure from the régime of the "Open Door" in the Trust territories, but the point is open to doubt.

The Conference next proceeded to provide that the inclusion of any territory in the Trusteeship System should be effected through agreements made by the States directly concerned, including a Mandatory Power. Such agreements might designate the whole or part of a territory as a strategic area; and they would designate also the Administering Authority, which might be one or more States, or the Organization itself. In the case of strategic areas the agreements would be approved by the Security Council, but otherwise by the General Assembly.

These provisions doubtless had the merit of avoiding decisions which the Conference did not feel itself competent to face; but they left open a wide field of contentious issues. There was for instance no indication of the identity of the States directly concerned in making the agreements. At the instance of the Soviet delegate, the Conference added a provision that there should be no delay in formulating and negotiating the agreements, but it supplied no means of resolving the situation which would arise if the States directly concerned were unable to agree on their terms. These considerations are the more important when it is realized that the designation of areas as strategic

is a point of cardinal interest in respect of some of the former Italian territories and Japanese mandates.

There remained a final point for debate—the composition and powers of the Trusteeship Council. Here it is clear that the intrusion of issues arising in the field of what is familiarly known as power politics has resulted in giving the Council a composition different from that which it might have taken had the Trust territories been limited to those held under Mandate. The Council is not to be an expert body, the members of which will, like those of the Permanent Mandates Commission, be nominated on their personal qualifications, rather than as representatives of national interests. The members of the Council are to be the following nations. First, those administering Trust territories; secondly, those nations which are permanent members of the Security Council, but do not administer such territories; and thirdly, such number of other nations, to be elected by the General Assembly, as will provide that the total number of nations on the Council shall be equally divided between those who administer Trusts and those who do not. Each member nation will have one representative.

POWERS OF THE TRUSTEESHIP COUNCIL

In defining the powers of the Council the Conference adhered more closely to the model of the mandatory system. Where it is not itself the Administering Authority, the Council is to have no executive powers; its function is to advise the General Assembly on reports received from the Administrations or on information supplied by them in response to its demands. But there was clearly much debate before this position was accepted. The Australian, Soviet and Chinese delegates held that the Council should have power to issue and enforce orders. From other delegations there was pressure for the grant of the power of inspection, a power the lack of which had (as the article of December 1944 showed) been held in some circles to have prejudiced the effective working of the Permanent Mandates Commission. This demand, strongly sponsored by the United States, was apparently opposed by most of the Colonial Powers; but in the result the Conference agreed that the Council might provide for periodic visits of inspection, though these were to be made at times agreed upon with the Administering Authority. Even so, this power, exercised by a body with the composition of the Trusteeship Council, may well involve difficulties for the Administrations concerned.

On some of the major issues, therefore, the Conference, where it actually committed itself to decisions, acted in a spirit of compromise. The Colonial Powers could view with some satisfaction the decision on what has since been characterized in the United States as a "hands off" policy in regard to the Colonies. But it remains to be seen how far this decision will affect the attitude of the International Organization in this respect, for the activity of its Economic and Social Council will provide occasion for the display of what may be a critical interest in the course of colonial administration, even though the Charter may not have provided for direct intervention. The decisions in regard to trusteeship were in one sense of less significance to the United

Kingdom, since they affected territories which, in point of population, constituted only about one-tenth of those included in the British Colonial system.

Moreover, at the stage at which the Conference left the scheme of Trusteeship it really existed in little more than outline. It fell to the Preparatory Commission in October 1945, and the General Assembly in the following January, to endeavour to fill in some gaps in the scheme. For the most part the Commission was concerned with questions of procedure, but at an early stage it had to face what proved to be a critical issue. The United Nations would look to the Trusteeship Council to advise on the agreements made by Mandatory and other Powers; but the Council could not be constituted till the agreements had been concluded, for they would indicate which nations should be members by virtue of their holding Trust territories. The Commission considered a proposal to establish a temporary Trusteeship Committee, but this was opposed by the Soviet delegate, partly perhaps with a view to forcing the Mandatory Powers to declare whether they intended to bring their mandated territories under Trust. Faced by an apparent impasse, the Commission accepted a compromise motion by the Yugoslav delegate which appealed to the Powers to make an early declaration on the subject.

In the Assembly, Mr. Bevin made the necessary declaration in regard to Mandates held by Britain, at the same time making it clear that her agreement would depend on her being recognized as the Administering Authority for them. Palestine was excluded from this undertaking, in view of the appointment of the Anglo-American Commission; and he announced that it was intended to give Trans-Jordan an independent status. Australia, Belgium and New Zealand also announced that they were ready to negotiate agreements regarding their Mandates. A statement made by M. Bidault on behalf of France was more reserved. Togo and the Cameroons would shortly be electing local representative assemblies and these, he said, must be consulted before any agreement on the subject could be considered. But France seems to have realized that this placed her in an invidious position, and M. Ponsot at a later date declared that she was prepared to carry out her colonial mission in these areas under a trusteeship régime, and would negotiate the agreements. South Africa, on the other hand, showed that she adhered to the desire, more than once indicated in the past, to integrate her mandated territory in the Union. South West Africa was, her delegate claimed, already self-governing; its legislature had asked for incorporation in the Union; and no step would be taken till the European and native population had been consulted.

The last months have, therefore, seen some progress in giving a more substantial form to the Trusteeship System. But much remains to be done before it can begin to function. The identity of the States concerned in the agreements is still in doubt. Though some draft agreements are known to be prepared, they still have to be negotiated. And the whole of the explosive problems relating to the future of the ex-Italian territories and the Japanese Mandates still await solution. It may well happen that this solution may have to be sought at a higher level than the General Assembly of the United Nations or even the Security Council.

EAST MEETS WEST IN CHINA

NEED FOR A SYNTHESIS OF PRINCIPLES

THE announcement of the cessation of hostilities in China on January 11 has been warmly welcomed throughout the entire world; but it must not be forgotten that, although the cease-fire order has been issued, very few, if any, of the outstanding differences between the Kuomintang and the Communists have really been settled. In fact, an immediate settlement of this sort would not be possible even if desirable.

It is easy to talk of a country's "becoming a democracy", but democracy does not appear out of a hat; it is an ideal towards which nations progress. Even the Federation of Chinese Democratic Parties failed to realize this fully when they published their manifesto in 1944. They said:

"The need for China to become a democracy has passed beyond the stage of theory; it is a fact. The formation of a democratic system can no longer be delayed. If democracy is not realized during the war, then what we shall obtain after the war will not be democracy but the division and ruin of the country and suffering ten or a hundred times that of to-day."

This limited conception of democracy is widespread and very dangerous. The fact is that behind all the purely political struggles in China there is a far deeper social struggle in progress.

It would be well in the first instance to see this struggle as intelligent Chinese themselves see it. For them the contact of China with the West in the modern period began with the arrival of Matteo Ricci at the Court of Peking in the year 1600. He found China in a mood of self-esteem and self-content. Thereafter, for over 200 years Sino-foreign relations were more or less smooth and the Chinese people continued to think that they were Heaven's chosen, the only civilized nation in the whole world, surrounded by barbarians on the four borders. As to these "ocean people", they were clever in a way. They knew how to make better maps, more accurate calendars and powerful guns. But what were these compared to China's ancient culture and the teachings of her sages? Then came the Opium War of 1842. China was defeated. A humiliating treaty was signed. But that was not all. For 100 years humiliating experiences came one after another. China was going through a life crisis and she was weakened. She woke up to realize herself in bondage. She was under the yoke of the Manchus. She was under the oppression of foreign Powers. She was getting more and more degraded in position in the family of nations. What could she do? She had to admit to herself that she was weak and backward. She had to liberate herself from these bondages. She had to be free. Although the word "freedom" is an imported term and is not much upon Chinese lips, the consciousness is there. China wants to be free and must struggle for freedom. She wants to be herself, to be what she ought to be. Her citizen claims to be a man, and claims to have the freedom that becomes a man. This consciousness is

important because it is the set will of a people who consist of almost a quarter of the world's population. It is important because spiritually it means that the Chinese nation has come to herself and has become fully alive. Such is a rough statement of the views of enlightened China towards both herself and the present situation.

This statement is of additional significance when we realize that China is also the territory in which the differences of East and West must be settled; and most of the superficial feuds of which we read are actually symptoms of this enormous clash. In fact, the future of world peace can never be assured until in China East and West have formed both a spiritual and a political synthesis. Professor A. G. Bowman, Head of the Department of Philosophy at Princeton University and later of Edinburgh University, once gave a keen analysis in a lecture on the basic differences between Eastern and Western philosophy. He used, for the purpose of his argument, two fundamentals of Christian philosophy: first, the value of personality and, secondly, the spirit of love characterized by non-resistance, turning the other cheek, peace-making and so on. The West has accepted the first principle of the value and dignity of individual personality and has measurably embodied this in its various national institutions. The freeing of slaves, the status of womanhood, democratic institutions, the rights of individuals before the law, universal education, equality of opportunity, are all results of following this basic principle. But the West never gave up the Roman veneration of might. In shaping its institutions the West largely rejected love as a guiding principle. On the other hand, the East easily accepted the principle of love, for it is kindred to all oriental philosophies, but rejected the principle of the value of personality. Buddhism in China and the tradition of the family as a social unit are both examples of this.

While we in the West are attempting to set up the rules and organization of a united world there is a tendency to think, because communications between East and West have, in the last few years, been facilitated as far as time is concerned, that Chungking is merely a suburb of London or New York. In fact, there has been little or no shortening of the vast distances between Eastern and Western thought; and, while there are encouraging signs that the conflict of East and West centred in China is approaching an era of truce and co-operation, it would be fatal to forget the serious threat to world peace which will continue to exist until a true synthesis has been achieved.

The union of East and West is not, however, a simple matter of reconciliation between two clear-cut ideologies, for the West does not present itself as a single unit but includes within its framework widely differing philosophies. China believes that in the West are qualities which make for social and economic strength, but is faced with a choice between American economic might on the one hand and Russian social economy on the other. The Chinese Communists, while differing from the Russians in many practical aspects, still appreciate the common bond between Chinese tradition and Marxism in the philosophical field. The Kuomintang, on the other hand, with its history in the field of foreign relations, has never felt itself the object

of altruistic benevolence on the part of foreign Powers with whom it has had to deal; and its more liberal statesmen still approach the field of Sino-Soviet relations with a marked attitude of reserve. Russia's strict adherence to neutrality in the present Kuomintang-Communist issue is not entirely without purpose. Small-scale intervention on her part might well disillusion the large number of Liberals in the Central Government who might otherwise be inclined to favour the Communists. At the same time, large-scale intervention would almost certainly involve Russia in a serious clash with American interests. Thus it can be argued that issues in China are not of a private and family nature, as some would have us believe, but are the affairs of the whole world.

If we are prepared to exert every effort in the cause of peace and for the prevention of a third World War, we automatically commit ourselves to taking an active and positive part in Eastern settlement. In the past it has been a tragic fact that we have not fully realized our commitment.

Assuming then that the truce in China is real, we must become more fully aware of the problems which the whole Chinese nation will have to face in the coming years. The permanent unification of the country cannot ultimately rest on truces or on the armed might of one or other political body in the country. It must depend on three main factors: first, the improvement of communications throughout the entire country; secondly, the raising of economic standards; and, thirdly, the education not of a limited few but of the majority of her citizens, not so much in the acquisition of knowledge but rather in the ability to think. When these three goals have been achieved China will be truly united, the differences of Eastern and Western social outlooks will be well on the way to solution and the terrible corruption which goes hand-in-hand with economic collapse in any country will be dead. With it will die the conditions which produce despotic rule by warlords, and large-scale banditry. In these three spheres of development the Western Powers can, and should, take an active part.

ECONOMIC IMPULSIONS OF WAR

WHEN the war came to China in 1937 it found her in a stage of vigorous expansion of transport of all kinds. From 1931, after the loss of Manchuria, the tempo steadily increased. This was due, first, to the sequestration of Manchuria, which had driven back into China many Manchurian residents who had migrated to that area from north China. As is usually the case, it was the cream of the nation in vigour and energy who had emigrated to Manchuria. The wide spaces of Manchuria had given scope for such people to build railways, start steamboats on the rivers and plan motor-roads. The return of these people to China acted as a blood transfusion, which invigorated the entire nation.

The second cause of the expansion of transport was the realization of the then coming war with Japan and the need for China to develop her own backward areas. Along the sea coast and up the larger rivers the increase of communications during this six-year period was almost entirely Chinese, in contrast to the foreign-capital development of the past. Thus, the China

Merchant Steamship Company, the San Peh Steamship Company and the Ming Seng Company were the chief firms in this expansion. In the Canton and Shanghai areas dozens of small companies served to modernize river and canal traffic. The war had cut them off from their centre, but new connecting channels were in many cases established. In the Pearl, the North, the West and the Yangtse Rivers there has come about an intense development of a more largely water-borne traffic in the upper reaches.

The railways of China saw the same energy and drive applied to them in the six years before the war, with results no less impressive. The completion of the Canton-Hankow Railway, the extension of the great east-and-west line to Haichow and to Sianfu and Paoki in the west, were the most outstanding. The existing lines had ways improved, rolling-stock increased and repaired. Above all, the rates were systematized and reduced. New lines were being projected and surveys started before the war broke out. The new lines were of a political type, in the less sinister meaning of that term, in the sense that they were laid to bring the Central Government into closer relationship with the outlying provinces such as Shansi, Szechuan, Kwangsi and Kweichow. The Japanese, realizing the political significance of China's railways, as well as their economic value, from the very first directed their efforts against the entire system, and shortly before the end of the war had succeeded in occupying more than nine-tenths of the lines. Few, if any, of China's railways were built for purely military reasons. They were political in that they served to unite the country; they were economic in that they carried salt and petroleum into the interior and coal, cotton and agricultural products out. Now that peace has returned there will doubtless soon be a railway boom in China on a scale far greater than ever before. Such a boom would be most useful for others as well as for China, for it would represent a wise outlet for foreign capital and would allow heavy industries in other countries an opportunity to dispose of surplus output while they are re-adapting their war plants to peace conditions in a changed world order.

There was a time when it was hoped that the great industrial resources of Manchuria would supply much of China's needs; but in practice two obstacles have arisen: first, the acute scarcity of skilled operators and, secondly, the position of Manchuria in relation to the rest of the country. The first obstacle has to some extent been offset by the Russians, who, in acquiring the direction and operation of Manchurian industries, will be supplying key men who would not otherwise have been available. China, far from being the loser, will derive considerable benefit from this arrangement. The second obstacle has proved to be more serious. Manchuria, situated as it is in the far north, cannot effectively supply other areas in China until the whole of the nation's transport problem has been solved; and so, while Manchuria can act as a provincial centre and will probably need little material from outside, the need for industrial products in the rest of the country is still just as acute.

The development of roads in China has been a major item in the war years. After 1937, when it was realized that the war would be long, the connecting road to the frontier of Indo-China and the Burma Road were built. Probably no motor-road in the world combined an engineering achievement, a political

success and an artery of military supply in such great measure as the Burma Road. Less known, but almost as important, was the semi-secret road from Chungking, via Chengtu and Lanchow, through Turkistan, to connect with the rail and highway systems of Soviet Russia. The surface and even the engineering features of China's main motor-roads fall far short in quality of British or American standards, but their service in solving a vital problem cannot be denied.

China now has the ability and energy to build roads. The future in this field is rich in promise and no one can doubt the important part that her motor-roads will play in the rehabilitation of the country. Since China produces cement and fine road-building materials in fair quantity and, for obvious reasons, is short of lorries and tires, it is only natural to assume that, at an early stage, these roads will be laid in tarmac and cement so as to ease the strain of the inadequate vehicular supply. As with the railways, it can probably be said of road equipment that no region of the world offers such an opportunity for future development. China must develop the motor industry which the Japanese established in the country, not however as another country's for the purpose of using native raw materials and labour, but rather as an engineering enterprise to meet the specific needs of transport within the country and to maintain rolling-stock. China has thousands of lorries in various conditions, but most of them are at present out of service. Probably half at least of these could be repaired for effective use.

In the matter of fuel, the war has taught China many lessons; and much original work on this subject has been done. Besides imported petroleum products, China now has her own oil-wells in the far north-west. She has natural gas in Szechuan and this is used almost exclusively for automotive work, with gas producers. She has anthracite, coke and charcoal, for the same purpose. Quite a number of lorries are also run on acetylene gas from locally made carbide. Another interesting development has been that of cracking vegetable oils from which have been made petroleum, paraffin and lubricating oils, &c. Small cracking plants can be found throughout the central regions, particularly in Szechuan and Hunan. Alcohol has been used very widely as a fuel during the war, but this has mostly been made from rice; and now that the war is over it is doubtful whether this will continue owing to the serious food scarcity throughout the country. The resettlement of technical workers should bring into use in each area the fuel best suited to meet local needs, with, however, imported fuels still playing a notable part.

Air transport in China has developed out of all proportion to other means. Before the war there were efficient services running deep into the interior, which helped to link the country's administration. The war added tremendous impetus to the development of air lines, particularly by the construction of airfields. By using practically unlimited sources of man-power, giant airfields have been built all over areas formerly known as Free China; and the Japanese have also left a fine legacy of fields in areas formerly under their control. The construction of airports has in very many cases proved a far simpler matter than the building of roads; and there can be no doubt that air transport will handle most of the passenger and luxury cargoes of the future.

In addition to the thousands of planes maintained by America during the war, the Chinese National Airways Company, under Government subsidy, ran a remarkable service to Calcutta over the Hump and to other strategic places in China, such as Chungking, Chengtu, &c. Many of the pilots of these planes, which fly in some of the most difficult air conditions of any country, are Chinese; they serve to demonstrate how New China has become air-minded and how she has, in her coming generation, potential pilots whose standard will match that of any other country in the world.

No remarks on transport in China would be complete without mention of the mule-carts made from motor-lorry axles and fitted with motor-lorry tires, which can be seen on all the roads. The pack-mule and the carrier coolie are also an integral and important part of China's transport. Now, however, it is to be hoped that these will swiftly disappear. They are very inefficient, and could only be justified by the urgent and exacting demands of war. The rising cost of living, which few people think will ever descend again to the pre-war standard, serves only to seal the fate of such transport.

With this short account of the problems of transport in China and likely future developments in mind, it is not difficult to assess both China's need and its direct connexion with our own industrial future. Only when China has a well-established system of transport can provincial governments be abolished in favour of a central Government supported directly by the people, and law and order be established.

Transport, however, implies distribution; and distribution in China has a direct and fundamental influence on the nation's economy and, as has been shown, the raising of economic standards within the country has a direct connexion with world peace.

The period after the second revolution in China in the early part of the present century was one of remarkable change in the entire life of the people. In the large cities and ports it witnessed the expansion of the Chinese-owned department shop and "big business". In the interior it was the beginning of the factory and the mill; in the rural areas it was the beginning of the co-operative society. The war brought fundamental changes. Ports fell under hostile occupation. Imports from abroad and factory-produced articles came under almost complete bankers' monopoly. What was left was the "small" businessman and the co-operative. The grip of the large banking institution upon the livelihood of China under war conditions caused serious alarm in all liberal minds in the country. These institutions were, and are, semi-Government and semi-joint-stock; and they wield a power seemingly beyond the control of democratic authority. The distributive system of everyday commodities in China has always been inefficient because of the large number of middle-men involved in any deal. The price spread between what the producer receives and what the consumer pays has always surprised economists. This price spread is seldom less than 100 per cent and is often several times that amount. This is due partly to the conservative buying habits of the Chinese but mainly to the system itself. The small primary producer is not organized; nor has he much financial backing. He does not sell his product by consignment, therefore he sells it outright to middle-men. The middle-

man usually transports it a short distance, entirely uninsured against damage, pilferage or robbery, and sells it to another middle-man. Such risks demand commensurate returns. When the consumer finally buys, he does so either from a shop, with a high overhead of relations on the sales staff, or from a street vendor who has a very small turnover. This system is expensive and inefficient and explains the higher price spread.

Under conditions of war and inflation, which has been largely caused by lack of imported goods and the enormous quantities of American dollars which have been thrown indiscriminately on the Chinese black market, all unfavourable factors in this pernicious system are increased. As it is to-day, outside any city one can travel, say, twenty miles beyond the limits and purchase consumer goods for one-half of the city prices; and even such a purchase is seldom from the original producer. This condition made Kunming, Chungking and Chengtu three of the most expensive cities on earth in which to live in 1945.

So much for war conditions. With the return of peace there are three channels of distribution to be considered. First, through Government monopolies; secondly, through co-operatives; thirdly, through private business, both large and small. Already the Government is implementing a permanent policy which has ample precedent in other countries. Salt, sugar, wines, tobacco, matches, cement, silk, cotton, wool, fuels and many chemicals and drugs, and even transport, are all largely monopolized. It is likely that this field may be made permanent and even enlarged to include cereals and vegetable oils. If Government tendencies are liberal this may turn out well; but the usual bureaucratic development does not promise much financial relief to the consumer.

The co-operative is not purely a mechanical organization. Its whole structure challenges reactionary forces in the Kuomintang and the Government monopoly system, and is likely to have a very stormy future. However, just as there are irresponsible democratic features in Chinese social life, so there are evidences of rich promise for the co-operative movement, which are bound to bear fruit in time. While, therefore, the future pattern of distribution in China is a matter of much speculation, the deciding factors lie not so much within the country as outside. China does not represent a static mass of humanity, but rather a dynamic unity of great magnitude, very delicately balanced, which may easily be guided one way or the other.

THE MIND OF POST-WAR CHINA

OF equal importance in relation to the whole Chinese problem is the educational system. "The vitality of a nation", in the words of Dr. Hwang Pu, Dean of the School of Education, Huachung University, "is composed of the three elements, the fighting force, the economic power and education. But the element of education is probably the most fundamental one, for upon it depends the morale of the fighting force and the supply of the economic power." Dr. Hwang's words typify the approach that has been made to education in China. The system based on the three principles of Sun Yat-sen has sought to train men to participate in the sort of China which he envisaged,

and due credit must be given to the amazing educational developments in the past twenty years, in spite of internal and external conflict. Fundamentally, however, the educational system has failed to give sufficient prominence to the development of the mind of the coming generation and it is sad, though to a great extent true, to say that, while there are thousands of Chinese capable in engineering and mathematical ability of participating directly in China's reconstruction, there are very few who have learned to think objectively.

Unbalanced and partisan thinking is not an isolated incident but is noticeable both in the students to-day and even in statesmen who are a product of the revolution. The Generalissimo himself has been described by many as lacking in the ability to think objectively. Political unity within the country will only be assured when students, from whom the government of the future will be drawn, learn not only of the vast numbers of facts and theories with which we are presented in this scientific age but also how to apply them creatively and objectively.

Education in the modern sense was first instituted by foreign missions in China, which have since played an important part in the application of new ideas in a way that would have been impossible had their schools been state-run. If once again mission schools are to play that part in Chinese education for which they are peculiarly fitted, namely that of serving as practical demonstrations of Western methods and educational experiment, first, the Government must re-plan the set curriculum for all schools to allow of more variety and individual initiative; secondly, a considerable number of well-trained Western teachers, with a good knowledge of Western educational developments, must be employed; and thirdly, text-books, which as a result of the war are for the most part both few and obsolete, must be replanned on a large scale.

Summing up, then: first, the present confusing situation in China is largely a product of the clash of Eastern and Western philosophies, made more severe through lack of an established system of communications, and through economic chaos and widespread banditry, together with an educational system which has failed to produce citizens who can temper their action in leadership with objective thought; secondly, all countries, including Great Britain, Russia and America, are vitally concerned that these problems should be solved; thirdly, although there is a political truce in the country these problems cannot be described as solved; and fourthly, in the three main spheres of transport and distribution, economy and education there lie opportunities for foreign assistance and intervention in the best sense of the word. Fifthly, upon the measure of responsibility which we attach to the development and establishment of a united China depends to a very great extent the issue of lasting peace or war.

JEAN-BAPTISTE

A STUDY OF THE FRENCH-CANADIAN

EVER since the British winning of Canada, confirmed by the Treaty of Paris in 1763, patriots have been striving to effect true unity between her citizens of British stock and those commonly spoken of as French-Canadian. Of late years a widespread impression has grown up that such unity is not being achieved and that the French-Canadian is to blame for this. It is of the utmost importance to Canada and to the British Commonwealth and Empire that the facts of the situation should be universally known, since otherwise neither faults nor ill-informed criticism can be corrected.

The first point frankly to be recognized is that a number of French-Canadians are dissatisfied with their lot. The principal reasons for this are:

The French were "there first", in most of those parts of Canada which are now thickly settled, and in parts of the United States. When the closing of the old Asiatic overland routes to India forced Europe to seek others, France and Britain elected to search for the "Western Sea". The British, who were above all sailors, concentrated on finding a North-West Passage which would enable them to reach the Pacific by sea; the French, neglectful, as usual, of sea-power, staked everything on attaining the North-West Passage by land.

Following this policy, French explorers, led by Cartier, Champlain, Chouart and Radisson, discovered the Great Lakes and St. Lawrence River system, with the contiguous territories, thus charting the main route into the heart of North America and the heart itself. Then, chiefly through the work of Marquette, Joliet and La Salle, France discovered the Mississippi and its valley, thereby outlining the main route, and thrusting an arm, into the south-eastern part of the continent. Finally, with the La Verendryes as her greatest instruments, she discovered Lake Winnipeg, Lake Manitoba and the Saskatchewan River, in this way pioneering the main route into the West and thrusting another arm through that area. Magnificently she claimed all the country in Canada and the United States west of the Atlantic sea-board, thereby trying to confine the British to a small sector of the eastern coast.

From the first she appreciated that, in the furs and the Indians, a rich harvest awaited the trader and the missionary, both well represented among these early explorers. On them she relied for the holding of her outposts, while she consolidated her claims behind them with settlements in Nova Scotia, New Brunswick, Quebec and the mouth of the Mississippi, planting the first of these 150 years before the British took Canada. To-day the footprints of her advanced scouts can still be read in place-names like Fond du Lac, Lac la Biche, Île à la Crosse, Belanger Point and Lac du Bonnet in Western Canada, Detroit, Duluth, St. Paul, St. Louis, Bâton Rouge and New Orleans in the United States.

That splendid dream was almost realized. It failed and Canada became British, owing, fundamentally, to the stupidity and mismanagement of the

French Kings and their Ministers, who, by their neglect of sea-power, permitted Britain to thwart expansion into the extreme North and most of the North-West and then committed their armies mainly to European adventures instead of to the defence of their great overseas Empire.

Since the Conquest the French-Canadian, despite his having pioneered so many of the blank spaces of Canada, has seen them gradually filling in with other races. Yet the French constitute the largest racial group, next to the British, in Canada, being 30 per cent of the total population and nearly 8 times as numerous as the third largest racial group.

When Canada changed hands Britain guaranteed to its French inhabitants free use of their mother tongue and religion and the application of French civil law within the Province of Quebec, while Confederation granted Quebec, like other provinces, full control of education. Hence the French, unlike the vast majority of their fellow Canadians, are French-speaking Roman Catholics, enjoying civil laws and education which differ greatly from those applied elsewhere in Canada. This sharp division is accentuated because the Church discourages intermarriage with those of other religions and because few French-Canadians travel beyond Quebec and the Maritimes.

Other factors are that the average French-Canadian is devoted to his own people and way of life and that his race, being one of "family men", is increasing more rapidly than any other in Canada.

Finally, the Province of Quebec is not so economically productive as Ontario and in some rural districts there is considerable poverty.

RAPIDS AND PORTAGES

THESE "causes" have produced the following "effects":

Proud and sensitive French-Canadians feel that their race would have been supreme in Canada, if not in North America, had France supported their ancestors with sufficient military strength. This gives them an acute sense of betrayal. The Third Republic's adverse attitude towards the Roman Catholic Church widened the breach—though the Fourth Republic's milder outlook has tended to bridge it. These French-Canadians therefore are not in sympathy with France. They recognize what Britain has done for them; but as they feel no kinship with Britain it is difficult for them to be more than slightly interested in her. Hence they have no roots except in Canada. More; because other races have apparently (not actually) blocked their expansion in other provinces, some of them are rooted solely in Quebec.

The numerical importance of their race leads this particular group to aspire to predominate throughout Canada and in all fields of Canadian life. Yet the privileges that race enjoys in regard to language, religion, laws and education tend to make it a "race apart"; and this tendency is of course strengthened by the ban on marriage outside their own religion and by the desire to cling to all that is near and familiar.

Unfortunately this situation has offered a number of politicians, in more than one camp, supported by some of the clergy, great temptations; and they have not been strong enough to put Canada first and resist them. On one side, the political extremist seeks the French-Canadian's vote by promising him at

least the balance of power in the Dominion Government, at most a Canada in which the majority of the people will be French-speaking Roman Catholics free of all imperial ties, with, between these poles, either a British Dominion mainly French-Canadian and Roman Catholic or conversion of the Province of Quebec into an independent State dominating the St. Lawrence and hence to be called "Laurentia". Coupled with this are promises of French-Canadian pre-eminence in the Canadian economic field. On the other side, the opponents of such doctrines sometimes give them undue prominence and foster suspicions that the French-Canadian is responsible not merely for these but for other agitations which appear to threaten the interests of Canada or the Empire.

Most Canadians are loyal to the British connexion and determined to maintain the position now held by the English language and their own religions and cultures. In consequence, the extremists aforesaid contribute to the existence of strong racial feeling on certain political issues.

Two of the most important of these issues have concerned conscription and a distinctive Canadian national flag. In the first world war, French-Canadians were prominent in the fight against compulsory military service. In the second, history repeated itself; and, in addition, some French-Canadians were pro-Vichy because in their eyes Pétain symbolized opposition to continuing a useless struggle.

As for the flag, designs omitting any trace of the British connexion have already been widely flown in Quebec, sometimes on semi-official occasions. These designs were intended to represent Canada; and speakers on these occasions have sometimes advocated Canadian independence.

But there are *portages* around these rapids.

The French-Canadian has more cause than the Briton to detest conscription. His ancestors in Canada were conscripted from the very beginning, often being forced to undertake operations in the depth of winter when they quite rightly thought such action senseless and would have much preferred to have been at their own firesides with their "little families". Worse still, nothing came of this early compulsion but final defeat. The French-Canadian also knows what conscription under Napoleon cost France. In comparison, British memories of conscription are rosy, for, except in a mild way in the campaigns which won Canada and more seriously in the War of 1812, no Briton, in Canada or out, unless he were that rare bird a "pressed man", served compulsorily between the Middle Ages and the first world war.

For all his *British-shared* dislike of conscription, the French-Canadian has fought magnificently in every campaign directly threatening Canada, in several small civil wars, in some of Britain's minor campaigns of only sentimental interest to Canada, and in both world wars. He refused to assist the American Revolution and saved Canada for the Crown when he defeated the resultant American invasion. In 1812 French-Canadians formed a large part of the Canadian militia who assisted the British Regulars to repel renewed American advances—notably at Châteauguay, where the French-Canadians were largely responsible for bluffing the enemy into retreat.

The Rebellion of 1837 was actively supported in Ontario as well as in Quebec (then Upper and Lower Canada); nearly all the French-Canadians remained aloof and some of them helped to suppress it. The Red River Rebellion of 1870 was led by Louis Riel, a French-Canadian, and most of the rebels were *métis* (the offspring of French-Canadians and Indians). But this miserable effort to prevent the plains of Western Canada from being taken from them—a spoliation the rebels thought would follow the territory's absorption by the new Dominion of Canada—was largely due to the stupid failure of the Canadian Government to explain the position; and nearly half the Canadian non-Regulars sent to crush the rebellion were French-Canadian volunteers. Fifteen years later, when Riel, again because of the inadequate Government counter-measures, was able to raise some of the *métis* and Indians in the North-West Rebellion, a large part of the force which defeated him was again French-Canadian.

Meanwhile Wolseley, struggling, at the eleventh hour, to relieve Gordon at Khartoum, remembered the fine boat-work of the Canadians in his Red River Expedition and appealed for *voyageurs*, being answered by a strong detachment, mainly French-Canadian, who rushed his boats up the Nile to within sight of success. Of French-Canadian participants in Britain's small wars before and since, some fought in the Indian Mutiny, one, Sir Percy Girouard, was foremost among the builders of the railway which was Kitchener's mainstay in the Soudan, and a very fair proportion served in the South African War.

IN THE GERMAN WARS.

IN the first world war, the French-Canadian responded well to the initial call. He furnished quotas for the First Division and a French-Canadian battalion (now the Regular Royal 22nd Regiment)—formed almost at once—for the Second Division. Then a series of "regrettable incidents", interpreted by the more imaginative French-Canadians as insults, coupled with the traditional abhorrence of compulsory military service, limited, though it did not stop, the French-Canadian military effort, which was further discouraged by the opposition of certain Canadians of other races to conscription. Yet two Victoria Crosses and many other honours and awards testified to much fine service in the field.

In the recent war, great care was taken to avoid tactless blunders. Opposition to conscription again centred in Quebec, which again was blamed for an attitude adopted by some others in Canada as well. But, by and large, the French-Canadian did his full share in Canada's armed forces everywhere and in the civilian war effort. One of the three Canadian V.C.s and many other decorations acknowledged his whole-hearted co-operation. Only a noisy minority were pro-Pétain.

A distinctive Canadian flag is very useful, when it is necessary to single out Canadian headquarters, ships, buildings and so on from those of other nations. The movement for such a flag does not necessarily imply disloyalty to the Empire. Besides, the French-Canadian is not alone in this movement—nor the only one to support it from narrow motives. Among those re-

quiring a prominent place in the new flag for the Union Jack are kindred of men like that grand patriot, the late Sir Etienne Tache, who long ago declared: "If the British Flag ever ceases to wave over this Dominion, the last shot in its defence will be fired by a French-Canadian."

As for other aspects of the general question, the *Bloc Populaire*, supporters of independence and Laurentia, conducted the most virulent of all campaigns in the last Federal contest—and captured only two seats. One of the biggest majorities in the election was won by a French-Canadian married to a Protestant. The French-Canadian's position in the economic field is by no means inferior, since he stands high in commerce and industry, being especially prominent—as he has always been—in agriculture, mining, lumbering and fishing; and he is not the only Canadian to feel, at times, the pinch of poverty.

The murk of political battle has obscured three great beacons: first, the French-Canadian is of the same stock as the Briton, is by ancestry a Norman or a Breton; secondly, he has splendidly contributed to upbuilding Canada and the Empire; thirdly, nearly all his leaders and most of the best in the rank and file are deaf to extremist appeals. Cartier, Champlain, Marquette, Joliet, La Salle and La Verendrye looked far beyond what is now Quebec; Frontenac, with warlike methods in the East, Father Lacombe, with peaceful methods in the West, did much to induce the red man to make way for the white; innumerable others—for instance, Commissioner Starnes, a most successful commander of the Royal Canadian Mounted Police, and Superintendent Gagnon, also of that Force and largely responsible for limiting the scope of the North-West Rebellion—have rendered great services at home. Sir Wilfred Laurier, though opposed to conscription in the first world war, strongly supported close Canadian co-operation with Britain in peace and in war; the de Lotbinières gave several Generals to the British Army and an outstanding engineer, builder of the Kashmir dam, to India.

The hosts of French-Canadians who, while serving in Britain and Europe in the late war, made close friends with Britons and other Canadians and saw everywhere evidence of a common ancestry are missionaries for Canadian and imperial unity. But that unity cannot be fully achieved unless efforts are made to dispel ignorance everywhere in Canada. The racial affinity of the French-Canadian and the Briton, with other points of similarity in languages, creeds, customs and aims, rather than differences, should be emphasized. Full and free recognition of the French-Canadian's great part in the Dominion's past, present and future, and of his special rights, should be conceded, not only from the lips but from the heart, by all now inclined to dispute them. But it should be made quite clear that the French-Canadian can only be injured by aggressive attempts to gain more than his due or by a failure to adjust himself to living in a country, continent and world where languages, religions and customs other than his own are predominant.

"All for one and one for all", the watchword of the French-Canadian's gallant blood-brethren, the Three Musketeers, must be the motto of every Canadian if the Dominion is to fulfil her splendid destiny.

AMERICA MAKES HAY

FAST AND FURIOUS FOLLY

THE United States is in the grip of severe maladjustments and, frankly, it does not seem to be making adequate progress toward correcting them. Until it does so, of course, world recovery will be that much delayed. Our chief troubles are these:

The wage-price relationship is unbalanced. Prices have been too high for prevailing wages; labor goes out on strike or otherwise obtains higher wages; higher wages in turn help to drive prices upward and continue the unbalance. We seem headed inevitably for a greater and more damaging degree of inflation.

Our world policies have been tremendously weakened by the demands of our armed forces to come home, supported by a demand at home for "normalcy" and a reaction against wartime disciplines and morale.

Our national Administration is just too weak and indecisive for its problems. President Truman has called unusually inept men around him, falling prey to "government by crony", and is paying the price in bad advice and poor Administration. Under these circumstances he has been unable in Congress to make progress against a powerful Republican-conservative-Democratic opposition.

These troubles spring in large degree from our failure to realize that the war needed a great deal of follow-through. Our tendency was to think that our problems had ceased when the last gun was fired—despite the challenge of the atomic bomb. Our post-fighting reaction was perhaps more extreme than in any other victorious nation. Therefore, at the precise moment in history when we should have been thinking harder than ever before, we went on an emotional spree. And our failure to realize that the war needed follow-through is doubtless a result of failure really to understand the issues of the war. To too many Americans, we got into the war because the Japanese attacked us at Pearl Harbor, or because Hitler was at large in Europe. They did not understand the causes behind Hitler and the Japanese—the world distortions going back to the last peace settlement, and to the perfervid materialistic decade of the 'twenties and the equally materialistic depression decade.

For Americans, of course, the need is to recognize and to accept world responsibilities. Such an attitude, by recognizing the interdependence of mankind, would in itself be a long way from materialism and a long start toward the mutual adjustments which must be the basis of peace.

Internally our major problem is the same selfish materialism. The mutuality of interest between labor and management is not recognized, while both employer and employee join in driving each other around the vicious spiral of inflation. Frankly, materialism and greed have made the American scene today rather unpleasant. We are in a typical "post-war" atmosphere, as we were

in 1920, and it is feverish. Nothing has been seen in the United States since the 'twenties quite so frantic as a place like Miami Beach has been this winter. For that matter, all of the state of Florida has been tremendously crowded with sun-seekers who are making up for skipped wartime holidays. But Miami Beach is the worst. Here the racketeers and profiteers, the gamblers, the war-rich are congregated. The place is honeycombed with night-clubs and gambling establishments. There is one night-club seat to every three and a half visitors—surely a world's record. There are race tracks and dog tracks, baccarat and roulette, gambling on the ancient Basque game of "jai-alai"—gambling on anything and everything. Simple hotel rooms rent for \$70 a day. The shops are filled with costly merchandise. To call the scene Babylonian is probably unfair to Babylon.

The atmosphere of feverish extravagance is not limited to the sub-tropics. In the staid city of Boston the other day, I saw a workman count out in \$100 notes the purchase price of a cabin cruiser at \$4,999. He was a mechanic, and his wartime earnings were probably tremendous. He was clad in denim overalls, but his languid wife wore Persian lamb. To show where the money comes from, one illustration is enough. The engravers who make the plates for the rotogravure edition of a certain American newspaper have been paid as much as \$80 a day apiece. Their rate is high, they get double-time and triple-time for weekends, and their numbers are rigidly held down by union membership rules. By the same token, business has made enormous profits—before taxes—and has been prone to spend lavishly in "expenses" which are not taxable. And on the fringes of honest operation, as well as in the dark corners of black marketing, money still flows with wartime abandon. It is a fast and furious folly.

Price controls alone have saved us from a runaway inflation of fatal proportions. And in areas where controls can be evaded, the inflation is already extreme. For example: to obtain a flat in New York. Most of the better apartment houses have become cooperatives. That is, to secure a flat you must "buy" one. Two years ago a superior flat would cost \$4,000 as purchase price and about \$4,000 for annual carrying charges. That meant a monthly rental of something like \$350. Today, two years later, the purchase price of the same flat may be as much as \$25,000 although the carrying charges remain substantially the same. Private houses have also doubled and sometimes trebled in price during this same period. A house in my neighborhood costing \$10,000 in 1940 will now bring \$25,000. And a young war veteran, coming back to a cub reporter's job on a newspaper at \$40 a week (increased from \$25 before the war), finds he must pay \$20 a week for the rental of one inadequate room. As one young veteran put it to me: "Everyone is so selfish and grasping. It doesn't seem like the same country we left."

That is part of the measure of America's maladjustment. Of course, there were quite similar circumstances in 1919 and 1920. Then prices swept upward to even higher heights than today. Then we had the same feverish atmosphere. Then we had a "back to normalcy" national administration even worse than today. Then we had an open disavowal of our international responsibilities, whereas today we recognize them at least, and are grappling

with them to some degree. Then we had a brief economic collapse after a severe inflation, and proceeded into the long boom and bust of the 'twenties.

It is not an encouraging picture. But, of course, there are relieving aspects. A good many Americans see the picture wholly, are disturbed, and are raising their voices in protest and warning. President Truman, who can now be seen as a man with many limitations of experience and aptitude, is nevertheless a man eager to correct his own mistakes.

As I write, he is taking a vigorous barrage of criticism from nearly all the press as a result of what is cruelly called "government by crony". That is, of course, his appointment to high office of many of his old personal friends. He has made acquaintance and loyalty his principal requirement for office, rather than experience, distinction, or capacity. It would not surprise me if—before these words are printed—Mr. Truman took steps to reshuffle his higher command. In retrospect, President Roosevelt's staffing of the government with able young lawyers and social reformers now appears very sound, although they were called starry-eyed idealists at the time.

LABOR IN CONVULSION

As I write, too, we are at the very nadir of the labor situation. Three great cities—New York, Philadelphia, and Pittsburgh—are virtually at a standstill. In New York, the equivalent of martial law was declared, although soon lifted, when a tugboat workers' strike cut down the supplies of essential fuel and closed all places of business, amusement, schools, &c. The crisis was brief but extremely severe. Our complex urban organization is highly vulnerable to labor action. We have had an object lesson of the pistol which relatively few workers could put to the head of the whole community if they chose. The Federal Government, though it "took over" the tugboats, proved incapable of running them.

Philadelphia has been gripped in a transit strike, and 800,000 workers could not get to their jobs in the accustomed way. They stampeded into a vehicular traffic jam. In Pittsburgh, the strike of electric power workers cut off current from homes and buildings where 1,500,000 people reside. Business buildings and hotels were without heat, street railway service was halted, schools closed, shops and factories suspended operations. All this because of a strike of 3,400 employees.

These object lessons in economic power, unless antidoted by an equally powerful public protest—and this protest is not yet in sight—may well provide a pattern of action for our next depression. They show the way in which disruption could be brought to America. If the Communists could get control of enough American unions—as they already have of some—we have now a blueprint of how the United States could be put in the position of France as it fell.

It is quite clear that our economic system, indeed our whole national organization, must work on the basis of common consent. And a number of unions, feeling the pinch of rising prices, aroused by war profits and glad to be released from their own anti-strike pledge during that period, are today prepared to make their power felt on the community. They are reckless and

intransigent. By the same token, management is in no mood to concede to such tactics. Management hopes to evoke public support by giving the people a taste of labor extremism.

It is important to realize that a large part of labor's intransigence is a result of the unprecedented rate of industrial earnings and profits. Corporation profits during the war have admittedly been the largest in history, even after paying the highest taxes. Profits in 1943 and 1944, almost \$10,000,000,000, were more than twice the profits in 1939 and \$3,000,000,000 higher than profits in the prosperous year 1929. In 1945, although full figures are not yet available, it is believed still higher peaks were reached. And 1946, with the elimination of the \$2,000,000,000 excess profits tax, has been forecast as an even higher year. Of course, the effects of cutbacks and strikes on the still incomplete figures for 1945 and 1946 may reduce these totals somewhat. But in any case labor is deeply convinced of the continuous high industrial profits and feels that salary increases can come out of profits before over-all prices have to be raised. Labor likewise has every day to face a rise of between 30 and 40 per cent in the cost of living. And, at the same time, having experienced a protracted period of heavy take-home pay, labor feels itself strong enough for a protracted struggle. Labor treasuries are full and the individual workman is not in the jittery mood of depression days. And in some states unemployment compensation is paid to strikers.

In short, right up and down our economic structure, there are unions and managements who have no interest in an early settlement of their disputes, or in the avoidance of them altogether. Both are in a position to fight. Both deem it in their interest to fight. The reckless atmosphere is contagious, and it is a wonder it has not led to serious violence.

It would take national leadership of a very able and courageous calibre to cut through this recklessness. And however great President Truman's poise and common-sense, he has not shown either the imagination or the daring to bring management and labor to their senses. Nor in Congress is there a sufficiently authoritative or objective voice to sound the alarm. Nor in the country generally has leadership appeared.

Instead, the White House is in the process of a partial surrender. The price ceiling has been converted into a dome. We have "retreated according to plan" trying to make everyone believe that it is *reculer pour mieux sauter*. Now, this revision of price levels may have been unavoidable. We were caught in a spiral. But it has the obvious danger of getting one step nearer the inflationary abyss, and of inviting further labor demands because prices have gone up.

The main thing now, of course, is to get production started again. Large-scale production is the only thing that can curb inflation. Doubtless the Administration felt it had to make its price concessions in the interest of stimulating production. Perhaps this plan will work. Obviously, the price structure has been out of *kilter* not only in relation to profits, but in relation to industry's willingness to take a chance on rapid expansion. High tax rates, low and sometimes maladjusted price ceilings, labor uncertainties, dearth of raw materials, all conspired to prevent the kind of swift reconversion and large-scale production which we all expected a few months ago. The

profit motive has been under wraps in too many fields. Price controls are very difficult to apply in a complicated economy on the continental scale. We have needed them, but sometimes they have plainly retarded the production which alone would have brought prices back to balance.

Important illustrations can be cited of the unpredictable and harmful effects both of imposing and of lifting price controls. They involve of course not only the ultimate selling price to the public but wholesalers' prices all along the line. And any single serious unbalance in these price relationships may throw a complicated industry quite out of kilter. Good medium-quality men's shirts have not been made in quantity for some considerable time just because the price relationship is not helpful to them, whereas it is profitable for manufacturers to make extremely cheap and sleazy shirts for almost as high prices as their former high-quality products. The intricate complexities of a managed economy are now very apparent and often very painful. But sometimes there is just as much danger in lifting the controls too soon. For example, a relaxation on the content of butter fat in ice cream has been fine for consumers of our chief national delicacy, but it has succeeded in drawing an excessive supply of butter fat from the butter market. We are learning the facts of interdependence, and the advocates of managed economy are probably deriving a healthy respect for the self-operating capacity of the good old days.

In any event, it is plain that the United States has a severe economic problem ahead, and that it will be some months before the faintest semblance of stability can be discerned. This is bad news for the rest of the world, and particularly bad news for Britain, whose economy is by the proposed loan agreement so closely linked with the United States. Of course, the more inflation we have, the more possible will it be for foreign products to get into our market, and the more difficult for us to export. On balance, that might favor recovery in Britain. But inflation may not be precisely the same thing as full employment. In so far as it is, our new price levels may help the rest of the world.

THE CONQUERORS' TRUST

OF equally serious import is the question of American responsibility in Germany and Japan and all the other areas of unfinished business. Perhaps the worst of our G.I. griping is over. Perhaps we have largely got our combat troops home, and replaced them by men more ready to accept occupation duty. Perhaps occupation policy is emerging more clearly. Perhaps our responsible officers are better coordinated, and are learning their jobs. We may have settled down to the job. But are we ready yet for the long pull? It is quite obvious that an extended period of tutelage is ahead in Germany, marked by a constant struggle among the quadrumvirate. And the experts returning from Japan say that unless we can occupy that country for one generation, there is little hope for the establishment of democratic thinking and potentially peaceable world citizenship there.

But occupation is, in a way, the least of our world responsibilities. Basically, no doubt, our world position depends upon the power factor. And where does that stand? Well, first, we have disbanded most of our war

factories—except those making the atomic bomb. Our Navy is still very strong. But our military potential is a small fraction of what it was seven months ago. It would today take us a good part of the time it took after Pearl Harbor to do again the job we helped do then. Should we have that much time to spare if an emergency arose? And is that the measure of our power position in the world?

The atomic bomb, of which we presumably still hold a monopoly, is in our hands a thankless possession. There is no likelihood that we should be the aggressor in an atomic war. Therefore our monopoly of the bomb is merely an urgent incentive to other countries who believe only in power to get atomic bombs too. Mr. Molotov has told the Russians that they will assuredly have the atomic bomb, and Marshal Stalin has told them their scientists are second to none in the world.

When we withdrew the bulk of our troops from Europe, we openly notified Russia that we should not seek to coerce her. We gave Russia a free hand, apart from mere diplomatic argument, in most of Europe. We had no intention of taking the road to Stalingrad, with or without atomic bombs. Yet, disarmed in practice as we are—despite the atomic bomb—we do not like many of the things Russia does. We should like to see Rumania and Bulgaria and Yugoslavia and Austria and Poland and Czechoslovakia have a fair chance to choose their own governments and work out their own problems. Therefore, we keep talking about the atomic bomb, and plan large-scale demonstrations of its use, just in case the bluff will work. Thus we live on borrowed time. For soon others may have the atomic bomb. And we get very little for our diplomatic *démarches* with the Russians. About all we have obtained, so far, were apparent concessions in the Far East, where significantly we still retain substantial forces.

Most American atomic scientists are convinced that the production of the atomic bomb can be achieved by any major industrial nation within a period of from three to five years—perhaps sooner. They publicly declare that there are no "secrets" which cannot be solved by the same kind of industrial research which was undertaken in this country with the help of distinguished scientists of many lands. Taking Soviet Russia specifically, they believe it has a sufficient industrial base to produce the atomic bomb in the three-year period. After that time they feel that its rate of production might well go up to and exceed that of the United States—assuming no agreement to curb production is reached in the meantime—because Russia has always been willing to devote a greater part of its national income to defense than we have regularly done in peacetime. The present American production of atomic bombs is deduced, from figures which have been made public, at something like 500 a year. It costs about \$1,000,000 to produce an atomic bomb now that the original expenses are out of the way. We are spending at the rate of about \$500,000,000 a year for this purpose. Of course, the appalling atomic armaments race in which we find ourselves can lead only to doom. Americans fully realize this fact and are extremely anxious to reach an effective agreement. The United States would certainly open its factories to supervision and control just as soon as reciprocity is achievable in other countries.

A RINGSIDE VIEW OF U.N.O.

AMERICANS sat on the sidelines with much trepidation while Mr. Bevin and Mr. Vishinsky demonstrated the new open diplomacy. They sympathized with Mr. Bevin's provocation, but they feared the Russians might be driven from U.N.O. And they are quite certain that the one imperative need is to keep Russia within the household. They were gratified to find that the Russians have learned to absorb the rigors of open parliamentary debate. They saw how the Russians were pressing Britain, and they followed the geopolitical challenge from Spain to Tripolitania to Greece to the Dardanelles to Eritrea to Iran to Indonesia. They saw the Russian spearheads apparently coming down from the north, to threaten the "lifeline of empire" in all these spots. They hoped the challenges merely constituted Russia's asking price. And they wondered what Russia really wanted. Could it be, they asked, that all these challenges were simply to obtain a completely free hand for the Soviet in its own security areas, to drive Britain—and, indirectly, America—out of Rumania, Poland, &c.? The question was unresolved.

Unresolved for Americans, too, was the question of tactics. Had we made better progress in getting on with the Russians through Mr. Bevin's strong language than we did through the amenities of San Francisco and the various tripartite meetings? Or are the lines more sharply drawn and the rivalries more menacing? To thoughtful Americans the only certain answer was the challenge to prove to the Russians that neither the United States nor Britain means the slightest harm to Moscow's legitimate aims. And the parallel challenge to understand what the Russians really want, what they are really thinking and to make up our minds how much we can accept. We are all members of the new world organization. We have to learn the ways of communal life therein. Concession is not a one-way street, but the only concession we can control is our own.

And in London, during the first meetings of the General Assembly and the Security Council, Americans saw the realistic beginnings of a new communal life. America is for the U.N.O. It is eager to become the new home of the organization, even if some of the wealthy householders in Greenwich and Stamford grew alarmed when they saw plans drawn for taking over from 50 to 100 square miles of land. It hopes that a home for U.N.O. in the U.S.A. will symbolize the universality, not simply the European character, of the organization. It hopes that the American site will become a help, rather than an inconvenience. Over-all American leadership, despite occasional Congressional irresponsibility, is firmly and soberly dedicated to helping make U.N.O. work. We may not always understand the essential conditions of its operation. We may not realize the needed economic bases of the peace. The Senatorial debate over the British loan, which is about to begin as I write this, is bound to be marked by altogether too much ignorance and petty malice. But it may go too far. For Americans have not yet forgotten the price they, too, paid in the last war. They have an awareness, however dim, that there is still much to accomplish before this dread investment will have been made safe.

INDIA'S FATAL HOUR

THE SUCCESSION TO THE BRITISH RAJ

THIS is the year of decision for India. Before the end of 1946, probably before it has run half its course, the political fate of 450 million souls will be determined in its broad outline. The choice is stark. Along one road lies constitutional freedom, a growing power in world affairs, the chance of steadily increased prosperity. Along the other lies revolution and civil war. If wisdom prevails, the pace of advance may indeed be fast or slow, and the road may wind and fork, giving rise to many new problems; but if wisdom fails, the alternative of disaster is certain. Further temporizing is impossible. Unless India chooses the right course, before the end of 1946 she will have committed herself to an internal catastrophe scarcely less cruel and destructive than a world war.

In that catastrophe the British people and vital British interests would be inextricably involved. If the British Government cannot escape its responsibilities by "quitting India" now, it certainly could not do so after those responsibilities had been enormously heightened by widespread civil disorder in India. Although the underlying cause would be the division of Indians among themselves—above all the Hindu-Muslim split—the disorder would in appearance and in fact be directed very largely against the power of government. Forces which, in the absence of a third party, would give rise to civil war would in the actual circumstances take the shape of rebellion. Indian leaders determined upon violence to gain their own ends will not cut each other's throats when they can make British power and British people the scapegoat and the victim. Communal riots there certainly would be, and much Indian blood would be spilled by Indian hands, but the duty of maintaining order would remain where it now resides. The police and soldiery who would have to intervene would still be ultimately responsible to British authority, which would thus become inescapably a principal in the conflict.

The toll on British prestige abroad would be no less than the toll on British lives and British resources in India itself. A disaster for India would be a disaster for the British Empire. It would also be a disaster for the world, not only because the suffering of India's millions would be a great human catastrophe, but also because a disordered India would be a grave potential source of international danger.

THE ELECTIONS

THE threat of catastrophe has been nakedly exposed by the results of the elections to the Indian Central Legislative Assembly. The "general" (i.e. Hindu) constituencies have been monopolized by the Congress party, which has also won several of the seats reserved for special economic groups. The Muslim seats have been monopolized by the Muslim League. The winning of the two Sikh seats by the intensely communal Akali party is

equally significant; for the opposition of the Sikh community in the Punjab to submission to a Muslim majority in "Pakistan" is as violent as the Muslim opposition to submission to a Hindu majority in a united India. The Hindu Mahasabha has been eliminated from the Assembly. Its thunder was stolen by the Congress party when the latter decided, after the breakdown of the Gandhi-Jinnah talks, to turn back on its tracks of possible compromise with the Muslim League. The Hindu electorate, by voting for Congress candidates, has been able to unite the height of communalism with the height of nationalism. The victorious parties are agreed upon hostility to the present Government and upon the demand that British rule be ended without delay—on their own terms.

This outcome is the culmination of a process of communal disintegration that has been steadily going on in India since 1937. It can be traced to the fatal mistake of the Congress, after the 1937 elections, in rejecting the idea of coalition with the Muslims in provinces where the former had gained a majority; a great chance of uniting the communities in a constructive effort of self-government was then deliberately spurned. But there were other mistakes also. The British Government cannot be acquitted of blame, not indeed for positive acts to excite communal jealousy, of which it is guiltless; but for sins of omission in the furthering of communal co-operation. Looking back, it is clear that the only policy that was calculated to avert the present crisis—almost as dangerous to Britain as it is to India—was one of taking risks in advancing practical self-government, tempting the parties—or sections of them—into taking responsibility by offering them genuine power at the Centre. To allow a few Princes to frustrate the federation enacted in 1935 was the will of Parliament; but it did a grave injury, not only to Indian political progress, which is Britain's interest, but in the end to the interests of the Princes themselves, as their leading representatives and advisers would now be the first to admit. As an immediate policy, the "Wavell Plan" of 1945 might have succeeded in 1942, before or just after the "Cripps Offer", or in 1940, after the so-called "August Offer" of Lord Linlithgow, which contained in essence the Cripps and Wavell policies but was couched in clumsy terms and was not backed by determination to take risks in establishing a representative Indian Government for the conduct of the war. "Too Late" has once more been the chapter-heading in the story of Britain's relations with India. The danger is that it may be written across the last page in letters of blood.

Though compromise between Muslim and Hindu now seems impossible, Britain has a last chance to steer India on the path of wisdom and away from self-destruction. No one else can do so. The initiative will not come from Indians themselves. Nothing can be done until the provincial elections are completed—they are being held as *THE ROUND TABLE* goes to press—but when their results are known, decision must be swift. The parties promise immediate and violent action to enforce their position after the elections, but it seems likely that for a short spell, after demonstrations of triumph, they will wait to see what the Government will do. That will be Lord Wavell's opportunity.

The provincial elections will certainly follow the same main course as

those to the Central Assembly. Local personalities, provincial issues and provincial parties, like the Justice party of Madras, will no doubt have their effect where the communal issue is not all-absorbing; but he would be rash who would predict anything but a Congress triumph in the general constituencies, and a Muslim League triumph in the Muslim constituencies, over by far the greater part of India. In the North-West Frontier Province, where the existence of a large Muslim majority has hitherto pushed the Hindu-Muslim conflict into the background, the local Congress party under Khan Abdul Ghaffar Khan is strong and the electoral result uncertain; but the Frontier Province is small in population and cannot hold out against the swing of affairs in the rest of India. The critical province is the Punjab, because it is the heart of the dreamt-of Pakistan. Here a coalition, mainly Muslim but including also Hindus and Sikhs, and representing the landed interest, has maintained itself in office ever since 1937 under the leadership of the late Sir Sikander Hayat Khan and the present Premier, Malik Sir Khizr Hayat Khan Tiwana. The Unionist party, which supports the coalition, is opposed by the Muslim League and the Congress alike. In Muslim constituencies a vote for or against Sir Khizr's party will be taken as a vote for or against Pakistan. Whatever happens, Mr. Jinnah will claim an overwhelming Muslim vote for Pakistan in India as a whole; but if the Unionist party is returned to office in the Punjab his position will be very much weakened. Out of office, it will assuredly fall apart, rent, as it is, not only by communal feeling but also by a long-standing feud between the followers of the late Premier and the Tiwana family. One of the issues on which the Simla Conference broke down last summer, it will be recalled, was whether any of the Muslim places in the constituted Viceroy's Executive Council should be given to the Punjab Unionist party, or whether all, as Mr. Jinnah demanded, should be allotted to the Muslim League. The provincial elections were the necessary test of his pretensions.

THE MIRAGE OF PAKISTAN

THE outcome of the Punjab elections, however, should not radically affect British policy in India. The task will be easier, no doubt, if the Unionists succeed than if the Muslim League gets this last vindication—but not essentially different. For the British Government cannot in any case adopt Pakistan as a practical policy. To do so would be to precipitate a struggle in India which would rend the country from end to end. Ten years of civil war and rebellion in that event have been prophesied by wise Indian statesmen. Even if British will and British power were ready to face this prospect, as soon as Pakistan is translated from an ideal into practical shape its impossibility becomes manifest. As only one example—if Pakistan is right, Sikh separatism must also be admitted, and the territory of Pakistan be thus deprived of the rich cis-Sutlej districts, a mutilation as painful to the Punjabis as the "vivisection of Mother India" would be to the Hindus. The partition of Bengal, to separate the Muslim districts from the Hindu, is equally dangerous and difficult. These things, which are true now, were always true and predictable. It is a thousand pities that the British Government

did not grasp this nettle years ago, and say firmly and consistently that, whatever Indians might ultimately find desirable as among themselves, Britain could hand over power only in an India united by the necessary minimum of common government. Had they done so, the position would have been far less dangerous to-day.

Yet the Pakistan movement cannot be repulsed at this stage by a mere "No". It has caught the imagination of the Indian Muslims, has become their sacred Ark of the Covenant. It has done so less as a practical plan (for Mr. Jinnah has cleverly kept its outline vague) than as a watchword and an ideal. Tribute must be paid to ideals as well as practical possibilities in British policy at this juncture. To pronounce flatly against Pakistan and for the rule of the majority in all-India would be as certain to provoke civil war and rebellion as to do the opposite.

The temptation will be great, in this quandary, to play for time. But that would be the fatal course. In face of that quandary the clearly expressed will of the Indian people, and the equally clearly expressed promises of His Majesty's Government, agree upon the need for complete Indian self-government without more delay. In this the Congress party and the Muslim League are at one. The war record of the Indian Army itself demands the recognition of Indian nationhood forthwith. The unpleasant story of the Japanese-sponsored "Indian National Army" only reinforces the argument. In Burma, in Java, we have prudently recognized that, among a subject people, "collaborators" may be patriots; and the remission of all but nominal sentences on the three Indian National Army leaders convicted in the "Red Fort" trials in Delhi last January shows that in India public opinion has obliged us to take much the same line. The effect on the Indian Army as a whole, especially those who suffered many cruelties rather than break their oath by joining the "National Army", may well be deplorable; but this proves only that our position as commanders of an Indian Army, from which we ask a loyalty different from, and even contrary to, the national patriotism of its civil fellow-citizens and co-religionists, grows steadily less tenable. Despite the anti-militarist bias of the Congress party, our best service to the heroes of the Indian armed forces would be the resolution of this difficulty by an immediate grant of Indian national government.

TWELVE POINTS OF PRINCIPLE AND POLICY

BRITISH policy, then, must advance a practical scheme for rapid demission of ultimate governmental power from British to Indian hands which is consistent with the broad ideals of the great communities and parties. Lord Wavell's statement to the Central Assembly on January 28, sound though it was in itself, contained nothing new towards achieving what previous utterances had sought in vain. The decision to send a ministerial mission to India, though a valiant innovation in procedure, added nothing fresh in policy. The mission might well base themselves upon a pronouncement on the following lines:

1. The sovereign rights of self-government in India reside in the peoples of India.

2. In British India those rights have been and are exercised by the peoples assembled and organized in provinces.

3. The first stage in the completion of Indian self-government is therefore recognition of the sovereign rights of the British-Indian provinces.

4. These rights include the right of self-determination.

5. Nevertheless, the complexities of modern government, the long existence of a central Indian administration, and the need to conserve for India as a whole the greatest possible power and prestige in support of her international position, make it imperative that, as the second stage in the completion of Indian self-government, the sovereign provinces should freely combine in an Indian Union for common purposes.

6. The compact of Union should not empower any community to command a permanent majority in its Councils, and should provide for the right of secession by the provinces when practical arrangements for this can be worked out.

7. For the present, the first two stages in the completion of Indian self-government must go side by side.

8. The expression of sovereign rights in a new constitution will be for each province to decide, through its legislature; in order to save time, the present provincial constitutions can be adapted, with provision for later change.

9. The compact of Union shall be framed by a Council representing the several provinces.

10. The third and fourth stages in the completion of Indian self-government are the enactment of the constitutional laws required by the first and second stages, and the admission of Indian states into the structure of self-government.

11. A time-table for the achievement of all four stages within two years should be framed; while it will be for the Indian parties, communities and interests to proceed faster than the time-table if they can, any lagging behind by particular sections will not be allowed by His Majesty's Government, as far as lies in their power, to delay the completion of self-government for India generally.

12. Meanwhile, a new representative British Indian Government will be formed by the Governor-General from among those political leaders and groups which are ready to co-operate with him in working the existing constitution; such a Government will exercise the fullest autonomy as a national Government, both in domestic and in international affairs, subject only to the need for His Majesty's Government to fulfil in the interim period its past pledges to India; thus in the Centre and the provinces alike, full self-government in India begins as a practical measure now.

Such a manifesto, while recognizing the principle of provincial sovereignty, would lay down a practical mechanism for combining this with the necessary minimum of central co-ordination. It goes beyond the Cripps offer in starting from provincial autonomy and working towards the centre, instead of the reverse. In any case, the effort to form a federation by a partial breaking down of a unitary government had its last chance in the 1935 Act, and cannot

now succeed. It is true that the Muslim League claims nationhood for the Muslim community, rather than the regions where they are in a majority; but it seeks to express this through sovereign status for such regions, nor has any Muslim leader proposed any way in which Muslim nationhood as such could be translated into practical political terms. The suggested manifesto goes far enough to meet the Muslims without parting company altogether with Hindu sentiment.

It would have to be made plain that while the manifesto overrode any past declarations of policy to the extent that they were incompatible with it, all outstanding British pledges otherwise held good. This might give rise to interpretative arguments, but would be desirable in order to give the necessary confidence to the smaller minorities and to the Princes. The minorities and the Princes, however, now recognize that, given the certainty of Indian self-government, their future depends, not on British pledges which with the best will in the world cannot for ever be implemented, but in the terms that they can make with the major communities and with British India. The January session of the Chamber of Princes showed plainly enough this new attitude of Their Highnesses. Because British India will accept them as partners only if their internal régimes are reformed, internal reform is the order of the day, and constitutional monarchy is heralded as the heir of absolutism in princely India. What will come of this in practice is another matter, but the promise itself is significant.

All, then, is not yet lost. British statesmanship has a final chance to crown its gifts to India by steering her through the difficulties that she faces and setting her upon that course which leads to peace, progress and prosperity. The alternative is disaster and ruin engulfing many millions in India and beyond.

OUR NEIGHBOUR'S EMPIRE

CONSTITUTIONAL PROBLEMS OF INDONESIA

DOWN to the revision in 1922 of the Netherlands Fundamental Law (which found its expression in the Netherlands Indian Constitution of 1925) the Kingdom of the Netherlands had been composed of the "Kingdom in Europe" and the "colonies and possessions of the Kingdom in other continents". The last-mentioned expression has now disappeared. Article 1 of the revised Fundamental Law reads: "The Kingdom of the Netherlands comprises the territory of the Netherlands, the Netherlands Indies, Surinam and Curaçao." This means that the old colonial system was abolished; each of the enumerated parts now appeared as an autonomous constitutional entity. The different parts found their unity in the Kingdom, namely:

The Netherlands	34,181 sq. km.;	9,178,000 inhabitants
The Netherlands Indies	1,904,340 " "	60,707,000 "
Surinam	140,651 " "	192,000 "
Curaçao	1,130 " "	128,000 "

The autonomy of the Netherlands Indies has been compared to provincial or municipal autonomy. Except for special reserved subjects, the legislation regarding the internal affairs of the Netherlands Indies was transferred to bodies established in that country, though a certain degree of supervision existed, working through safeguards deemed necessary for the well-being of the Kingdom as a whole. Surinam and Curaçao enjoyed approximately the same status within the Kingdom.

When the system of the new Constitution of 1925 had been in force for some time, it met with growing criticism. According to the new arrangement, the House of Representatives—the Volksraad (People's Council)—composed of native, Dutch and 'foreign' (mostly Chinese) members had to vote the annual budget, but, even though the Governor General at Batavia had notified his agreement, the assent of the Netherlands Legislature was still required. Should the Governor General disagree, those portions which were rejected by him had to be passed by the Netherlands Legislature. It would, perhaps, have been more satisfactory if the budget had been divided into two parts, respectively comprising general (or imperial) and special (Netherlands Indian) expenditure, a division which is made in India. Of course it is not always easy to draw the demarcation line between expenditure of general and local interest. But, as a consequence of the Netherlands Indian system, the whole of the budget had to be checked every year by the Netherlands Legislature. This was felt by many to be a source of unnecessary delay. Some critics, moreover, objected to the system by which the Governor General could certify particular portions of the budget about which he disagreed with the majority of the Volksraad, to be settled by the Netherlands Legislature. There were also complaints that too often subjects were reserved

for regulation by the Netherlands Legislature. It is true, however, that in such cases the Volksraad was consulted about the Bill, when the urgency of the affair did not make such procedure impossible; but the advice of the Volksraad was not always followed.

When the Governor General disagreed with the majority of the Volksraad about a Netherlands Indian Bill, he could invite the House to reconsider its opinion; and when by this procedure agreement could not be reached he could refer the affair to the Crown for a decision. In urgent cases he could at once promulgate the ordinance by his own authority; all that remained to the Volksraad then was to appeal to the Crown. This system, too, met with criticism in some quarters.

The Crown was invested with the "supreme government" of the Netherlands Indies, including the power to give "directions" to the Governor General; the power to call him to account; the power to ask from him complete information regarding the discharge of his duties. By these powers the Minister of Overseas Territories, though leaving to the Governor General a reasonable degree of freedom of action, was able to assume full responsibility to Parliament for policy in the Netherlands Indies and other overseas territories. Certainly the intention was, as announced by the Netherlands Government in 1922, to leave legislation and administration of "internal affairs" as much as possible to the Netherlands Indian authorities; but it was often thought in the Netherlands Indies that the influence of the Netherlands Government was excessive in affairs of common interest. This opinion was held not only by Indonesian nationalists but also by several Dutch groups, particularly by the Indo-European community.

So it came about that in 1926 the Volksraad, by a majority vote, addressed a petition to the Netherlands Government for a joint conference of representatives of the Netherlands and the Netherlands Indies, on an equal footing, in order to draw up a plan for gradual reforms intended to give to the Netherlands Indies, within a certain time, a status of independence as a part of the Kingdom. The independence favoured by the Dutch and moderate Indonesian supporters of this resolution was to be compatible with the unity of the Empire; they wished to see the Netherlands Indies on an equal footing with the Netherlands themselves with respect to internal affairs; for the control of imperial affairs, or affairs of common interest, a new body, an Imperial Council (Rijksraad) and an Imperial Government, was proposed. At that time the Netherlands Government, though acknowledging that a greater degree of independence should gradually be conceded, held the opinion that, since the recent reforms, the social, economic and intellectual development of the Netherlands Indies had not yet reached a stage which would justify a new political advance in the direction of autonomy on a democratic basis.

The war, however, was to accelerate the tempo of developments. On May 10, 1941, Queen Wilhelmina announced on the radio that the moral strength shown by the overseas territories had convinced the Government that the way to a new status should be prepared. After the war an Imperial Conference was to be convoked, where delegates from the Netherlands, the

Netherlands Indies, Curaçao and Surinam could discuss the constitutional structure of the Kingdom and its different parts, in order to adapt it to the changing circumstances. The Governor General at Batavia and the Governors at Willemstad and Paramaribo were invited to publish this project, and to ascertain the wishes of the people in their territories regarding the constitutional future. In Batavia a Committee for this investigation was formed without delay, and its report was published in December 1941, before the Japanese invasion. In a radio speech of December 7th the Queen said:

"I feel convinced that after the war it will be possible to reconstruct the Kingdom on the solid foundation of a complete partnership, which will mean the consummation of all that was developed in the past. The years of war have proved that both peoples [of the Netherlands and the Netherlands Indies] possess the will and the ability for harmonious and voluntary co-operation. Without anticipating the recommendations of the coming conference, I imagine that they will tend towards a commonwealth in which the Netherlands, the East Indies, Surinam, Curaçao will participate and in which, while each possessing complete self-reliance and freedom of conduct regarding internal affairs, they will show the fullest willingness to render mutual assistance to each other. It is my opinion that such a combination can increase the strength of the Kingdom and its parts for the bearing of their responsibilities both internally and externally. No room will be left for any discrimination on grounds of race or nationality. Nothing but the ability of the individual citizen and the needs of the various groups of the population will determine the policy of the Government."

TWO VIEWS OF IMPERIAL PARTNERSHIP

THE reconstruction of the Kingdom on the foundation of a complete partnership seems to be accepted throughout the Netherlands and the overseas territories. But there are still great differences of opinion concerning the structure which is to embody this principle. There are some who would agree to new constitutional enactments and a new constitutional practice to restrain the Netherlands Government from interfering in purely internal affairs of the overseas territories, and to have differences of opinion concerning affairs of imperial or common interest discussed at imperial conferences; but that would be as far as they could go. In their opinion, the manifest backwardness of the native Indonesian population in social, economic and intellectual development, and especially the marked differences between one region and another, would make it extremely difficult to revise the constitutional structure of the Indies themselves. The members of the Volksraad were partly elected by the local councils and partly nominated by the Netherlands Indian Government; the members of the municipal councils were elected directly on a basis of literacy and other qualifications; the members of the rural councils were nominated partly by village electors; altogether 6½ millions of electors took part in the composition of the councils. This system was, of course, only an early phase in a scheme of gradual political development, but it had to keep pace with the intellectual, social and economic development. An illiterate and generally backward electorate would not be able to control their representatives, and probably their interests would be disregarded. The Government had

tried to extend the educational system and to open as many schools as possible, but the great mass of native peasantry were rather slow to recognize the usefulness of such education. Only gradually was the oriental society activated by western influence, and this process could not be accelerated; only gradually did "economic intercourse" permeate the old sphere of village economy.

There are others who, while conceding the general backwardness of the Indonesian masses, want to use the comparatively small group of Indonesian intellectuals to accelerate the process of development. Invoking the principle of self-determination they regard the Indonesian peoples—the Javanese, Sundanese, Bataks, Atchinese, Menadonese, Ambonese, &c.—as forming together one Indonesian nation with a natural claim to self-government. These peoples have only been very partially welded together—and this, in so far as they *have* been welded together, is mainly due to the action of the effective unitary government instituted and run by the Dutch—and they cannot yet take their fate into their own hands. But, so it is argued in these circles, the Indonesian group of intellectuals can be considered to represent the Indonesian interests. Not only should they control the vast majority of seats in an Indonesian Parliament, but also a system of responsible government should be introduced as quickly as possible by which they would be called to occupy the positions of responsible ministers. For Dutch experts and technicians some functions of a consultative character could be reserved. But all leading functions in the government should be "indianized" (if a term may be borrowed from British India) as speedily as possible.

This group generally expects that intellectual, social and economic development will be accelerated by the force of native idealism and that they will find the revenue required for the expense of reforms by a large-scale nationalization of private plantations and industries, or in any case by heavy taxation of foreign capitalists. Of course this group is in favour of a large degree of independence for the Indies. There are some belonging to it who would welcome co-operation between the Indies and the Netherlands on an equal footing in an Imperial Council. Others prefer the form of a confederation of independent States or a Netherlands Commonwealth of Nations in which the Indies should have dominion status.

It goes without saying that strong antagonism exists between these two bodies of opinion. The first is firmly convinced that the future constitutional structure of the Indies cannot be founded solely on the Indonesian group of the population of the Archipelago, but that the other groups of Dutch subjects—especially the Dutch and Chinese—should take a great part in it. English people are apt to overlook the fact that a great number of Dutchmen have settled in the Indies with their families—though the reports about the tragedy in which the Japanese invasion has involved this community may have been a reminder; it was they who ran, not only the administration, but the higher economic life of the country, with Chinese, Arabs, &c., established in the middle strata as shopkeepers and the like. As a result, in spite of advances made lately, and in spite of the existence of a fairly large group of aristocrats and intellectuals, the social and economic, and even the intel-

lectual, strength of the Indonesian peoples is not to be compared with that of the people of India, and it is not to be wondered at that most Dutchmen who are conversant with conditions out there declare it to be inevitable that the influence of the three main communities, the combined Indonesians, the Dutch and the Chinese, should remain well balanced as it has been under the existing constitution; and the balance should be held strongly in the hands of a Netherlands Indian Government not dependent on some incidental party majority in the representative body. The Governor General, assisted by the machinery of the Civil Service, should guarantee as before that justice and equity prevail in the practice of government and legislation. Responsible government with an Indonesian majority in the House of Representatives would ruin the whole system. It would destroy the prosperity of the country; it would endanger economic relations with other countries; it would strike at the root of modern civilization in the Indies.

THE SCHOOL OF COMPROMISE

BETWEEN the two extremes thus indicated a third group tries to formulate an intermediate proposal. One suggestion is that the Indies should get a large measure of independence, by abolishing the responsibility of the Governor General to the Crown, and by leaving decisions concerning legislation and the budget to the Netherlands Indian Government. The only exception would be that of imperial affairs, which should be controlled by the Imperial Council and an Imperial Government, in which both the Netherlands and the Indies should take part on an equal basis. On the other hand, the Governor-General should also remain independent of the representative body of the Indies, so that he might still be the arbiter in questions relating to all parties and sections of the population, safeguarding good and equitable government.

It is thought in some quarters that this solution would give satisfaction to many Dutch people both in the Indies and in the Netherlands, and that it would also be welcomed by the great mass of moderate Indonesians and Chinese. On the other hand, the radicals of the second group mentioned above, to say nothing of the more extreme wing of Indonesian nationalists, reject the idea of an independent Governor General, deeming it to be a revival of the wholly antiquated principle of benevolent autocracy.

THE GOVERNMENT'S OFFER

AT the moment of going to press the Dutch Government have broken the silence which they have been maintaining as to their own plans for a settlement. It will be obvious that they had to take into account, not only the various trends of opinion in the mother country indicated so far, but also the state of mind of the Indonesian Nationalists with whom their proposals will have to be discussed. This does not, of course, mean that Shahrir and his Cabinet, with Soekarno in the background, are to be accepted as truly representing the whole of the Indonesian peoples, or even of the Javanese. It is one of the main difficulties of a difficult situation that in the state of anarchy prevailing in Java, where terrorism is rampant, public opinion

cannot be gauged and moderates have been reduced to silence. This alone suffices to justify the attitude, taken up by the Dutch Government at once and consistently maintained, that a recognition of the "Republic of Indonesia" will not be admitted as a subject for discussion. The Government cannot, any more than any body of instructed opinion in the country, look upon that Republic as anything else but a system of anarchy and oppression of the numerous heterogeneous elements in the country, in short as a disaster not so much to the Netherlands as to the Indonesian peoples themselves. At the same time the Government is fully alive to the fact that the spirit of nationalism must be met with understanding and with sympathy, and the proposals just published are a courageous attempt to do this in a way which has nothing niggardly about it, while at the same time keeping in touch with the realities of the actual situation.

They amount to the offer of a large measure of self-government now, on the basis of equal partnership within the Kingdom. It is impossible here to discuss the scheme put forward in any detail; vague or obscure parts will no doubt be cleared up in the negotiations. But the striking feature of the proposal is that this scheme, if accepted and put into practice now, is after a term of years so far unspecified to be submitted to a free expression of the Indonesian peoples' will; it is then to be possible for them to opt for complete independence, even if it remains the hope of the Dutch Government and the Dutch people that co-operation will by then have justified itself and partnership will be confirmed. In any case a way seems to be shown by which Javanese nationalists may lead their country out of the present violence and confusion without loss of dignity and without surrendering any of their ideals.

INDIA

EVE OF A CRISIS

INDIA is approaching its greatest constitutional crisis in a decidedly sultry atmosphere. The Government, which has promised to take steps towards self-government for India at an early date—and indeed can perhaps afford to do anything except stand still—is faced by two great communities demanding self-government for India according to mutually irreconcilable formulae and brandishing big sticks at the Government and each other.

The elections to the Central Legislative Assembly are over. Elections to the provincial legislatures are now in full swing. The first are important mainly as tests of the support enjoyed in the country—or rather in the communities they represent—by the main political parties. The Congress party, which stands for the transfer of power from Britain to India on the basis of a United India, has made a clean sweep of the general—that is to say, predominantly Hindu—constituencies. The Muslim League, which stands for the transfer of British power to separate Hindu and Muslim states, has made an equally clean sweep of the Muslim constituencies.

The provincial elections are more important. It is from the provincial legislatures that the constitution-makers of a self-governing India are proposed to be drawn. Also, a party obtaining a majority in a provincial legislature can, if it so wishes, take over the government of the province and exercise real power. Congress spokesmen have already told us that they intend to form ministries in order to put into execution their "Quit India" resolution; in other words, to force transfer of power at the centre to the hands of the Congress party.

The Congress party will, it may be taken for granted, do just as well in provincial elections as they did in those for the Central Assembly. The Muslim League will do less well; their community is, for purposes of provincial politics, less solid than the Hindus. But they will get a large majority of Muslim votes, and one would be wise to assume that when it comes to a definite show-down with Hindus on the shape of India's self-governing constitution, the sentiments of the mass of Muslims will be with the Muslim League. Whatever misgivings there may be among Muslims about the Pakistan of Mr. Jinnah's conception, there are no Muslims who will be satisfied with a solution that places India under a Central Government which has a Hindu majority. Hindus for their part—although there is little of the democratic spirit in them—do not see why they should be denied the prerogatives of the majority in any democratic system.

The election campaign falls into two phases. In the first the Congress party leaders gave themselves over to unrestrained incitement to violence. The courts martial of the Indian Army Officers who fought against British Indian forces in the Japanese-sponsored "Indian National Army", and events in Indonesia, provided fuel to feed flames of racial hatred. The outcome was

one week of very serious rioting in Calcutta. One imagines this was not quite according to the programme—at least according to the time-table—of the Congress party, who were probably only concerned with waging a wordy war of nerves against the British with a view to forcing them to decide the Pakistan issue before the elections should demonstrate the strength of the Muslim League's support. The second phase of the election campaign, which dates more or less from conversations which the Viceroy and Mr. Casey, Governor of Bengal, had with Mr. Gandhi and other Congress leaders in Calcutta in December, showed the Congress leaders re-emphasizing the policy of non-violence. One suspects, however, that attachment to non-violence among the mass of Congress supporters is not nowadays very deep; and only the other day Sardar Vallabhai Patel, a militant Hindu member of the Congress Working Committee, told Muslims that they could have Pakistan only at the cost of civil war between Muslims and Hindus.

THE VICEROY'S ASSESSMENT

THE Viceroy's meeting with Mr. Gandhi was incidental to his visit to Calcutta to make his annual speech to the Associated Chambers of Commerce. In this he took the opportunity of recalling the attention of all political parties to the real and complicated content of the problem of Indian self-government. It was not, he said, a simple problem to be resolved by repeating passwords such as "Quit India". It could not, and would not, be resolved by violence. There were various parties to a settlement who must somehow or other reach a measure of agreement among themselves. There was Congress, the largest political party in India; the minorities, of whom the Muslims were the most numerous and important; the rulers of the Indian States, which included so large a part of India and its peoples and had to be accommodated within the Indian union if that were to prosper; and there were the British Government and people. Given goodwill, common sense and patience on all sides, Lord Wavell did not think an agreed solution would be very difficult. On the other hand, it would be a grim tragedy for India and the world if an atmosphere of racial and communal hatred were allowed to prejudice the discussions which were to take place after the elections, and if violence were to result from that atmosphere.

The Viceroy emphasized that it was the earnest wish and endeavour of the British Government and people to give India freedom; but "we cannot and will not abandon our responsibilities without bringing about some reasonable settlement". No solution would be satisfactory which would result in chaos and bloodshed, interference with trade and industry, and perhaps famine and general misery. He made an earnest appeal to leaders of Indian public life to avert, by exercising moderation and goodwill, the civil violence and strife of which India stood in peril. His speech to the new Central Legislative Assembly on January 28 recurred to this theme. The British Government had the "determination" to establish a new Executive Council formed from political leaders and to bring a constitution-making body or convention into being as soon as possible. Members would, he hoped, say nothing during their debates which might adversely affect the

prospect of his being able to carry through this programme or increase the bitterness already abroad in the country. "Enough and more than enough animosity has been caused during the elections to the Central Assembly: and the provincial elections are likely to have the same effect."

ONE INDIA OR TWO?

To sum up the position as it stands, just a month or two in advance of the inevitable British initiative: the first feature is that the Congress leaders refuse to enter into any discussions with the Muslim League until it has given up the demand for Pakistan. The Muslim League for its part refuses to talk with anyone unless the demand for Pakistan on the basis of Punjab, Sind, and North-west Frontier, and Assam and Bengal, is accepted in advance.

These may be extreme attitudes struck for election purposes only. More moderate Congressmen at least envisage entering after the elections into discussions with the Muslim League on the basis that the Muslims are asked to say frankly what it is they are afraid of in a United India and the Congress party does its best to meet them. That is going to be difficult, for the root of the matter is that the Muslim community feel they will be unable to hold their own with the more numerous, wealthier and educationally more advanced Hindus when the British are no longer holding the balance of power. In the event of failure of the conversations the more moderate Congress school of thought—consoling itself with surmises that the Muslim majority provinces could not long remain outside—would have the British go ahead with the establishment of a self-governing union of the Hindu majority provinces. These are, it is pointed out, a compact *bloc* containing everything they need for an independent existence. This is, of course, tantamount to conceding Pakistan; and to that there will be great difficulty in reconciling Hindu opinion. On the other hand, Hindu opinion has not yet been able to agree on any coherent scheme of safeguards for Muslims in an All-Indian union.

For the interim period, the Hindus expect the British to establish a Government at the centre, representative of the great political parties. This Government would, of course, be able to exercise a great influence on the course of the constitutional discussions; and, just for that reason, the latest declarations of Mr. Jinnah, the Muslim League Leader, are that he will have none of it. Replying to the Viceroy's last speech, he declared that, the war being over, there was no necessity of an interim government. The time had come to tackle the main issues involved in a permanent settlement. The only solution was the division of India into Pakistan and Hindustan, and "it is our grim resolve and determination to set up a free Muslim state in the Muslim majority areas in the North-western and North-eastern parts of India". An interim government would only relegate the demand for Pakistan to the background. It followed that there was no point in setting up one constitution-making body. It would only disagree on the preliminary and permanent issue, which was the division of India. So far as the Muslim League is concerned, accordingly, there must be two constitution-making bodies or none. Mr. Jinnah did not say so, but it is believed that, once the

principle of division of India has been conceded, he might be ready to enter a central government formed for the purpose of carrying on administration until the two self-governing Indias have been brought into being.

The Congress party's reply to that is what might have been expected. India must have a National Government. If the Muslim League will not co-operate, it is the clear duty of the British Government to proceed to form a National Government with the support of the other elected parties. If the British use Mr. Jinnah's intransigence as an excuse for sticking to power, the stage will be set for mass movements which it may not be in the power of any human agency to control. The Muslim League, for their part, hint that if the British form a popular central government without them, they may discover that mass movements are less foreign to Mr. Jinnah's nature than most people suppose; and that Muslims do not pretend to be wedded to non-violence. The British are accordingly on the horns of a rather unpleasant dilemma.

THE PRINCES

MEANWHILE the Chamber of Princes has had a meeting, presided over by the Viceroy, at which they announced, first, their intention to make every possible contribution to the solution of the Indian constitutional problem; secondly, a programme of internal political and administrative reforms, designed to equip the States to survive and play a full part in the India of the future. The promise will perhaps turn out to be better than the performance; but it may broadly be conceded that the Princes are trying to shape their affairs on the assumption that the British, whatever they may or may not wish to do, will not find it practicable to carry them when the rest of India is self-governing.

The Viceroy pleased them with the assurance that there was no intention on the part of the British to initiate any change in the relationship of the States with the Crown or in the rights guaranteed by their treaty engagements "without your consent". He was confident, however, that their consent to any changes which might emerge from forthcoming constitutional discussions—in which he expected them to take their full share—would not be unreasonably withheld. This, of course, did not quite concede the Princes' claim that paramountcy could not be transferred from the Crown to an All-Indian union without their consent; and the Chamber, in their reply to the Viceroy, affirmed that they themselves were to be judges of what was a reasonable or unreasonable proposal.

The exchange of speeches also showed some not unnatural resistance to the disappearance of smaller States. The Viceroy conceded that in no part of India was administration more efficient, industries better organized and the welfare of the people better secured than in the States. That such a claim could not be made for all States was due, in the case of the smaller, to the insufficiency of their resources to meet the cost of modern administration. The welfare of their subjects required that every State should possess political stability, adequate financial resources and effective association of the people with the administration. "If a State cannot fulfil these conditions, I strongly

urge that it should arrange to do so either by joining a larger unit or by combining with other small States to form a political entity of sufficient size." The Viceroy added a warning that it would be wise for States not to refuse consent to the necessary modifications in the hope of being able to perpetuate conditions that were out of date.

The Nawab of Bhopal in his reply on behalf of the Chamber was under the necessity of breaking a lance on behalf of the smaller States. Size was not always a criterion of political stability, nor the present resources of an undeveloped small State the criterion of its ability to maintain a modern administration in the future. His speech reflected also the concern of small States at attachments and groupings—or the methods of them—which have already reduced the number of administrative units in Indian India from 600 odd to 250. Groupings should, he said, be by mutual consent. Upon other grievances of the Princes—arising mainly from their being asked to implement economic financial policies of the Government of India which States have had no say in framing—the Chamber received assurances from the Viceroy which gave them some satisfaction.

THE THREAT OF FAMINE

WITH great constitutional issues soon to be on its hands, communal tension running high, demobilization in progress, and a difficult economic transition from war to peace to manage, the Government of India is now faced with the threat of widespread famine in Southern India. Briefly, there has been (for the first time since the war began) a major failure of the north-east monsoon at a time when India is living from hand to mouth in an environment of world food scarcity. In addition, there is a threat of the failure of the winter rains in the wheat granary of India—the North-west—which means that crops grown on non-irrigated land may largely be lost. The situation has been deteriorating from week to week since December, and although all will be done that can be done to mobilize internal resources, larger imports than are yet in sight will be required to avert suffering if not worse among a population larger than was affected by the great Bengal famine in 1943. The Government of India is trying to arrange that the Combined Food Board* shall reopen the whole question of the allocations of grain from world stocks for the current year.

India,

February, 1946.

* At the time THE ROUND TABLE goes to press, a mission headed by Sir Ramaswami Mudaliar is on its way to Washington to represent the Indian case to the Board.—*Editor*.

GREAT BRITAIN

A MORE VIGOROUS OPPOSITION

THE transition from a quarter of a century of predominantly Tory Governments to rule by Labour with an independent majority proceeds with typically British calm. The smoothness of the transition was superficially due to the fact that most senior Labour Ministers were the surviving section of the famous Churchill Coalition; more fundamentally it was due to a common outlook now shared by the two parties in the State. We have returned to the nineteenth-century state of affairs in which there was an underlying agreement on essentials and substantial differences upon details between the two chief parties: the necessary conditions, in fact, for parliamentary democracy of the English kind.

The Opposition began by being too sweetly reasonable to satisfy their own supporters. How should those know how much *rt. hon. gentlemen* now on the Front Opposition Bench had collaborated to draft, and had thereby estopped themselves from criticizing, the Bills introduced by the Labour Government? There was, therefore, an agitation in the House, the press and the country for more vigorous opposition. Consequently, the Supplies and Services (Transitional Powers) Bill* was taken by the Conservative party as ending the days of grace to be allowed to the new Government, and an opportunity soon occurred for the Opposition to launch the first attack.

THE SCOPE OF NATIONALIZATION

ON November 19 Mr. Herbert Morrison made a statement elaborating the industrial policy laid down in the King's Speech. He limited the industries to be nationalized in the lifetime of the present Parliament to coal-mines, electricity, gas and transport. He indicated that shipping would not be nationalized, but inland transport including canals and long-distance road haulage would be brought under national ownership with the railways. The Government proposed to await a report called for by the Coalition Government on the improvements required to put the iron and steel industry on an efficient basis before taking any final decisions. Mr. Morrison stated that his purpose was to enable the various Ministers to open discussions with the industries affected and to give to other industries the assurance that they would be left for some time in private hands, assisted by the Working Parties established by the Board of Trade. Mr. Oliver Lyttelton asked for a debate on account of the importance of the statement. When this was refused the Conservative party put down a motion of censure. This was drafted so as to make a contrast between an ideological policy of nationalization as followed by the Labour Government and the country's need of food, work and homes, which the Opposition claimed could be obtained by their policy of rapid

* See THE ROUND TABLE, December 1945, No. 141, p. 74.

demobilization, curtailment of expenditure and encouragement of private enterprise.

Mr. Lyttelton, speaking as an ex-Minister of Production who had simultaneously been President of the Board of Trade, argued that the planning which had been possible to meet the unlimited and clearly defined requirements of war was unsuitable for providing the wide variety of things required for civilian consumption in the foreign and home markets. The Opposition was not quite united on this argument; and Mr. Herbert Morrison in his winding-up speech made play with the difference which had revealed itself in the Conservative party between those who still use the arguments of *laissez-faire* and those who accept the need for a planned economy. The fact is that the Opposition are not yet agreed upon what alternative they offer to the Socialism they denounce.

Mr. Attlee's speech in reply to Mr. Churchill was perhaps the feature of the debate and was incomparably the best of his political career. The general impression was that the Opposition had not improved its position in the country by a frontal attack upon the Government at so early a stage. The electorate does not consider that the Labour Government has yet had an opportunity of getting into the saddle and is still disposed to attribute hardships and scarcities to the war. The censure motion would have been more effective if postponed for another three months.

THE COAL BILL

THE attitude of the Conservative party to nationalization was made plain in Mr. Eden's speech on the Second Reading of the Coal Bill and in the reasoned amendment subsequently moved. It said that the Bill was "setting up a state monopoly in the production of coal, suggests no immediate action to arrest the decline in the output of coal and the increase in its cost of production or to restore our export trade in coal to the levels reached under free enterprise . . . and affords no real protection to the general public either as domestic or industrial consumers or as taxpayers".

The Conservative party is careful not to fall into the ideological blunder of which it accuses the Labour party of regarding nationalization as a matter of principle to which practical considerations of production and efficiency must be sacrificed. The present organization, or lack of organization, of the coal industry cannot be defended; and at the General Election Mr. Churchill announced that, if returned, he would apply the drastic recommendations of the Reid Committee to re-equip the mines and to amalgamate them into larger units. Both the gas and electricity industries come under the Ministry of Fuel and Power, and it is known that the nationalization of coal-mines will be followed by the nationalization of these two coal-using industries. The Heyworth Committee, appointed by Major Lloyd George when Minister of Fuel and Power in the Churchill Government, has now reported and advocated nationalization. The empirical attitude of the Conservative party should enable them to meet this further problem without any inconsistency of argument.

CIVIL AVIATION

THE first debate upon nationalization dealt with civil aviation. It has usually been contended that nationalization is most appropriate to old-established industries which are run on routine lines and which are relatively free from foreign competition. By these criteria, civil aviation would seem most unsuited to nationalization, because it is a new and expanding industry threatened with the severest competition from the United States of America. This was the argument vigorously put by Mr. Harold Macmillan, who mentioned the well-known fact that the Labour Government would have been satisfied to continue with the Swinton policy if it had not been for pressure from their own back benchers to adopt nationalization. The Government were able in reply, however, to point out that civil aviation has never been a classical example of private enterprise, that it has required subsidy in the past and that B.O.A.C. and the three corporations proposed to be set up under the Swinton Plan all partook of the nature of "chosen instruments", to use the phrase applied to corporations under special Government supervision and protection.

THE NATIONAL INSURANCE BILL

ON January 24 the National Insurance Bill was published. It gives effect to the general principles of the Beveridge Report. It substitutes for the various insurance schemes and social services which have gradually been built up over the last thirty years one single insurance scheme intended to cover all eventualities and to provide subsistence. There are no startling departures from the principles laid down by the National Government in its White Paper of September 1944. All benefits are, however, substantially increased. The benefit for a sick, unemployed or retired adult is 26s. and for a retired aged couple is 42s. per week. This is a slight increase over Sir William Beveridge's figures of 24s. and 40s., but is largely explicable because while his figures were based upon the cost of living as 25 per cent above 1938, the cost of living is now 30 per cent up. Sir William, however, had proposed following the New Zealand example and gradually raising old age pensions without means test over a period of 20 years to a subsistence level to be reached in 1965. During the transitional period the basic pension would be raised by successive steps of 1s. at two-yearly intervals, while a means test would be applied so as to raise the total to subsistence level inclusive of the pensioner's earnings or income.

The National Government departed from this principle on the ground that political pressure would make it impossible to delay the full introduction of whatever ultimate old age pension was fixed. They consequently proposed to introduce immediately old age pensions of 20s. for a single person and 35s. for a couple. The Labour Government is now proposing to introduce slightly more generous subsistence pensions than those suggested by Sir William Beveridge and to do so immediately. The effect of this will be to increase by nearly 50 per cent the total cost of the insurance scheme, and almost the whole of this increase is for the benefit of the aged, none of

whom have paid contributions for this benefit and many of whom are not in need of it. Much of this additional burden will fall upon the Exchequer; much also will fall upon employers and employed, the former paying weekly in respect of his male employees 3s. 10d. and female employees 3s., while the male employees will pay 4s. 7d. and the female employees 3s. 7d.

HOUSING

THERE has been no major development in the housing situation since the debate on October 17.*

Mr. Aneurin Bevan persists in his refusal to specify the housing target at which he is aiming. He is at any rate prudent to avoid making promises which he may be unable to fulfil. It will not help him much, however, if he fails to produce the houses themselves. So far, the progress made has not been remarkable, and his first Report to December 31, 1945, has, at the time of writing, still not been published. Legislation has been passed enabling the Minister of Works to make bulk purchases of large quantities of building materials and accessories. The Government hope in this way to ensure continuity of production and low prices. The Opposition severely criticized the Bill on the ground that neither Parliament nor the country would be able to disentangle the finances of the scheme so as to see what losses, if any, had really been incurred.

FOOD

THE lack of housing and fuel were bearing heavily upon the British people this winter and, accompanying a reaction from victory celebrations, largely explained a certain depression of the country's spirits.

A violent reaction of public opinion was therefore inevitable as a result of the proposed discontinuance of the issue of dried eggs and the serious statements made to the House of Commons by the Ministers of Food and Agriculture on February 5. The announcement of a worldwide scarcity of cereals is a grim augury for the devastated countries of Europe. Britain is so much more fortunately placed that it is still hoped to avoid the rationing of bread. The reduction, however, of the fat ration, which stands now only at 8 oz. per week, by 1 oz. is a serious blow. The more plentiful supplies of fish now available are difficult to use in an appetizing form because of the lack of cooking-fats. There will also later be a reduction in the home production of bacon, poultry and eggs. The cumulative physical fatigue and nervous strain of six years of war make it difficult for the housewife to respond cheerfully to the admonition to tighten her children's belts by one more hole.

THE LOAN AGREEMENT WITH THE U.S.A.

It cannot be said that either Parliament or the country failed to appreciate the importance of the financial and economic settlement with the United States. There was indeed outspoken criticism that issues so fateful for the

* See THE ROUND TABLE, December 1945, No. 141, p. 75.

present and future generations should have to be decided by Parliament within ten days of first seeing Cmd. 6708, which provided for a \$4,400 million loan to the United Kingdom and Cmd. 6709, containing the proposals for an International Trade Organization.

There was no concealment of the situation. The United Kingdom is faced with so acute a deficiency of foreign exchange in the immediate future that it had to accept a dollar loan from the U.S.A. or subject its people to a degree of austerity exceeding anything known even at the worst period of the U-boat campaign. As a *quid pro quo*, the U.S.A. exacted the ratification of the Bretton Woods Agreement, and acceptance of a detailed exposition of the U.S.A.'s interpretation of Art. 7 of the Mutual Aid Agreement. No speaker regarded the transaction as other than onerous and an unfair imposition on a debtor country whose poverty was due to expenditure in the common cause of the United Nations.

Had the issue been the ratification of Bretton Woods alone, the majority would have been far larger. There was, however, at no time any doubt of the result. The impossibility of meeting all the calls for dollars in the next two or three years made the acceptance of the loan inevitable; the Labour party used all its influence to induce its members to support the loan, while Mr. Churchill urged his followers not to vote against it—and did so with a vehemence which helped to persuade 70 members to disregard his advice by going into the "No" Lobby.

FOREIGN AFFAIRS

By general agreement, Mr. Ernest Bevin, as Foreign Secretary, has been the outstanding success of the new Government. The British people are always pleased when a Foreign Secretary stands up to foreigners; and, after the breakdown of the conference of the Big Three in London in September, Mr. Bevin enjoyed the same kind of popularity as Mr. Philip Snowden after he had broken up The Hague Conference. The need for close friendship with Russia is regarded as axiomatic, but we do not see why we should always bear the burden of keeping the axiom true. Russian claims are compared to those of pre-war Germany and in all political parties there is a rising tide of resentment. Mr. Bevin is regarded as less conciliatory than Mr. Eden, and many people forget how much stronger is the position of a Labour than of a Conservative Minister in opposing Russian pretensions. Even so, Mr. Bevin is more popular with the Conservative party than with his own supporters. He has, however, by slightly altering the emphasis in British policy towards Greece, satisfied his own supporters, for the moment, that he is hostile to "reaction" in foreign countries.

Surprise was occasioned by the sudden announcement of a further meeting of the three Foreign Ministers in Moscow, and surprise was still greater when agreement was reached on a number of outstanding questions. So far their conclusions have not been debated. There is, however, a general feeling that Britain on this occasion made concessions to Russia. The U.S.A. is primarily interested in the Far East, and is already pulling out of the Middle East, of Burma and of Indonesia. At the moment, Britain is getting

the worst of both worlds; while Russia believes that she is faced with an Anglo-Saxon *bloc*, the Americans show no disposition to support the British Empire in those parts of the world in which we have vital interests. The U.S.A. has to be convinced that the British Empire is as essential to the political security of the United States as to its economic prosperity.

The United Kingdom alone is very small in comparison with the other two members of the Big Three; but with the support of the Empire it is of considerable importance. In order, however, to fulfil its manifest destiny, it should claim also to be the leader of the countries of Western Europe. Mr. Bevin has roundly asserted our right to have as close political and economic relations with our neighbours in western Europe, and particularly with France, as Russia has with her neighbours in eastern Europe. Unfortunately, France remains at the same time diplomatically difficult and politically weak. General de Gaulle over-played his hand and thought to conceal the economic and military weakness of France by a policy of prestige. This has so far brought no advantage to France and is largely responsible for General de Gaulle's own fall. It has, however, postponed indefinitely—it is to be hoped not for ever—a coalescence of the Powers who represent the historical traditions of European civilization.

U.N.O.

THE first meeting of the United Nations Organization brought foreigners to London at the coldest and foggiest period of the year. The personnel and the procedure remind observers of Geneva in the days of the League of Nations. The chief improvement that can be claimed for the Charter over the Covenant is the frank acknowledgement that authority must bear a close relationship to strength and that, therefore, the Big Three must exercise predominant power. The inclusion of France as a permanent member of the Security Council is due to memories of her past, that of China to hopes of her future.

The appeal by Persia to the Security Council has confronted U.N.O. at its inception with one of those difficult problems involving a Great Power as defendant for which the Veto was expressly provided. Although justice might require that a Great Power should be accorded the same treatment as a small Power, a decision adverse to one of the Big Three could not be made effective without a world war. It was, therefore, on grounds of realism that the Veto was provided. At Yalta President Roosevelt prevailed upon Marshal Stalin to accept his compromise proposal that while the Veto should bar any sanctions against a Great Power, it should not prevent discussion of a dispute. It is as a result of that decision that Persia was able to indict Russia before the Security Council.

The world has already appreciated the significance of this test case. Russia's immediate retort by calling attention to British intervention in Greece and Java has made public for the first time differences between the Big Three. It has also shown in its most uncompromising form the technique of power politics which the Soviet Government practises.

Postscript

If Marshal Stalin thought that on the Greek Question he could twist the good-natured lion's tail with impunity, as he had seen others do, he made a mistake. Russian ignorance of foreign countries resulted in consequences the contrary of what on any rational basis can have been intended. First, the British people as a whole was aroused to unusual anger. Secondly, the Labour party has been made uncomfortably aware of the rift between its solid patriotic Centre and its quasi-Communist Left Wing. Thirdly, countless electors who have long suspected that Russian policy was not peace-loving and conciliatory but aggressive and imperialistic have been provided by Mr. Vyshinsky with just that confirmatory evidence which the British Government in its policy of conciliation has studiously kept from the public. For the first time the chronic friction between Britain and Russia, between Social Democracy and Communism, has been made apparent by bitter public recrimination.

That is not the only, it is not even the worst, result of the Anglo-Russian dispute. Russia's use of the Veto calls in question the value of the United Nations as an organization in a way that is understood by every state. Russia had at the beginning of the discussions at Dumbarton Oaks claimed for the Big Three that they should be able to veto any action and any discussion in the Security Council. As this was unacceptable to Britain and other countries, Mr. Roosevelt put forward at Yalta, as has been stated above, the compromise that the Permanent Members should have a veto on action—which was generally understood to mean “sanctions”—but none on discussion. This compromise was never popular, but on the understanding that it would not be unreasonably used and in the knowledge that Russia would not come in on other terms, the compromise was accepted. Its first use can hardly be called reasonable. After accusing Britain of endangering peace by her action in Greece, and failing to convince any other member—even Poland—Mr. Vyshinsky sought to use the veto to prevent the Security Council from coming to a formal decision in favour of the accused country. Such a claim is obviously inconsistent with any democratic procedure in U.N.O., or indeed with any judicial decision by the Security Council on international disputes. Mr. Bevin was wise to accept the ultimate compromise because publication to the whole world that Britain's case had been approved by every member of the Security Council except Russia gave him a moral victory which he only embellished by the moderation with which he used it.

It is a superficial view to suggest that this settlement marks the end of friction. The Indonesian Question, in which the Ukraine is surprisingly the accuser of Britain, has still* at the time of writing to be heard. This will be only the latest issue in dispute between the champions of the Communist totalitarian and the democratic parliamentary ideologies.

* The Ukrainian demand for a commission of inquiry was dismissed by the Security Council, only Russia, Poland and Mexico voting for it.—*Editor*.

CANADA

THE IDEA OF WORLD GOVERNMENT

TWO recent speeches by ranking members of the Government of Canada have provided an interesting commentary on a significant development in Canadian external policy. They recall, in the perspective of the last twenty-five years, the evolution of the outward expression of Canada's nationhood; and they suggest an inward awareness both of the place which Canada has now reached among the United Nations, and of the part which Canada, as a “Middle Power”, will have to play in the peaceful ordering of the world of the future. These speeches suggest also that a new emphasis on responsibility in terms of a world government has replaced a preoccupation with status which marked Canada's emergence into autonomous nationhood and which, for much of those twenty-five years, marked Canadian policy or the lack of it. To outward appearances, the experience of a second World War, and the inescapable problems posed by the development of atomic energy, have now passed beyond the question of status into a growing concern for such a diminishing of sovereignty as may be necessary to prevent future wars and to maintain international security.

It may be useful to review the course of “events stronger than advocacy” which have brought about this change in emphasis and outlook.

In his speech on the Washington Declaration on Atomic Energy, in the House of Commons at Ottawa on December 17, 1945, the Prime Minister, Mr. Mackenzie King, said:

“As political problems affecting the relations of government, the solution of the problems presented by atomic energy must be sought in the realm of world politics. The more deeply one ponders the problems with which our world is confronted in the light—‘the terrible light’, as Mr. Attlee said—of the implications of the development of atomic energy, the harder it is to see a solution in anything short of some surrender of national sovereignty. With a limited surrender of national sovereignty, there must be instituted some form of world government, restricted, at least at the outset, to matters pertaining to the prevention of war, and the maintenance of international security.”*

More recently the Minister of Justice, Mr. St. Laurent, leading the Canadian delegation to the first General Assembly of the United Nations in London, adverted to the possible need of some amendment to the Charter if the aims held out for “a new venture in international co-operation with an organization which will increasingly become the world community in action” were to be realized. He added:

“We cannot foresee the nature of all the tasks that may confront us in the future. They may well be on a scale which will necessitate some voluntary abatement of the narrower conception of national sovereignty. Sovereignty must not mean liberty to defeat the purposes of international peace and security to which we are all so solemnly dedicated.”

* See p. 124 for the continuation of this speech.—*Editor*.

This emphasis on a merging of sovereignty—the phrase used by Mr. Bevin in the remarkable debate on foreign affairs in the House of Commons at Westminster in November 1945—is of course not new and not uniquely Canadian. In the United Kingdom debate Mr. Eden said that “every succeeding scientific discovery makes greater nonsense of old-time conceptions of sovereignty” and that he had been unable to see “any final solution which will make the world safe for atomic power, save that we all abate our present ideas of sovereignty”. Mr. Bevin, in his rejoinder, went even further, in suggesting

“a new study for the purpose of creating a world assembly elected directly from the people of the world, as a whole, to whom the governments who form the United Nations are responsible and who, in fact, make the world law which they, the people, will then accept and be morally bound and willing to carry out”.

The Canadian debate, opened by the Prime Minister and continued by the Leader of the Opposition, by a senior member of the C.C.F., and by the leader of the Social Credit group, picked up the British emphasis and carried it further. Mr. Mackenzie King's statement is of interest in that it was the first to come from the head of any of the three governments that were party to the Declaration on Atomic Energy, and also because it was more specific even than Mr. Bevin's treatment of the question. The Canadian emphasis is of still further interest because the expressed sense of responsibility went considerably beyond the technical limits of control necessitated by the developments in atomic energy. Mr. Mackenzie King gave it as his view that the problems arising from the control of atomic energy were “primarily political problems, affecting the relations between men and governments”. One thing, he said, was certain: these problems admitted of no mechanistic solution.

PLACE AND FUNCTION OF A MIDDLE POWER

THIS last phrase, by itself, perhaps offers one explanation of the extent of the change in the Canadian outlook. The processes of government by which Canada grew from a dependency of the Crown to an “autonomous community” within the British Commonwealth of Nations, and to the stature of a world power of major rank in the community of free nations, was certainly the opposite of mechanistic. These processes of government were worked out, by and large, in an atmosphere of freedom which found expression throughout the Commonwealth in a progressive decentralization of function. It was this very process of decentralization which made possible equality of status; and the same idea perhaps underlies the Canadian concept of “functional representation” in international organization.

After the first World War, the right to distinct representation at the peace conference, the separate signature by Canada of the treaties of peace, the original membership in the League of Nations, the competence to appoint Canadian diplomatic representatives abroad, and the right to negotiate independently with foreign nations were all outward symbols of a new stature in international affairs. This newly won position created at that time a certain enthusiasm in Canada itself, reflected, for example, in the public

utterances of supporters of the Native Sons of Canada movement. On the record, the enthusiasm was more for the outward appearances than for any inner conviction to sustain the principles which had brought the League of Nations into existence. It was an enthusiasm for the benefits of an international organization not matched by any evident willingness to undertake specific commitments to enable the rule of law to prevail. It was an enthusiasm which shared in part both the idealisms and the possibilities of a moral authority which the League of Nations represented; but which did not extend to any very searching inquiry into the way in which that authority could be maintained. It was an enthusiasm which to some degree reflected a native satisfaction that membership in the League of Nations set a final seal upon Canada's status as a sovereign state.

On the whole, the official attitude was rarely, if ever, in advance of articulate expressions of opinion, and public opinion itself tended to be divided along “nationalist” or “imperialist” or “collective security” and even “neutrality” lines. Much attention was focused on the Canadian interpretation of Article X of the Covenant, on the Canadian reluctance to undertake sanctions against a violator of the Covenant, and upon such a playing-up of the “Parliament will decide” policy that some other contributory factors tended to become obscured. What passed for a supposed Canadian isolationism may perhaps have been more soundly rooted in the Canadian insistence that, in the punitive sense, the League could only accomplish what it was intended to accomplish if it were a universal League. It was also argued that the constitutional relationships which linked members of the British Commonwealth of Nations ought also to apply in relationships between any two members of the League itself; and that in particular it should be for the legislative authority in each country to decide what the extent of its participation in punitive measures—economic or military—should be. Perhaps the best statement of the official view on these heads is contained in the Canadian Note accepting the Kellogg Pact in 1928:

“... the Covenant... contemplates the application of sanctions in the event of a member state going to war if in so doing it has broken the pledges of the Covenant to seek a peaceful solution of disputes. Canada has always opposed any interpretation of the Covenant which would involve the application of these sanctions automatically or by the decisions of other states... It is for the constitutional authorities of each state to determine in what degree it is bound to assure the execution of the obligations of this Article [X] by employment of its military forces... It is plain that the full realization of the ideal of joint economic or military pressure upon an outlaw power, upon which some of the founders of the League set great store, will require either an approach to the universality of the League contemplated when the Covenant was being drawn, or an adjustment of the old rules of neutrality to meet the new conditions of co-operative defence...”

In the swift logic of events, the Canadian attitude between 1939 and the present has, fortunately, shown considerably more adaptability than this statement of 1928 might suggest. The Canadian effort may have been directed towards a “whittling-down” of some of the obligations of the Covenant on grounds for which legal and constitutional justification is not lacking. But

there was no hesitation in declaring war on the German Reich in September 1939, when the last hopes for peace in Europe had been extinguished, and the insensate ambitions of Hitler began to wreak destruction over much of that continent. It was the Parliament of Canada which approved of the declaration of a state of war, with but a single dissenting vote. And it was the Government and people of Canada who undertook, with ever-increasing energy and initiative, the war effort of Canada, which sent her fighting men to many battle-fronts, her fighting ships and sailors to all the seven seas, and her fighting airmen, trained in what President Roosevelt called "the aerodrome of democracy", into many an embattled sky. The marshalling of Canada's great national resources and the mobilizing of her inventive skill and productive capacity made her as well a shipyard, an arsenal and a granary for many freedom-loving nations. If any "old" rules of neutrality were still thought to exist in this world-encircling conflict, they in turn disappeared before an urgent recognition of the needs of "co-operative defence"; for alike in training, in the provision of supplies, and in actual combat against the enemy, the efforts of Canada were pooled through many agencies: joint board, combined boards, and especially in the new organizations under the United Nations—UNRRA, the Food and Agriculture Organization and the International Monetary Fund.

Other contributions helped to win for Canada, on the morrow of victory, an importance and influence which could scarcely have been envisaged six years ago. During war-time itself, relations developed between Canada on the one side, and Great Britain, the United States and the Soviet Union on the other, which in themselves enhanced Canada's reputation as a "Middle Power". Only less important in degree were other relationships, steadily growing up, with twenty other nations with which Canada now has diplomatic relations.

PUBLIC RESPONSE TO THE PRIME MINISTER

If the recent elaborations of Canadian policy find an alert response from opinion at home, Canada's rôle in the world community will continue to be useful and important. A study of editorial comment on the Prime Minister's statement on atomic energy suggests three main strains of opinion. One recognizes that Canada shares in a responsibility which cannot be escaped, and an eloquent phrase in one account pictures Mr. Mackenzie King as

"the sponsor of a new world consciousness in which nationalism would be discarded and rejected thing; a dangerous emotional substance to be thrown out before it could bring down all nations in ruins".

The corollary appears to be in an increased attention to the workings of a world government.

A second strain, which, it may be guessed, represents "big city" opinion, regards the statement as envisaging still closer co-operation with Britain, with the apparent intention of "strengthening the unity of British influence in the councils of the Big Three". The third strain sends out a warning against minimizing the importance of the United Nations before the general

assembly and its subsidiary bodies have had a chance really to get under way. It must be added that there has so far been no real inquiry into what a limited abatement of sovereignty for Canada would imply in the specific cases, let us say, of admission of refugees, or of access to key minerals in sparsely populated areas of Canada's northland. The question will doubtless be raised in a more precise form when Canada comes to conclude an agreement with the Security Council on military forces to be made available to the United Nations.

Speaking more generally, it may be added that an articulate section of Canadian opinion feels that the good effects of the war-time relationships already described should not be dissipated during the years of transition and rebuilding on which the United Nations, individually and collectively, are now embarked. This opinion probably also holds that war-time developments in Canada's external policy should not be regarded as exceptional, and that Canada's acceptance of some responsibility for the international security which is now rightly regarded as indivisible should not be diminished in the expectation of some comfortable future remote from possible future conflict. Geography and the development of aviation on a global scale have provided an answer which has been taken to heart. It is an answer which was not thought of in global terms when Mr. Mackenzie King was saying—less than ten years ago—that it was folly to think that Canada should be called upon, every twenty years or so, to engage in hostilities provoked in Europe or outside this continent and hemisphere. It is an answer which to-day takes account of friendship and growing contacts with the Soviet Union; of Ogdensburg and Hyde Park, and of the ramifications of the Mutual Aid which Canada extended to countries all round the world.

THE PRINCIPLE OF FUNCTIONAL REPRESENTATION

A WORD may be added about "functional representation" against the additional background of sovereignty and international security. Only rarely has an idea propounded in Canada—originally by the Prime Minister in his review of external affairs before the House of Commons on July 9, 1943—commanded such an immediate interest from so large a group of nations. In this instance the "Middle Powers"—or what Dr. Evatt called the "Security Powers"—found an identity of purpose which has been substantially, though not completely, represented in their subsequent participation in proceedings of the United Nations.

Basically, the purpose behind "functional representation" is to ensure that nations capable of making the largest contribution to international security shall have appropriate representation on the agencies of the United Nations charged with responsibility for security. The same idea was carried over into the humanitarian and economic agencies. From Canada's standpoint this was a realistic policy, since it has been urged repeatedly that no nation in the world has a greater stake in removing barriers from the free movement of world trade to help in maintaining a high level of employment and prosperity at home.

If it is literally carried out, functional representation will provide a work-

ing answer to the problem of *blocs* which grew up, on geographical lines, and which survived at Geneva. The elections to the Security Council of the United Nations suggest a reversion to the geographical concept; though the initial membership of the Economic and Social Council certainly approximates to the functional idea. It remains to be seen whether nations not of the Big Five can be members at the same time of both the Security Council and the Economic and Social Council. Meanwhile Canada is represented on the United Nations Committee on Atomic Energy; a Canadian was prominently mentioned for the post of Secretary-General, and a Canadian has been nominated for election to the International Court of Justice.

The application of the functional principle may well make a "merging" of sovereignty at once more palatable and easier of general acceptance. The long-range justification for functional representation may perhaps be found in a willingness to undertake obligations which, under conditions either of geographical divisions or of unabated sovereignty, might be very difficult and be likely to fail of success.

Functional representation is not simply an easy way out of these difficulties. Its positive applications are wider than to the multi-national agencies which have now been created. It may become the logical and the accepted means of merging national sovereignties into a collective responsibility which shall be real and continuous. The habits and usages of international co-operation, developed under the League of Nations, have never been entirely lost, and the needs of a post-war world offer a fertile soil in which they can flourish anew. If it is rightly interpreted and wisely applied, the criterion of functional representation can be a powerful adjunct alike of security and of co-operation.

So far as the evolution of Canadian policy is concerned, the reservations which so consistently marked the Canadian attitudes of the past appear to be provided for. The United Nations is more nearly universal than the League ever was; and the new organization has had, from the start, the active participation of the United States and the Soviet Union. Its agencies of action are more clearly defined; and the provisions for military action are subject to separate agreements between each nation and the Security Council. The Canadian Delegation to the San Francisco Conference gave extended attention to the Economic and Social Council, with the result that its powers were somewhat widened and its importance in the structure of the United Nations considerably increased. At the first general assembly, Mr. St. Laurent said:

"It is in a large measure to the Economic and Social Council that we in Canada look to foster those conditions of well-ordered prosperity which will eliminate some of the most dangerous causes of wars and which will bring men and nations into new paths of constructive activity."

The test of the usefulness of any of these agencies is, of course, in the utility and efficacy of their actual working. The Canadian representation at the several conferences during wartime and at both the Preparatory Commission and the General Assembly of the United Nations has been of a high calibre, and the record shows that its persuasiveness and effectiveness has, as in the case of the Economic and Social Council, brought about desirable

changes. Canada's participation in all of these gatherings has been not that of a newly elevated fledgling in international affairs, but that of a nation whose material contributions to victory, judged by any standard, have been impressive. Canadian contributions in action have reflected a greater awareness than has ever been demonstrated before of the necessities of a world community and of the reality of Canada's participation in that world community. The awareness will have to be followed by conviction translated into terms of positive acts, not in isolation, but in co-operation.

If the material contributions of Canada have been great, so also are the material interests of Canada great. The Prime Minister has indicated the interest of Canada in removing barriers from the free exchange of goods and services all around the world. If, combined with this obvious line of policy, there is now an increasing attention to whatever diminution of sovereignty is necessary to advance the idea of a world community under a rule of law, then Canada by adopting a policy which is realistic and reasonable for herself will also have made a significant contribution to an ever-stronger organization of peace and to security and prosperity for all nations.

Canada,

February 1946.

AUSTRALIA

FISSURE AMONG THE TRADE UNIONS

AUSTRALIA has not escaped the post-war phenomenon, common to most countries, of a wave of strikes and industrial unrest. The trade unions and workers in industry feel themselves to be in an exceptionally critical position, and are anxious to seize upon the present opportunity to consolidate a favourable position, gained through the war period. They have been faced on the one hand with an immediate need to readjust to a lower level of income through loss of overtime and the maintenance of the high war-time level of taxation, and on the other with a threat to security of employment through the large influx of workers expected to return to industry from the Services. Hence they have become receptive to the advice of their extremist mentors, who gain control in war-time, and have chosen this time to strike, in the effort to prevent any deterioration in conditions and, if possible, to gain ground for the struggle which is regarded by industrial workers as inevitable.

The common threads in most of the earlier strikes were resentment against the maintenance of the "wages ceiling" and against the high rate of income tax, which is reduced by 12½ per cent as from January 1. There is, likewise, a growing demand for the 40-hour week; but this has been a bona fide cause of strikes only in one or two industries. Wage-fixing regulations, limiting the power of industrial tribunals to make new awards and forbidding the increase of wages above award rates, have been in force for nearly four years. These expedients have served their purpose well in preventing inflation; but for the last eighteen months they have been revealing increasing signs of strain in wage adjustments. Another source of discontent is the fact that skilled workers during the war lost much of the advantage they formerly enjoyed, owing to the insatiable demand for workers of all kinds. There has been a tremendous influx into industry of unskilled labour and of semi-skilled process workers, whose earnings have often exceeded those of trained and experienced employees. Now that numbers of war-time establishments are being closed down, thousands of temporary employees have been disconcerted to find that they must face a sharp drop in income. Others, whose employment is unchanged, are threatened with the loss of various war-time bonuses—for example, the bonuses paid to certain merchant seamen as compensation for war risk.

The war has favoured the growth of great mass unions built up by the enlistment of the thousands of new-comers. Their purpose is political rather than industrial, and the older craft unions have found themselves in danger of being submerged. The outstanding example is the Federated Ironworkers' Association, which, by a series of amalgamations, and by its domination of the rapidly growing munitions industries, succeeded in building up a membership claimed to be 100,000—a very high figure for an Australian union. Its

leadership is preponderantly Communist, and has displayed considerable organizing talent and acumen. In common with one or two other unions, led by men of kindred spirit, it has adopted an aggressive policy towards the older unions and established Labour ideas.

It is this conflict that is responsible for much of the present-day industrial strife, and the consequences are likely to be far-reaching. The Ironworkers' Union has already been engaged for some time past in a struggle with the Australian Workers' Union—one of the largest and oldest of the unions, and one that helped to establish the system of industrial arbitration. The A.W.U., in common with the Australasian Council of Trade Unions and the political Labour party, firmly believes in arbitration, whereas the Ironworkers' faction advocates abolition of the system and the substitution of "collective bargaining".

Typical of the methods employed in this fratricidal warfare was the shearers' strike, which brought shearing to a standstill throughout Queensland and New South Wales for several months of the 1944-45 season. The men were all members of the A.W.U., and their executive instructed them to remain at work; but they were prevailed upon to strike by the Communist organizers who had insinuated themselves into the ranks of the union. Shortly afterwards a more open clash occurred in a base-metal undertaking at Port Kembla, where originally all the employees had been members of the A.W.U. The Ironworkers' Union succeeded in establishing itself, however, and in winning over most of these men to its own ranks. About 100 refused to secede, and a strike was called by the Ironworkers in order to put pressure on them. The feud came to a head in September, when the A.W.U. at Newcastle applied to the Industrial Commission of New South Wales for an award for certain chemical workers. A Judge of the Commission proceeded to inspect the works in question, but officials of the Ironworkers' Union warned him that if there were any attempt, at the instance of the A.W.U., to make an award, they would call the men out on strike, which they duly did. For this "deliberate and premeditated challenge to the authority of the Commission" the Ironworkers' Union was "deregistered"—that is, it was deprived of any standing before the New South Wales arbitration authorities as an industrial organization, and its members lost the protection of official awards.

It may have been by accident or design that the Ironworkers' Union took the lead in a strike which broke out at Port Kembla—the industrial centre to the south of Sydney—immediately afterwards. The dispute arose over an employee who was alleged to have suffered owing to a breach by the company of a customary practice. Mr. Justice Cantor, of the New South Wales Industrial Commission, investigated the case and found that no such custom existed, and that there was no ground for the complaint. Nevertheless the strike spread until thousands of employees were involved. The Ironworkers sought to discuss matters with the company, which, however, refused to deal with a deregistered organization.

After the steelworkers at Port Kembla had been tied up for several weeks, a series of strikes also developed—from entirely different causes—in Newcastle, the other steel-producing centre. Here, too, the Ironworkers' Union

was soon to be found officiating, and a new phrase was coined—"consolidation of disputes"—so that the strikes in the two places might be treated on a common basis, although they were quite different in origin. At first the 40-hour week was paraded as the objective of the campaign, but as the troubles developed, completely paralysing the steel industry, the real question at issue became plainly that of the choice between the existing system of arbitration and the "collective bargaining" advocated by the more radical elements. The Ironworkers persisted in their demand that the employers concerned should meet union representatives in conference; the companies were equally determined to have no dealings with a deregistered union; in this attitude they were upheld by the Court.

The advocates of "direct action" met with a rebuff, however, at the hands of the New South Wales Trades and Labour Council—the governing body of the trade-union movement in the State. The Council strongly affirmed its faith in arbitration and took control of the strikes at Newcastle and Port Kembla, substituting its own strike committee for that set up by the Ironworkers. After some stormy meetings it also passed a resolution requesting the Ironworkers' Union to apply for re-registration. The leaders of the latter retorted that they would seek re-registration "when it suited them".

Towards the end of November the strike began to extend throughout the coalfields—a particularly serious development in view of the utter absence of coal stocks. Industries outside New South Wales, which produces the great bulk of the coal, had already been hard hit, and many establishments in Victoria and South Australia were forced to close down. In October the Commonwealth authority responsible for allocating supplies reduced the quota for industry by a total cut of $27\frac{1}{2}$ per cent, but the failure of production made even this figure impossible to maintain.

The Miners' Federation declared its support for the Ironworkers in the steel dispute, and strikes occurred at several large collieries. The miners' board of management in the northern (Newcastle) field threatened the Prime Minister with a general coal strike if the Government did not intervene on behalf of the Ironworkers within 48 hours. Mr. Chifley rebuffed these demands, insisting that the dispute was a matter for arbitration. It was significant that the industrial crisis should have occurred at the time when the governing body of the Labour party—the triennial inter-State conference—was in session to overhaul the party's policy, for the Prime Minister received the complete support of the conference in his attitude. Indeed, a growing restiveness and resentment against the Ironworkers and their friends has been evident throughout the trade unions. Even in some of the unions with Communist leadership, rank-and-file members have refused instructions to strike. A number of the larger craft unions have condemned the strike in the strongest terms and have made a variety of suggestions for forcing a resumption of work.

The official Labour machine moves rather more slowly; but, when the Prime Minister's refusal to intervene was immediately followed by a strike of seamen, the Australasian Council of Trade Unions demanded that the Ironworkers should apply for re-registration and that the seamen and coal-miners

should resume work. This demand meeting with no response, the A.C.T.U. made a sudden *volte-face* and, after further discussions with the strike leaders, gave its approval to terms of settlement which would have meant acceptance of the striking unions' main demands and abandonment of the principle of arbitration, on which the A.C.T.U. had previously insisted. The crucial term was that the A.C.T.U. should recommend that the Ironworkers' Union seek re-registration and that in consideration of its recommendation the employers should recognize the union. These terms were rejected by representatives of the employers and by the Prime Minister, who in conference with the A.C.T.U. and the strike leaders reiterated his determination to give no approval to terms of settlement which would involve abandonment of arbitration principles.

The result of this stand was the immediate collapse of the strike. After consultation with the miners and the seamen, the Ironworkers' Union decided to apply to the Industrial Commission for re-registration, and production in the coalfields was resumed on December 17. The miners, however, saw no reason to amend their holiday arrangements, and proceeded to cease work on December 21, to resume on January 7, despite a plea by the Minister for Mines that they should forgo part of their vacation.

The immediate effect of so prolonged a failure of coal supplies has been a general closing-down of all but the most vital industries and services in New South Wales, and drastic restrictions on the use of gas and electricity. Other States, such as Victoria, which has its own sources of electric power, have escaped some of these effects, but throughout the Commonwealth transport, and all industries depending in any way upon coal or steel, have been completely crippled. As coal production was inadequate even before the strike, the effects will be felt, in loss of employment and of production, for months.

LABOUR AND THE NETHERLANDS EAST INDIES

WHILE Mr. Chifley's refusal to countenance the strikers' demands has been warmly applauded, his attitude has also been criticized as being too negative and his public utterances too conciliatory. The Communist organizers of the strikes have received their first major set-back, but it is unlikely that they will accept defeat. Many persons see this strike as part of a carefully planned campaign to discredit orthodox Labour; they link the strikes with incidents such as those which arose in Australia over the trouble in the Netherlands East Indies. At the end of September a number of Indonesian seamen refused to take Dutch ships back to the Indies, and they promptly received the support of the Waterside Workers' Federation, in which Communist influence is strong. This union imposed a ban on all ships in which Indonesians were on strike, or which were suspected of carrying arms for use against the Soekarno Government. This was described by the leader of the Opposition as an impudent attempt by the Communists in the Waterside Workers' Federation to intervene in the domestic affairs of the N.E.I., and to dictate Australia's policy.

The Prime Minister announced a few days later that steps had been taken to have all "mercy" ships loaded, provided they carried only food and

medical supplies. All the arms and ammunition had been loaded into one ship by the Dutch themselves, and the ship carrying Dutch soldiers had left Australia. This still left the problem of how to deal with the Indonesians who had refused to work the ships, and they were charged with being prohibited immigrants. They were given the choice of being deported to some Australian territory (presumably New Guinea) or to the N.E.I. Fourteen hundred Indonesians were accordingly shipped in the *Esperance Bay* for Sourabaya; but, at the request of the Dutch authorities, nineteen of them were to be put ashore at Koepang. Because of what the Acting Minister for External Affairs described as the "threatening attitude" of the Indonesians, an armed guard was put aboard and the ship went on to Batavia, subsequently returning to Koepang with the nineteen men.

Strong feeling was aroused by demonstrations which were staged on a Sydney wharf by the "Indonesian Independence Committee of the Trades and Labour Council of New South Wales" against a number of Dutch soldiers who were on their way to the Indies. As a precautionary measure the Dutch were confined to their ship, which was delayed for nine days by strikes and other obstructive tactics.

That Allied soldiers, many of whom had fought against the Germans in the underground movement, should receive such a reception aroused considerable feeling among the public, and the Commonwealth Government was hotly criticized for its passive attitude. Disapproval of the demonstrations was by no means confined to Conservative circles. Members of the "Independence Committee" were called before the executive of the Trades and Labour Council and informed that they had not been properly elected and had no right to use the name of the Council. This incident provided a further illustration of the difference of views and of methods between the Communist section and the remainder of the trade-union movement.

SOCIAL LEGISLATION AND THE HIGH COURT

MR. CHIFLEY told the triennial conference of the Labour Party shortly afterwards that it seemed fairly clear that all social security Acts (except the Old-Age and Invalid Pensions Acts, which were specifically provided for in the Constitution) had been declared invalid. The conference unanimously urged that a referendum should be held as soon as possible "to enable the Commonwealth to legislate effectively for the social and economic needs of the nation".

Two recent judgments of the High Court are of outstanding significance for the Commonwealth Government's programme. The first related to the Commonwealth Pharmaceutical Benefits Act of 1944, and was the result of an action brought by the Government of Victoria, which sought a declaration that the Act was invalid and void, and an injunction to restrain the Commonwealth authorities from carrying into execution any of the provisions of the Act or expending any of the monies of the Commonwealth for the purposes of the Act. The validity of the Act has not yet been brought to the test in the Court, but when the Commonwealth Government entered a demurrer against this action, the Bench dismissed it in terms which threw the gravest doubt on the validity not only of the Pharmaceutical Benefits Act but on

other Commonwealth social-service legislation. Mr. Justice Starke, for example, said that the Act was beyond any purpose of the Commonwealth. No legislative, executive or judicial function or purpose of the Commonwealth could be found which supported it, and it could not be justified because of the existence of the Commonwealth or its status as a Federal Government.

The other decision was given in the case where airline operating companies sought injunctions to restrain the Commonwealth Government from proceeding with its plans to nationalize inter-State airlines, under the Australian National Airlines Act. The Court held the Act to be valid, except for those provisions which would prevent the issue of new licences for services in competition with those of the proposed Australian National Airlines Commission, and would cancel existing licences for services in competition with those of the Commission. It was found that the Government's plan to set up a monopoly of inter-State services was inconsistent with Section 92 of the Constitution, which provides that trade and commerce between the States shall be "absolutely free".

Thus on two major aspects of its policy the Commonwealth Government has received set-backs, and the Cabinet's first task in the New Year will be to decide upon the course to be followed.

PROGRESS OF RECONSTRUCTION

DEMobilization is now in full swing, the Minister for Post-war Reconstruction having promised, shortly after the Japanese surrender, that the process of returning the widely scattered Australian forces and releasing them would be begun as soon as defence requirements allowed, but in any event not later than October 1. A system of points was adopted on lines similar to that of age-and-service groups in Great Britain. The Minister said that the Government would accelerate the release of men required in high-priority industries to prepare employment for those still in the forces and there would be some discharges on compassionate grounds, but exception to the points system would be kept to a minimum.

By July the total strength of the armed forces will be about 133,500 men and women, compared with 578,000 when demobilization began on October 1. By January 31 discharges are to total: Navy 10,000, Army 167,000, Air Force 71,000. Strengths of the Services at June 30 next are provisionally estimated at: Navy 12,500, Army 97,000 and Air Force 24,000. The flow of releases was slow in getting under way, owing chiefly to the lack of shipping; but at the end of October a marked improvement became apparent, thanks to the provision of additional shipping for the purpose, as the result of negotiations with the British Government. The Prime Minister announced that this would greatly accelerate the rate of repatriation, so that the process would be completed by February instead of only in June. Ships of the Royal Navy played a major part in ferrying men back from the islands, so that, thanks to their help, thousands of Australians found themselves home for Christmas.

The ex-service men are beginning to find their way back to civil life. They

have a period of leave and deferred pay to enjoy; and most of them naturally desire a breathing-space before resuming work. The Commonwealth Government has provided facilities for technical training of which many are taking advantage.

Mr. Chifley estimated that 343,000 Japanese still remained in Borneo, New Guinea, New Britain and the Solomons. An Australian garrison force of 82,000 would therefore be required in the Pacific "for the time being", and he added that volunteers would be called for, from within the Services and also from civilians, to perform this duty, and to enable long-service men to be relieved.

Labour's policy of relying on volunteers has come under fire with the condemnation, by the party's triennial conference, of conscription in time of peace. It was a Labour Government which introduced complete conscription for the Army as well as for industry during this war, and the party—notably some of its younger members—is plainly moving away from the previous uncompromising hostility to conscription in any form,* but the proposal to retain compulsory service was defeated at the conference by 18 votes to 15.

Australia,

January, 1946.

* See THE ROUND TABLE, No. 131, June 1943, p. 285, and No. 132, September 1943, p. 379.

SOUTH AFRICA

END OF THE COALITION

BY the time this appears the Union Parliament will be well launched into what promises to be a strenuous session. It is the first session of the peace and is confronted with a formidable array of contentious and difficult problems which in South Africa, as elsewhere in the world, mark the transition from war to peace. It is also the first session in which General Smuts's United Party meets the House as a one-party government facing an Opposition made up of the Nationalist Party and the former partners in the coalition, the Dominion and Labour parties.

South Africa's war-time coalition came to an end in an atmosphere of friendliness and mutual regard. The Labour party, under its veteran leader Mr. Madeley, and the Dominion party, under Colonel Stallard, were loyal and efficient partners in the Government; and to them goes much of the credit for maintaining the political, industrial and financial stability of South Africa in the war years. Mr. Madeley and Colonel Stallard have now left the Cabinet and resume their places on the Opposition front bench. They will undoubtedly strengthen the Opposition, which throughout the war has been formed by Dr. Malan's Nationalist party, and the realism of parliamentary debate will probably be increased by widening the basis on which public affairs are discussed.

Mr. Mushet, a well-known Cape Town business man, and Dr. Gluckman, the chairman of the National Health Commission, have joined the Cabinet as Minister of Posts and Minister of Health respectively. There has been some reshuffling of offices, the most interesting result being the appointment to the Labour Ministry in succession to Mr. Madeley of Dr. Colin Steyn, who was Minister of Justice in the coalition. Dr. Steyn with Mr. Madeley played an important rôle in dealing with the minor industrial disturbances with which South Africa was faced during the war. All three appointments have been fairly well received. The United Party will have 85 votes in a House of 153, giving General Smuts a comfortable majority of about 20 over all other parties. The next biggest party is the Nationalist with 45, then Labour with 10, Dominion Party with 7, and 3 native representatives.

A dark cloud is thrown over Parliament by the food situation, which at present is serious and might become desperate. A disastrous drought has ruined the maize crop,* the staple food of South Africa's seven million native people, and the world food situation gives little hope that maize can be imported in sufficient quantities to ward off starvation. By careful control of supplies the present restricted ration can be maintained for a few more months; but after that the situation might become grave. The Government has again investigated the possibility of some method of direct rationing, but has again come to the conclusion that the existence of a large illiterate

* See below, p. 196.

population makes formal rationing an obvious impossibility. The Government has for some time past been and is again being urged to appoint a Minister of Food. This arises from long-standing criticism of food policy and administration; but it is difficult to see how a Food Minister could now do anything more than is being done to tackle the essential core of the problem, which is to get mealies from somewhere soon in sufficient quantities.

The session started off with what has become almost the routine motion of no confidence, moved by the Nationalist opposition. Food scarcities and administration naturally form a considerable part of the attack, but generally speaking the Nationalist assault on the Government has made comparatively little impression. The Labour party, much encouraged by the Labour success in Britain, turned the debate to an attack on the profit system, while the Dominion party has so far contented itself with general criticism without presenting any detailed alternative policy. General Smuts will no doubt be given a vote of confidence; and there is no evidence that the United party has been in any way shaken by the parliamentary attack launched on it on three fronts.

The parliamentary programme is heavy, and there will probably be a session of record length. Legislation will be forthcoming on housing, assistance of industries over the difficult immediate post-war situation, on the pressing problem of soil conservation, social security and health services. A difficult and extremely contentious issue will be raised when the new Minister of Labour introduces a Bill dealing with native trade unions.

THE INDIAN QUESTION

At the end of March the "Pegging" Act expires and with it the temporary expedient for dealing with the Natal Indian problem. A radical attempt to solve one of the thorniest of South Africa's many racial problems can now no longer be postponed. The Speech from the Throne indicated that legislation is to be introduced dealing "on a broad basis with Asiatic affairs". Little has as yet been said about the details of this legislation; but it is clear that the Government will impose a total embargo on the acquisition of land by Indians in most of Natal with the exception of the so-called "exempted areas", in which there will be applied an equal prohibition on European ownership. The Government has apparently accepted that the only effective approach is some permanent method of racial zoning or segregation. In the lack of details without which no opinion can be formed of the equity of the Government's proposals, comment has been reserved; but this present caution does not mean that South Africa will not be plunged once again into a violent controversy on the Indian question. One of the features of the legislation to be introduced will be some attempt to redress the legitimate grievance that Indians have no political representation in a country in which they pay taxes. It can be expected that the Government will propose a scheme for giving the Indians representation in Parliament and the Provincial Councils of Natal and Transvaal, on a communal basis with a separate electoral

roll. The representatives will probably be Europeans, which would make the system almost identical with the present method of representation for the native community of the Cape Province.

ECONOMIC DEVELOPMENTS

PEACE AFTER WAR

SOUTH AFRICA, like other countries, is finding that the transition from war to peace is not altogether easy. It is true that her problems of industrial reconversion are not to be compared with those of the United Kingdom, where a much larger proportion of the nation's resources was devoted to war production. They are, nevertheless, real enough.

No very appreciable unemployment has been created, as yet, by the shutting down of several war-time government factories. Problems of reconversion have so far been mostly of an opposite nature, caused by scarcity of skilled workers and office employees, or, in some instances, by dearth of materials. (The boot-and-shoe and the clothing industries are amongst those hardest hit by lack of materials.) On all sides there has been a clamour, however, that business firms are seriously hampered by their inability to secure release from the armed forces of men whose services are urgently required to re-establish industry and commerce upon a post-war basis.

The Directorate of Demobilization, on its part, indignantly denies any charge of inefficiency, and has issued strong counterblasts against the impatience of former employers as interfering with the U.D.F.'s plans for orderly demobilization according to service categories. The local Discharged Soldiers' and Demobilization Committees do not seem to regard the Adjutant General as entirely free from blame, but on the whole they preserve rather an embarrassed silence on the point. Insufficient information is available to know where the truth lies, but it seems likely that there is something to be said on both sides. Some employers have no doubt been too clamorous for their men's speedy release; on the other hand, there have been many unnecessary and unconscionable delays in getting men out of the forces.

The release of surplus goods accumulated for war has been appreciably slower than the release of surplus men. Yet, apart from a few grumbles over motor vehicles, textiles and small tools, there have not been so many complaints on this score. The majority of business men, supported by their workers, are more than anxious to avoid competition between war surpluses and current production. To a good many South Africans the most important form of relief which U.N.R.R.A. is expected to provide is relief from interference with their post-war markets by war surpluses which U.N.R.R.A. has managed to absorb.

HOUSING

A POST-WAR problem that seems likely to cause a great deal of trouble is housing. This is, of course, because it was already an urgent pre-war problem, which has been so aggravated by the curtailment of house-building

during the war that the establishment or re-establishment of family life after years of separation has become the most acute and intractable problem of the returned serviceman. Various short-term solutions have been attempted, which include the conversion of military camps into residential quarters. This, however, can only touch the fringe of the problem, since camps are not as a rule conveniently located near business and shopping areas. In the more overcrowded cities rather drastic measures have been applied. All lettings have been centralized with the Controller of Manpower, to ensure that they go to the most deserving. This, on the other hand, tends to defeat its own objects, for it cannot increase the amount of accommodation, but may well cause some of the existing accommodation to be less readily available for letting than when owners had more control over their properties. It also tends to create a constriction of "red tape", and of delays caused by the time inevitably lost in communication between Durban or Cape Town and Pretoria.

Apart from a curious division of the ultimate responsibility amongst the Minister of Health, the Minister of Labour and, as Building Controller, the Minister of Public Works, an equal degree of centralization characterizes the long-term solution. This is to give an almost completely free hand to administrative action in acquiring property, in having houses built, in ensuring that local authorities provide services, in controlling the rates they levy, in controlling the profit of building contractors, the training of labour, and, indeed, almost anything appertaining to the provision of houses. It is to be hoped that this is not another case in which wide powers are taken in the hope that continuous improvisation will supply the lack of a steady initial plan or purpose.

It must be conceded that the present scheme does seek to widen the labour bottle-neck through a certain degree of "dilution" by men trained more rapidly and by more rational methods than a traditional apprenticeship. The trade unions have agreed to this in return for a guarantee of ten years' employment. None the less, an indication that the plan has not abolished either "red tape" or restrictive practices was given recently, when a Durban builder was convicted and fined for the offence of not sticking rigorously to the payment of time wages, but getting more out of his men through a mild bonus system. Yet it was common ground at the trial that through the commission of this offence, whereby payment was partly according to results, urgent work was done not only more quickly and cheaply, but also better than under a system without incentives.

THE NATIVE IN INDUSTRY

THERE has evidently been greater difficulty in securing trade-union consent to a more effective use of Native labour. It is something, perhaps, that it is now much more generally conceded that the Native community cannot afford to have their housing costs inflated by forcing them to inhabit houses, all built by European artisans earning five to ten times as much. But the builders' trade unions appear afraid to make concessions. In the first draft labour regulations issued under the act creating emergency powers for housing,

there was provision for a shortened training for Natives, who were not to be taught the finer points of their trades, and who were to be employed only on buildings intended for Native occupation. This provision does not appear in the regulations finally gazetted, so the prospect of any appreciable expansion of opportunities for Native workers in the building industry must have receded. Yet the provision of houses at lower cost (which is a different matter from higher cost and a "sub-economic" rent) could have meant a long step towards improved living standards and an increased national income. Not only the houses themselves, but the new incomes generated in their construction, would have played their part in the realization of South Africa's dreams of the future.

The Board of Trade and Industries, which was the midwife of the Union's protective tariff of 1925, was reorganized in 1944, and was immediately set to make reports of a fearsomely comprehensive scope. In the casual manner which obtains in the Union, other bodies were saddled with some of the same tasks. On these grounds the Board of Trade and Industries excused itself from dealing with the immediate problems of the disposal of surplus stores, the re-employment of ex-servicemen and the reconversion of industry from war to peace-time production. As a result, it has managed to issue a first interim report on Manufacturing Industries, in which it deals broadly with recent trends and recommends future policy. The report is written in almost pedantically academic language, and this may limit its influence. There are, however, some aspects which deserve to be brought home to people.

Far and away the most important chapters of this report are those on "Labour" and on "Rationalization". It is, moreover, significant that a large part of the chapter upon rationalization is itself spent in considering the more rational use of labour. Specific recommendations include the establishment of a "National Institute for Personnel Selection and Research", intensive research into Industrial Psychology, by means of "Time and Motion" studies and in other ways, and a wider adoption of "Incentive Wage Systems".

The first of these recommendations has already been acted upon. Dr. S. Biesheuvel is to be the director of a new institute, which will extend to industry the methods of aptitude testing that he evolved with so much success for the S.A.A.F. But surely here we are up against South Africa's usual stumbling-block? How far will people's aptitudes, or how far will their colour, determine what work they are allowed to do? How does the Board's recommendation of "incentive wage systems" tally with the customary—and deliberate—denial of all real incentive to the great mass of Native workers?

To the credit of the Board of Trade and Industries, it has not ignored this aspect of industrial policy. It points out how, in South Africa, the proportion of work classified as skilled, and paid as such, is probably higher than in any other industrial country. At the same time, the proportion of unskilled to semi-skilled labourers is also very high, despite a proven capacity, on the part of the Native worker, to look after semi-automatic machinery in an efficient

manner. It recommends a reorientation of the structure of industry, to make use of semi-skilled Native labour on a large scale. It is careful to point out that this would be more likely to benefit than to harm European interests, and to characterize repression of the Native as shortsighted, both from its material and its spiritual effects. To assess this at its full value, it should be remembered that in past years one of the main preoccupations of the Board of Trade and Industries used to be to ensure that industries receiving tariff protection earned it by maintaining a high ratio of European to non-European employees, in conformity with the ruling "Civilized Labour Policy".

ADMINISTRATIVE CROSS-PURPOSES

YET there is an odd way in which the trend of thought and policy in one branch of the Union's administration is frequently out of touch with what is going on in another department. While the Board of Trade and Industries is now looking forward to a rapid industrialization and urbanization of the Natives, the Native Affairs Department is busy trying to standardize regulations for restricting access to the towns. Its draft model regulations would create a formidable list of new statutory offences, would control the movements of women as well as men, with unpredictable effects upon family life, would expose migrants to the hazard of being prevented from returning within two years to a town where they had been unable to find employment within a fortnight of their first arrival (under conditions which do not make the search for work any easier), and would make universal the practice of forcing casual labourers to wear special badges.

Cape Town, where Natives earn the highest wages and have the greatest freedom, is the chief magnet for migrants who are free to make their choice; and it is the Cape Town regulations which the Native Affairs Department have so earnestly tried to bring into line. The City Council has not yet been persuaded to adopt these draft model regulations; and it remains to be seen how much pressure will be brought to bear upon it.

If rumour is true, the draft model regulations were originally framed for an obscure municipality in one of the northern provinces, and it shows a remarkable lack of imagination to wish to apply them unchanged in a centre like Cape Town, with its different needs, different administrative problems and different traditions. The unimaginative short-sightedness to which it bears witness is all the more striking because South Africa has been suffering from a severe and general drought (from which it now, happily, seems to be emerging), a drought probably worse than any that has been experienced for close on twenty years.

After several years of scarcity, the 1944-45 maize crop has been so poor as to cause grave hardship, even starvation, amongst the Native peasantry. Prospects for 1945-46 are bad. Unless sufficient grain can be imported from the Argentine, immediate prospects, not only amongst Union Natives but in the neighbouring Protectorates, may well be alarming. Naturally enough, Natives are flocking to the towns in desperation, in such numbers that they cannot find work or shelter. And naturally enough also that leads to demands

to limit such unmanageable influxes by the exercise of strict control over the Natives' movement. It is rather like a demand to screw down a locomotive's safety-valve because escaping steam is annoying the first-class passengers.

The problem is so urgent that to meet the needs of the moment it requires positive measures of relief, not repression; it is so important in the long run that a genuine search needs to be started at once to find a solution which takes account of fundamentals, instead of trying for a little longer to postpone far-reaching decisions and push awkward situations out of sight. For the droughts, and the lure of military construction work, which have filled the outskirts of our cities with homeless and workless Natives, have merely completed a process which the Native Economic Commission (1930-32) had expected to come to a head, if matters were allowed to drift, at least five to ten years earlier, and which might well have come to a head earlier but for the war.

The Board of Trade and Industries has indicated one of the developments which must come if tragedy, in the not so very long run, is to be averted. There are indications that this time it may not merely be another unheeded piece of sound advice. An agreement recently announced between the Industrial Development Corporation and the great Lancashire combine, the Calico Printers' Association, Ltd., under which a cotton textile industry is to be established in South Africa, at Kingwilliamstown, the capital of the Ciskei, may be a first step towards a genuine industrialization of the South African Native. An application has been made for exemption from the conditions prescribed by Industrial Council agreements, which suggests that Natives are to be employed on a large scale as machine operatives. In that case, starting production in South Africa will not mean that Native purchasers of "Kaffir-sheeting" have to pay inflated prices to enable high wages to be paid to Europeans in a protected local industry, and a real trial will be made of how far South Africa can successfully compete in industry with the rest of the world, if allowed to make the fullest use of her labour resources.

South Africa,
January, 1946.

NEW ZEALAND

PARLIAMENT

THE recent parliamentary session, one of the longest in the history of New Zealand, was remarkable for the large number of Acts added to the Statute Book, the wide range of subjects covered by them, their contentious nature, and the intensity of the public reactions they aroused. Forty-nine public Acts, nine local Acts, and four private Acts were passed during a session of five and a half months. Among the most notable measures were those providing for the nationalization of the Bank of New Zealand, the abolition of the country quota in the determination of parliamentary electorates, the application of the forty-hour week to shop assistants and a universal minimum wage.

BANK OF NEW ZEALAND

A YEAR'S campaign of protest against the nationalization of the Bank of New Zealand reached its climax when the Bill was actually introduced into the House of Representatives in November. Resolutions of protest from Chambers of Commerce, Farmers' Unions and the Bank shareholders were met by counter-resolutions of support of the Bill from Trade Unions. The public galleries of Parliament were crowded during the debate, urgency was taken to enable the House to sit beyond the normal hours, the closure was freely applied, and despite the strong efforts of the Opposition the Bill was finally passed.

In support of the measure it was claimed by the Government that nationalization of banking had always been a prominent plank in the Labour party's platform, that the ownership and direction of a trading bank as well as the Reserve Bank was necessary for complete public control of credit and currency and that such control would be an important instrument in preventing economic depression. According to the Prime Minister "the acquisition of the Bank would not bring about a new heaven and a new earth, but if there was a crisis it would be used to maintain the standard of living". This idea was indicated in the preamble to the Act, which states the desirability of having "a State trading bank for the purpose of facilitating the post-war reconstruction and development of New Zealand, the rehabilitation of returned service-men, and the provision of reliable, prompt and economical banking services, and generally for the purpose of assisting to promote the economic welfare of New Zealand". The Minister of Finance, during the debate, repeated the assurances he had given in an earlier public statement and in a letter to the directors of the bank that

"In all administrative matters the bank will remain under its present management and the day-to-day conduct of the business of the bank and the employees' conditions will be governed by the same principles as have been adopted in the past. . . . The Government gives an unqualified assurance that all the rights and immunities

now enjoyed by customers in the bank will remain exactly as at present. This means, needless to say, that clients' accounts and records in the bank's books will remain inviolable and the deposits in the Bank of New Zealand will thus continue to be governed by the same terms as govern the deposits in other trading banks."

Opposition members, on the other hand, contended that the measure was unnecessary and dangerous, that it would cause serious division among the people of New Zealand at a time when national unity was essential to meet the difficult economic and financial problems of the immediate future, that it would lead to reckless inflationary finance and the subordination of sound banking practice and national welfare to party expediency, and that it was part of a programme of extensive industrial nationalization, which would be inimical to private enterprise and to the healthy progress of trade and industry. The proposed payments to expropriated shareholders were condemned as unfair and below the true value of the shareholders' assets taken over by the Government, and it was maintained that they should have been determined by an independent tribunal.

The position of the bank in respect of subscribed and paid-up capital just prior to nationalization was as follows:

Government shares

	£
"A" 10 per cent preference	500,000
"B" preference	1,375,000
"C" 6 per cent long-term mortgage	234,375
Total Government	£2,109,375

Privately owned shares

"D" 7½ per cent long-term mortgage	468,750
Ordinary	3,750,000
Total private	£4,218,750

The highest dividend paid by the bank on its ordinary shares was 17½ per cent in 1920. For the past twenty years the gross dividend averaged 11½ per cent each year. It fell to 8 per cent in 1941, to 7½ per cent in 1942, and for each of the last three years has been 7 per cent. As companies in New Zealand pay full taxation rates on their profits before distribution of dividends, these dividends are tax-free income to shareholders. At the time of the announcement of the Labour Conference recommendation to the Government (October 1944) the shares were priced in the market at approximately 45s., but they rose to 50s., at which level they steadied during recent months. Dividends from "D" long-term mortgage shares were paid to holders free of income tax, but subject to social security and national security taxation, the present rate per £1 of income being 1s. Social Security tax plus 1s. 6d. National Security tax, but changing to 1s. 6d. and 6d. respectively after May 1946. The bulk of the ordinary and "D" long-term mortgage shares are held in New Zealand, but there are also overseas shareholders on registers in London, Sydney and Melbourne.

The Act provides for the compulsory acquisition by the Crown of the shares registered in New Zealand. In payment for each £1 ordinary share, holders are given the option of accepting within three months of the passing of the Act a cash payment of £2. 5s., or £2. 6s. 8d. in the form of non-transferable New Zealand Government stock free of income tax and social security and national security taxes and redeemable at par in November 1957, or earlier in the event of the death of the stock-holder; or £2. 13s. 4d. in ordinary 3 per cent New Zealand Government stock redeemable at par at any time between November 1957 and November 1960 at the option of the Minister of Finance.

Holders of "D" long-term mortgage shares are entitled at their option to receive for each £1 share the sum of £1. 10s. in cash or £1. 10s. in ordinary 3 per cent New Zealand Government stock maturing November 1957-60. Authority is given to the Minister of Finance to buy on behalf of the Crown at any time shares registered outside New Zealand at such price and on such terms as may be agreed upon by the Minister and the vendor.

The Board of Directors of the Bank is to consist of not less than five nor more than seven persons appointed by the Minister of Finance; the Secretary of the Treasury may be appointed to the Board, and the term of appointment of every director is a period not exceeding three years, but with eligibility for reappointment. The present directors remain in office for the duration of the terms for which they had been respectively appointed. Provision is made for the Chairman and Deputy Chairman to be appointed by the Minister and to hold such office during his pleasure. In order to give effective control by the Government over the operations of the bank a clause, similar to an amendment made to the Reserve Bank Act in 1939, provides that "in the exercise of their functions and powers 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 bank, and shall give effect to any decision of the Government in relation thereto conveyed to the Board in writing by the Minister of Finance".

An interesting clause provides that "nothing in this Act shall be construed to constitute the officers of the bank officers of the Public Service or to affect any of their rights or privileges whether under the Bank of New Zealand Officers Guarantee and Provident Association Act, 1900, or otherwise".

At the time of the passing of the Act* the Board of Directors consisted of four members, two of whom had been appointed by the shareholders and two by the Government. At the earnest request of the Minister of Finance the Chairman and the two shareholders' directors, who had actively opposed the nationalization of the bank, agreed to remain in office not because of personal preference but, as they expressed it, "in order to preserve, as far as possible, the business and integrity of the bank in the interests of the country

* There is no close parallel between this legislation and that for the nationalization of the Bank of England. The latter is a central bank and not a trading bank, and there is nothing in the British legislation to suggest that the Labour Government in this country is impressed by the need for a State trading bank or intends to use the Bank of England as a suitable instrument "to maintain the standard of living". *Editor.*

as a whole". The bank will thus begin its career under State ownership with no change in the chairmanship or personnel of the Board except for the appointment of an additional member, the retiring General Manager of the bank, Mr. H. R. H. Chalmers, who is universally respected for his competence and integrity.

THE "COUNTRY QUOTA"

THE Electoral Amendment Act, abolishing the "country quota", roused in rural areas an even greater storm of protest than that evoked by the Bank of New Zealand legislation. This Act makes a fundamental change in the method of determining the boundaries for non-Maori electorates, of which there are at present 76. For electoral purposes the practice hitherto has been after each population census to add a percentage, the "country quota", to the number of the population living outside towns of 2,000 or more, or not within five miles of the chief post offices of the four main cities. Parliamentary representation is thus weighted in favour of the farming districts as compared with the towns.

This method began in 1881, the "country quota" being then 33½ per cent. It was reduced to 18 per cent in 1887, but raised to 28 per cent in 1889, at which point it has remained. In the 'eighties the population was small and scattered, land was held in extensive holdings and transport and communication were slow and difficult. It thus seemed reasonable to give to large sparsely-populated areas lacking in accessibility some advantage in parliamentary representation over the town dwellers. In New Zealand, as in all progressive countries, the tendency has been for the mechanization of farming to result in the production of a larger output by a relatively smaller number of agrarian workers. Improved transport, greater economic specialization and the growth of larger and more diversified secondary and tertiary industries have inevitably led to the so-called "urban drift", and the population has lost its predominantly rural distribution. Unfortunately, antagonisms have tended to develop between farmers and trade unionists, the former seeing a threat to their economic security in the raising of their costs of production through shortening of hours and increase of wages of industrial employees, the protection of local industries and the increasing overhead burden of social security benefits, all of which are regarded by trade unionists as essential means of safeguarding their own security. As the political strength of the Labour Government lies mainly in the larger centres and urban areas while the Nationalist party members come chiefly from the farming districts these antagonisms tend to be fomented and exploited for party purposes. This is well illustrated by the excitement aroused over the Electoral Amendment Act, an electoral reform which was discussed in Parliament and throughout the country in an atmosphere of emotion and fierce party politics rather than objective reason.

The Act provides that the total adult non-Maori population shall be divided into as many electorates as there are European members of Parliament to be elected, and that the electoral boundaries shall be fixed by Representation Commissions to ensure equality of numbers of electors.

Thus the "country quota" is abolished and children excluded in the determination of electorates. Each of these changes tends to reduce the strength of parliamentary representation of farmers. In the official report on the 1936 census it is stated that "There are very distinct differences between the ages of urban and rural communities. . . . Rural populations have a much higher proportion of children and of young persons." The census taken just recently shows that previously observed trends continue to operate. The proportion of urban population to total population has risen from 59.3 per cent in 1936 to 63.1 per cent in 1945. The population of counties adjacent to the larger towns has increased while those of the smaller and more remote counties have diminished. The North Island has gained population relatively to the South Island, 99.8 per cent of the total increase having taken place in the former. It is obvious that in the new adjustment of electoral boundaries in accordance with the recent Act there will be more urban representatives and country electorates will be fewer and larger in area.

Interpreting this legislation as a threat to their vital interests farmers were roused to angry protest. Meetings were held throughout the country districts and demands were made on the Dominion Executive of the Farmers' Union to formulate plans for "direct action". A deputation from the Conference of the Federated Farmers of New Zealand waited on the Prime Minister and presented a statement in the following terms:

" . . . The introduction of the bill has caused very grave disquiet and unrest among the rural community and we are directed to appeal to the Government, through you, not to precipitate grave internal disruption, strife and turmoil by continuing with the measure. We are instructed to ask the Government to withdraw the bill and place the issues involved before the electors, and we have been told to inform you that if the Government holds an election under the law as it stands at present in which this question is a major issue the farmers of the Dominion will accept the verdict of the electors and no question of unconstitutional procedure will arise. . . ."

An appeal was also made to the Governor General, asking him to intervene to delay the proposed legislation and to intercede with his New Zealand Government to put the question before the electors as a major issue at a General Election.

These efforts proving unavailing and the Act being passed, plans for concerted action by farmers against the Government were developed by the Dominion Executive of the Farmers' Union, and initial steps were taken to raise a fund of £250,000 to assist the carrying out of such plans. There at present the matter rests; and the Representation Commissions for the North Island and South Island respectively are about to re-define the electoral boundaries in terms of the Act and in the light of the recent census.

No change was made in the Maori electorates, the boundaries of which were last defined in 1919 largely on a basis of tribal interests and topographical considerations. Incidentally, the census figures have emphasized an interesting trend in the Maori population. In 1858 the Maoris in New Zealand were estimated to number 56,049. Changes due to the impact of white civilization on the natives led to a decrease in the numbers, which by

1896 had reached their lowest level of 42,113. Since then census returns have shown a rising tendency, the 1936 population being 82,326 and, according to the preliminary census figures for 1945, the Maoris now number 97,263, a tribute to the adaptability and progressive qualities of the Maoris themselves and the enlightened policies of successive New Zealand Governments.

WAGES AND HOURS

THE Minimum Wages Act, 1945, which comes into operation in April 1946, and which in principle received the approval of the Opposition party, provides for the first time in New Zealand a minimum wage for every adult employee of either sex notwithstanding anything to the contrary in any enactment, award, industrial agreement or contract of service. It is made binding on the Crown as well as all other employers and thus includes the public services in its scope. The minimum rates fixed are for males 2s. 9d. per hour or £1. 2s. per day or £5. 5s. per week, and for females the respective rates are 1s. 8d., 13s. 4d. and £3. 3s. For piecework the minimum rates are the same as the prescribed hourly rates or "an amount equivalent thereto having regard to the rate of production of the worker". No deduction from the minimum wages payable may be made for time lost except by reason of the worker's default, illness or accident. Provision is made for under-rate workers and apprentices and for reduction within defined limits where board or lodging is provided.

Legislation was also passed amending the Shops and Offices Act and the Factories Act. The ordinary hours of all shop assistants, exclusive of hotel and restaurant workers, are reduced to 40 hours, with provision that they may be employed for not more than 44 hours per week until the end of June 1946, subject to payment of time-and-a-half rates with a minimum of 1s. 6d. per hour for all time over 40 hours. After that date the Arbitration Court may extend the hours to a maximum of 44 where it is impracticable to work a business within the 40-hour week, but with the same provision of time-and-a-half rates and 1s. 6d. minimum.

The institution of a five-day working week is foreshadowed by the authority given to the Arbitration Court not only to prescribe the opening and closing hours of shops but also to provide that any specified class of shops must be closed for business on one working day each week. The effect of these measures has already been seen in the widespread adoption by shops in the larger centres of a full holiday on Saturday and the inability of housewives to buy their week-end supplies of bread and meat on that day.

Ordinary working hours in factories are to be limited to 40 hours per week, 8 hours per day and not more than 4½ hours without a meal interval of at least three-quarters of an hour. Various industries such as meat-freezing, fellmongery, bacon curing and butter and cheese-making, formerly permitted to work 44 hours per week at ordinary rates, are now brought within the 40-hour week provision. In all industries subject to the 40-hour week where work is not regularly performed on seven days of the week time-and-a-half rates must be paid for Saturday work.

This comprehensive legislation providing for higher minimum wages and

NEW ZEALAND

a shorter working week brings into bold relief the relative position of farmers, whose working hours are not capable of such arbitrary reduction, and who, selling their goods in unsheltered export markets, cannot pass on in higher prices any increased costs of production. Anything that endangers the basic export industries is a threat to the economic stability of New Zealand. It was doubtless a recognition of this fact that caused both the Prime Minister, Mr. Fraser, and the Leader of the Opposition, Mr. Holland, to emphasize in their New Year messages to the New Zealand people the importance of maintaining production. In the words of Mr. Fraser: "It is true that our social services and benefits are equalled nowhere in the world, but it must be remembered that the whole of the structure already built to ensure freedom from want depends on the maintenance of the highest possible level of production. This means conscientious and efficient work by everyone in every walk of life, and harmony in industry."

BRETTON WOODS

A SURPRISING omission from the business of the recent parliamentary session was the promised discussion on the Bretton Woods proposals. New Zealand was directly represented in various discussions preliminary to the Bretton Woods Conference, and at the Conference itself Mr. Nash, Minister of Finance, headed the New Zealand delegation.

In his recent reply to the invitation to send a New Zealand representative to the ceremony of signature of the Bretton Woods Agreement, Mr. Nash stated that it had been found impracticable to have the necessary parliamentary discussion of the proposals before the session ended, owing to the delay in the financial negotiations between the Governments of the United Kingdom and the United States; but it is expected that the New Zealand Government will be able to make its decision by July 31, 1946.

New Zealand has been so whole-hearted an advocate of international co-operation and has taken such an active part in the various international Conferences that it will be regrettable if this Dominion is not able to take its place as a foundation member of the International Monetary Fund and the International Bank for Reconstruction and Development. Though New Zealand is unlikely to require to use the Fund or the Bank, since its need for multilateral clearing facilities is provided by its dealings through London and it has passed beyond the state of external borrowing, it has much to gain directly and indirectly by the general expansion of international trade, stability of exchange rates and the elimination of the threat of discriminatory trade practices and competitive currency depreciation.

New Zealand,
January, 1946.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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BABEL AT PENTECOST

THE DECLINE OF THE GRAND ALLIANCE

By decree of the Government of the United Kingdom celebrations of victory over all our enemies are to be held on June 8. It would certainly not be seemly that our triumphant emergence from such extreme peril should be allowed to pass finally into history without some solemn act of remembrance and thanksgiving. It is inevitable, however, that such moments of high exaltation as we experienced last year at the successive surrenders of our enemies in East and West should be followed by a marked reaction; and the day chosen for the victory marches seems likely to find the people in general near to the lowest point of disillusion. The appointed rejoicings may indeed still justify themselves by stimulating fresh hope and a renewal of confidence. But the municipal authorities that have declined to participate, or curtailed their expenditure on the festivities to the lowest level consistent with acknowledgement of the universal debt to the fighting forces, undoubtedly reflect a widely prevailing mood. Nor have the doubts and misgivings been bred merely by the lapse of time since the spontaneous joys of yesteryear; they proceed from the clear perception that the world of 1946 still lies under the menace of dangers as sombre as those against which we took up arms in 1939. Famine—which, as an article elsewhere in this issue shows, has been only aggravated, not caused, by the ravage of war—stalks the earth; and during these months, in which there should have been the most universal and lively sense of the threat to the very survival of human life that lies in the continuance of the internecine feuds of the nations, little or no progress has been made towards giving institutional form to the aspiration to resolve them in some higher form of international society, which enabled so many of the finest spirits to endure the agonies of the past seven years.

The date selected for the victory commemoration is, so far as the war goes, arbitrary. It is not the anniversary of the German surrender, but a month later. It has in fact been fixed so as to coincide with the Whitsun holiday, and so, whether by design or not, to recall the day of marvel when Parthians and Medes and Elamites, Cretes and Arabians and dwellers in the parts of Libya about Cyrene—peoples whose fate has once more been in issue during these latter months—heard each in his own tongue the words with which twelve unlettered men proclaimed their vision of a regenerate world. The belief that some such miracle must come upon the peoples that had learnt the terrible lessons of world war not only sustained great statesmen during the struggle, but induced them to devote long thought to preparing the channels in which the new spirit might flow. But a year after the victory the miracle has not been made manifest; and the sound of international voices is still less suggestive of Pentecost than of Babel.

In the last number of **THE ROUND TABLE*** speeches were reprinted in which five of the first political leaders of the British Commonwealth declared

* See **THE ROUND TABLE**, March 1946, No. 142, pp. 119-26.

their belief that the anarchy of sovereign States must be transcended, and the world be prepared to advance towards the union of nations in a more organic society. These speeches should clearly be read, not as a promise—for progress is never automatic—but as an admonition, a warning that failure to take in time the next step along the path of necessary advance may be fatal to civilization. THE ROUND TABLE, in giving its unhesitating support to the United Nations Organization, has done so under no illusion that this body can solve the problem of permanent peace, but explicitly in the hope that it may win for humanity a period of respite from world wars, during which the peoples may come to a realization of the more fundamental reconstruction of society upon which their safety depends. As the first half-year of the operation of UNO nears its end, it is not too soon to form some preliminary judgment of whether it is in fact leading in the right direction.

THE OLD LEAGUE AND THE NEW

THE League of Nations closed its doors for the last time on April 18, 1946. It had been increasingly, during its later history, a debating arena for balancing the arguments and interests of rival Powers; and it broke down when the rivalries became too tense to be held within the framework of Geneva. The founders of UNO resolved from the first that it should take a contrasting form. It was not to be an instrument of balance between many conflicting interests; rather should it be a weapon of power, to be wielded in the interest of the whole world by a fellowship headed by a few great peoples, so welded in unity of purpose that they could act as one. That was the dream. It is exposed to the mockery that awaits all utopias, but it relied on the substance of a united brotherhood in arms, proved in adverse circumstance and vindicated by victory. What has shocked the world and provoked the present apprehension and dismay is the apparent tendency for UNO itself to become a means to the weakening or even dissolution of this very partnership of the great allied Powers.

One symptom universally observed is the frequency with which argument in the Security Council has turned upon such questions as whether the subject-matter under discussion is a "situation" or a "dispute", whether the so-called right of veto is applicable, whether the Council can continue to take cognizance of a dispute although both the parties wish to withdraw it. Argument in these forms does not necessarily concern petty issues. Has it not been said that the law of the august British Constitution is "secreted in the interstices of procedure"? But differences over procedure are characteristic of rivals manœuvring for position against one another, not of colleagues in a joint enterprise seeking to pursue effectively a cause they all have at heart. It would surprise the world to learn that procedural difficulties embarrassed the work of the Allied Chiefs of Staffs Committees, or the Churchill-Roosevelt-Stalin conferences, or even such Anglo-American instruments of common action as still exist in the Combined Food Board.

The debates about procedure indicate the prevailing temper of the Security Council, and so long as that temper is unchanged there is little solid reassurance to be derived from the view, which has been widely expressed,

that merely by surviving through its teething period UNO has given promise of vigorous and beneficent life. The crucial question is not UNO's rate of growth, but what is happening to the world while UNO is passing through its phase of infantile ailments.

FORTIFIED FRONTIERS

THE situation of which UNO was intended to prevent the recurrence was that in which great heavily armed Powers faced one another directly across fortified frontiers, at the imminent risk that at any moment some incident, possibly trivial in itself, might precipitate an explosion. If it was too much to expect that rivalries and conflicts of interest should not develop in course of time between the Great Powers, at least it could be hoped that they would remain geographically insulated from one another by the interspersal of smaller States, dwelling under the corporate protection of UNO. It is this hope that seems to have been already disappointed. The direct opposition of policy between the Soviet and Anglo-American groups, which has so rapidly deprived the Security Council of the character, enjoyed by the joint allied organs in the war, of an instrument of common purpose, has been reflected in and partly caused by the events that have tended to range the two groups in immediate juxtaposition on the map of the world. The present argument is not concerned to apportion the blame for this miscarriage of the general design between the Soviet policy of absorption of territory and the supposed Anglo-American malevolence against which this apparent aggression is claimed to be a defence. It is sufficient to observe the facts. In eastern Germany, for instance, the severe Russian pressure which has brought about the fusion of the Social-Democratic party with the Communists evidently portends the extension of the totalitarian one-party State to the Elbe, and almost destroys the hope of avoiding the lasting division of the whole country between two radically opposed social systems. The prospect that the common task of administering a disarmed but homogeneous Germany might become a medium of mutual education, in which Marxists and Western liberals might learn to understand one another, becomes every day less probable. The "iron curtain"—which has even caused the Anglo-American Commissioners engaged in studying the problem of succour for the stateless Jews to be denied admission to Hungary, Yugoslavia, Bulgaria and Rumania—threatens to become a permanent frontier fortification built into the structure of Europe. Russian sentries on one side will confront British and Americans on the other; between the two régimes there will no longer be the band of independent States that even in 1939 separated the Soviet Union from Nazi Germany.

A similar result has issued from the terms of settlement of the Persian dispute. No announcement reached UNO on May 6, the appointed date, that the Soviet had carried out their promise to withdraw all their troops from Persian soil. Instead, Tabriz was still hurling bellicose declarations of autonomy at Teheran, in which the Russian accent of the Azerbaijani Jacob could not be concealed by the hairy hands of Esau. The dangerous situation remains. The essential interest of Russia in northern Persia, as a source of reserve

supplies of oil, is one with which the Western Powers have no legitimate reason to quarrel. Had it been found possible to adjust the claims of the Powers, and safeguard the independence of Persia, through the good offices of the Security Council, the result might have been to build up an area of corporate responsibility, and a buttress of security in the most inflammable region of the Middle East. The settlement, however, is not being approached in that way, but essentially by private arrangement between the parties after antagonism in the Security Council had led to deadlock; and, whatever the issue may be, its tendency is clearly to divide Persia, like Germany, into sharply contrasted zones of influence of the Great Powers.

It is dangerous optimism to regard this Persian crisis as a mere trial run for UNO, which will profit by its experience to handle the next dispute with fuller mastery. The League of Nations, having allowed the Corfu affair to slip from its control, and been compelled to ratify a *fait accompli*, never fully recovered from the slight to its authority. It is sadly probable already that Persia may be remembered as the Corfu of the United Nations.

NO SETTLEMENT IN PARIS

THIS tendency to a sharp division of the world into mutually uncomprehending—let us not say hostile—camps has caused, and may be intensified by, the all but total deadlock that was reached in the Conference of Foreign Ministers in Paris for the discussion of peace terms to Italy. In Trieste and Venezia Giulia, whatever the frontier ultimately fixed, there can scarcely in the nature of the problem be any avoiding the immediate juxtaposition of a Yugoslavia anchored in the rigid Soviet system with an Italy destined to become a client State of the Western parliamentary group. The only question is whether this dangerous situation is or is not to be aggravated by the addition of grave ethnographical injustice. Over Tripolitania the debate has ranged more widely, because the solution is not so nearly predetermined; and the reasons are fundamental that compelled the Western representatives to resist both the Soviet claim for a mandate over the country and even the alternative suggestion of a Russian administrator with an Italian deputy under international trusteeship. For here again what is threatened, and what may still be avoided, is the immediate geographical juxtaposition of rival Great Powers. The safety of the Mediterranean route remains one of the indispensable strategic interests, not only of Great Britain, but of the whole British Commonwealth—a fact that makes it in this matter peculiarly unfortunate that, as was shown in the recent London conversations by the complaints by some Dominion representatives of their exclusion from international conferences, there is still no constitutional means of equipping a joint mission with authority to speak for the whole Commonwealth in negotiation within the circle of the Great Powers. (The controversy over the evacuation of Egypt has forced upon public attention, as never before, this fundamental deficiency in the constitution of the British Commonwealth.) To prevent, in the present unhappy phase of rivalry between the Eastern and Western groups, the planting of Soviet authority directly on the flank of the great imperial route is not merely a selfish interest of the Commonwealth but an

indispensable precaution for world peace, as was tacitly acknowledged when the American and French representatives supported Mr. Bevin in his opposition. The confrontation of the two power groups in Africa as well as in Europe and Asia might be the final disaster to the cohesion of UNO and the prospects of world peace.

OTHER ORGANS OF UNO

THE foregoing examples should suffice to show that we are still far from the time when the Security Council can perform its intended part and act as an irresistible authority, applying the strength of five Great Powers with but a single policy to the protection of the peace of the world. It cannot even be said that it is yet moving towards that position. It does not necessarily follow that the development in UNO of a true sense of common purpose, which is the indispensable condition of its effectiveness, must come to a standstill because for the time being the Security Council is not making any very useful contribution. There are other UNO organs through which the Great Powers may yet feel their way to a better understanding. They have discovered, as might have been foreseen, that the maintenance of a common front in the complicated political conditions of peace and peacemaking is more difficult than under the simplifying stress of warfare against a common enemy. The mastery of the problem is most likely to come through the experience of combined action into which they may yet hopefully enter in the tasks that lie immediately ahead.

There is for instance the work of the Trusteeship Council, which has still to be fully constituted. It may be aptly illustrated by reverting to the case of Tripolitania. To place the country under any form of Russian trusteeship, as has been said, is to bring British and Russian power into confrontation in yet another region of a world tending already too much towards a sharp dichotomy of power groups. To establish British rule would exacerbate jealousy. The pledges given during the war to the Senussi are held to preclude the return of the Italians to Cyrenaica, but do not apply to the western province, so that the establishment of an Italian trusteeship there, which came into view at the Paris Conference, could be a valuable reconciling gesture. Failing that, the American proposal for an international administration under UNO authority may well prove the wisest solution. THE ROUND TABLE cannot retreat from the position that it has taken up on the general question of colonial administration. International government is weak government—which is one reason why Americans, whose Constitution is consciously devised to keep the executive weak, are less likely than others to distrust it. But in agricultural Tripolitania, if anywhere, a land where "the ills that kings or laws can cause or cure" may be thought to be exceptionally few, this objection may be legitimately set aside if greater goods can be foreseen. And it would seem that in such practical tasks as this, a theatre might be found in which British, French and Americans on the one hand, and men of the diverse nationalities comprised in the Soviet Union and its associated States on the other, can advance *ambulando*, first towards mutual comprehension, and then towards singleness of purpose in world

affairs. They will in fact be seeking common ground at a deeper level than that on which the Security Council operates; and still deeper, and therefore potentially more fertile of resources for promoting international unity, is that on which the Social and Economic Council is now beginning its work.

Finally, it should never be forgotten that in their quest of one supreme end the groups of Powers, which seem now to be ranging themselves so starkly in opposite camps, are already at one. At the sharpest moments of Anglo-Russian and American-Russian disagreement, in the Security Council or the Paris Conference, it has not been suggested, and it cannot be suggested legitimately, that the Russians are insincere in professing their devotion to the cause of peace. Though the danger that war might come through the uncompromising pursuit of incompatible ends must never be underestimated, it is not to be suspected that any Great Power to-day is prepared to make war an instrument of conscious policy, as Germany and Japan recently made it. In work immediately and narrowly directed to the restriction of war itself there may be a specially favourable field where the seed of international collaboration can grow. Great results may yet come of the remarkable report recently addressed by a technical committee of physicists to the State Department, in which was adumbrated a plan for fostering the use of the new nuclear energy for industrial and medical purposes while preventing its exploitation as a weapon of war. It is claimed to be feasible for an Atomic Development Authority, while retaining all the potentially dangerous processes under its own hand, to issue the essential uranium isotope 235 in a "denatured" form, useless to the weapon-maker but of unimpaired value to the industrialist. If this is so, the Atomic Development Authority, which can only be an agent of UNO, is surely destined to become a dominant force in the politics and economics of the world. In its counsels representatives of all nations must meet on equal terms; and by virtue of the fact that their labours are ultimately related to a purpose from which none can dissent, the prevention of atomic war, may find the clearest of all roads to the achievement of a corporate sense of responsibility for the world as a whole. Nevertheless the theological conversion of the minds of statesmen and peoples to the pursuit of common instead of conflicting aims is a miracle for which the world still waits; and the ancient prayer *Veni sancte Spiritus Et emitte caelitus Lucis tuae radium* may be offered with peculiar fervour this Whitsuntide by all who still cherish the high hopes with which the United Nations Organization was founded.



HELMUTH JAMES VON MOLTKE

1906-1945

A GERMAN OF THE RESISTANCE

THE LAST LETTERS OF
COUNT HELMUTH JAMES VON MOLTKE

[The notes which introduce these letters have been pieced together from memory by various English friends of the writer. The section dealing with war-time events in Germany is based on information supplied by Countess Von Moltke and other German friends of her husband.]

HELMUTH JAMES VON MOLTKE, the writer of the letters here printed, was born in 1906, the eldest son of Count Helmuth von Moltke, and great-great-nephew of the Field-Marshal of the Bismarckian era. The old Field-Marshal (who had himself an English wife) was ennobled for his services in 1864, 1866 and 1870 and also given a grant of money, with which he bought the estate of Kreisau, near Schweidnitz in Silesia, a district he had come to know and love while making his plans for the defeat of Austria. He had no children and on his death in 1891 the estate passed to his nephew General Wilhelm Von Moltke, the elder brother of the Helmuth Von Moltke who was German Chief of Staff in 1914. General Wilhelm's wife, who had a liking for town life and gaiety, was bored to distraction by the long summers she was required to pass in the Silesian country-side. It must have been about 1902 that a friend suggested her having foreigners to stay, in the hope that their presence would prove a diversion.

Just at that time Jessie Rose-Innes, wife of James Rose-Innes who was soon to be appointed Chief Justice of the Transvaal by Lord Milner, had come to Europe with her daughter Dorothy, aged about eighteen. The South African War must have disturbed the latter's education and her trip with her mother was intended to fill up gaps. They first spent some time living with a French family, and then decided to move on to Germany. Not knowing anywhere to go, they put an advertisement in a German newspaper which came into the hands of the old Countess Von Moltke, who answered it on the spot and invited the couple to Kreisau. The Count's eldest son was away from home when they arrived but came back soon after and met the guests at dinner. According to the family story, he and Dorothy became engaged within a week, but Dorothy's parents were disturbed at the prospect of her marrying so far from home, and, in the hope that she might change her mind, delayed the wedding until she came of age in 1905. In that year also Count Wilhelm died and was succeeded by his son.

The Moltke family were already Christian Scientists, since Dorothy's husband had for some time had a tendency to diabetes and it was hoped he might be cured. As Countess, she became interested in the movement and together with her husband and Frau Ulla Oldenbourg, formed the German half of the joint German-American team who translated Mary Baker Eddy's *Science and Health*. Although they brought up their family in an atmosphere

of lively Christianity, they made no attempt to impose their belief on their children, and Helmuth James, who as a boy was an ardent Christian Scientist, had ceased to be a practising one by 1931.

Dorothy Rose-Innes inherited the character and outlook of her parents. Like them, she was a convinced and uncompromising Liberal. Like them, too, she was trusted by everybody: in the middle of the first German war, for example, she was allowed by the German General Staff to devote herself to the care of British prisoners. She could not be described as an intellectual woman, nor was she exceptionally clever, though she was cultivated and of great good sense. The later years of her life were far from easy. Her husband was not only incompetent in business matters but inclined to extravagance. This might not have mattered so much had it not been for the fact that the family trust, founded by the old Field-Marshal to maintain the estate, was wiped out by the inflation, and in 1930 Kreisau was taken over by creditors who put in an inspector to run it. Yet so far from complaining or burdening others with her troubles, she radiated an atmosphere of love which she somehow prevented from ever degenerating into mere fussiness or sentimentality. Everybody was devoted to her and she to them. When she died in 1935 her children felt that nothing could ever be the same again and cherished her memory as of an exceptional person.

Thus the children, four boys and a girl, inherited a remarkable tradition from each of their parents, and were brought up to revere both the strains which mixed in them. On the Moltke side, the stress lay primarily on steadfastness, efficiency and public service: on the Rose-Innes, it was liberty, justice and devotion to the cause of the oppressed which had the pre-eminence. Wits, courage and integrity were common to the two. Helmuth James always held the memory of the Field-Marshal in high respect and loved to tell the various anecdotes of him which had been handed down in the family. But he also appreciated in their full value British habits of life and thought, even if at times the slowness of our reactions tended to exasperate him. Unable to talk English as a boy during the War, he never spoke it without a slight accent, but was otherwise bilingual. It was not until after 1933 that he came to know England well, although by that time he had of course had opportunities of meeting plenty of Englishmen, and notably those who were taken in at Kreisau as a contribution to the depleted family finances.

His early twenties were largely spent in undergoing the training required to become a German judge. Seriously disturbed about the social effects of unemployment, he had taken a leading part in organizing work camps where unemployed youths could meet with their contemporaries in all classes, so that each might learn to see life from the other's point of view. Here for the first time a conception found expression which was throughout to hold a dominating place in Helmuth's thought, namely the need to build up in Germany a body of people with a common and disinterested purpose, which would make possible concerted rational action in the face of difficulties. Superficially, it was a concept which the Nazis shared, and when they came to power, they seized the camps and used them as the starting-point for the

Reich Labour Service, claiming into the bargain the credit for initiating the whole idea. It goes without saying that their spirit and methods were wholly different; and when foreign apologists commented that the concept of the Labour Service was, in essence, sound, they were in fact endorsing the work of Helmuth and his friends. At one stage the project got into financial difficulties: he went direct to Dr. Brüning, then Chancellor of the Republic, and not only obtained the necessary funds but started an intimacy which lasted after Brüning had had to leave Germany.

Helmuth was also taking an increasing interest in the family estate, although he had never had any special training in agricultural matters. After the failure in 1930, he managed to win the confidence of the inspector put in by the creditors, and, working hand-in-glove together, the two succeeded in putting matters on such a sound footing that, by 1935, the outstanding debts were paid, and Kreisau reverted to the control of the Moltkes, the inspector staying on as their own employee. Although his father did not die until 1938, it was Helmuth who managed the estate, and its care was as much joy as burden. He loved the undulating fields and copses which lay between the Eulengebirge and the great plain of northern Europe, he had a passionate interest in flowers and plants, and he regarded the position of landlord as a responsibility bearing with it the duty of caring for all the human beings living on his estate. In 1931 he married Freya Deichmann, whom he had met as a student: a wife of whom it suffices to say that she was and is worthy of her husband. It was always alleged that, after they had been engaged for some time, Helmuth suddenly wrote suggesting a date for the marriage because his parents were going for a holiday to South Africa and there would be nobody to do the housekeeping at Kreisau! The consideration was one which would not have escaped his eminently practical mind, but the joke belonged to that English type which is made to avoid revealing how deep are the feelings which lie beneath. A son was born in 1937 and another four years later: it is perhaps significant that both had English godfathers. Helmuth had had to play something of the part of a father to his own brothers and sister, and his relation to his own sons in exchange carried with it something of the elder brother.

THE NATIONAL-SOCIALIST REVOLUTION

It goes without saying that the whole roots of his life were affected by Hitler's accession to power in 1933. He was well known to hold views which can be described as radical in the best sense of the word, though enemies on the right wing preferred, unjustly, to call them Communist. The Nazis saw in him a determined enemy, qualified both in name and character to lead those who opposed their régime. He saw in them the mark of the beast and knew instinctively that, though it was imperative for the evil to be rooted out, the process would cost much time and many tears. The iron of the time left its trace upon him, though it did not enter into his soul. For whereas those who knew him earlier remember him as merry and unconcerned, many of those who met him afterwards found his first appearance stern and even forbidding, until the inevitable flash of amusement or sympathy came to relieve his sharp,

almost hawk-like look. The thought of compromise never entered his head. When Mussolini paid a state visit to Berlin, workmen came to make a hole in his office in the Unter den Linden, so as to insert the pole necessary to carry out the decoration scheme which had been ordered for the entire street. There was no particular advantage and considerable danger in objecting, but equally there was nothing to be gained by giving way. So Helmuth not only ordered the men out, but persuaded the other tenants to do the same, so that that one house remained undecorated.

On the whole, however, he did not believe in open opposition where no practical objective was in view. Realizing the gravity of the struggle, he felt the need to husband all possible resources, and, while waiting for a time when there would be some chance of striking with success, to concentrate in the interval on bringing those who were affected by the situation to a proper appreciation of its character and on mitigating the hardships caused to individuals. A judicial career was of course closed to him from 1933 onwards. So to earn his living he started to practise as an international lawyer in Berlin. Much of this work had previously been in the hands of Jews, who had gone into exile, imprisonment or retirement, so that he found many eager clients. But in the period between 1933 and the war, he gave pride of place to helping those Jews and other anti-Nazis who were anxious to leave Germany and required authorization to take some part of their belongings with them. On one occasion two of his clients disappeared, and no enquiries produced any trace of them. His own investigations led to the Gestapo headquarters in Vienna and beyond that drew an absolute blank. So he decided to call on the Gestapo. Everyone told him that it was madness and that he would disappear too. But, seeing no other way of discharging his responsibility, he walked in and found out what he wanted to know.

To obtain relief from the atmosphere of the Third Reich, he hit on the idea of being called to the English Bar, since the necessity of eating dinners would allow for frequent visits to London. Among the first people he sought on arriving was Mr. Lionel Curtis, who had known his mother as a girl and who, meeting her again at her father's house when both were revisiting South Africa in 1926, had promised to get to know Helmuth if ever he came to England. That promise was amply fulfilled and Helmuth was made a member of the family, rooms in Duke of York Street being put at his disposal, and Kidlington and All Souls thrown open to him at week-ends; the opportunities of contact which these brought with them were exploited to the full. In conversation in England Helmuth never left any doubt as to the inevitable outcome of Nazi policy. "You over here", he once said, "discuss whether there will be another war. We in Germany only discuss when war will break out." From that standpoint he naturally regretted that more could not be done more quickly to set England in a state of readiness; and it was the failures in this direction which he criticized rather than the more tangible consequences of unreadiness. He was often in England until the summer of 1939, and in 1937 visited South Africa and the grandparents there to whom he was deeply attached.

Physically, as well as intellectually, he was eminent wherever he went, for

he stood some 6 feet 7 inches, with a spare and wiry figure. He was a supreme realist, quick to assess the essentials of any situation and impatient of words or plans which left out of account the facts of the case, the ultimate good aimed at or the resources likely to be available. A clear-cut sense of values enabled him to separate the gold in life from the dross and without any struggle to choose the better way. As a result it often appeared as though the ordinary pleasures of life meant little to him: he never smoked, seldom drank, and generally seemed indifferent to what he was eating. But this was not in fact due to lack of appreciation so much as to the fact that he had appreciated these things in their true proportion and in the light of his ultimate purposes felt them to be of minor importance. Unsparing of himself, he looked critically on people reluctant to make a similar effort, though he did not generally waste breath in condemning them unless he thought his remarks were likely to effect a reform. But his slightly dour concentration on the subject in hand was moderated by a lively sense of humour, puckish rather than cynical: no matter how much Helmuth loathed the things for which his opponents stood, he was much more likely to laugh at them than lose his temper, though his laughter was far from indicating any weakening in the resolution of his antagonism. Underlying all his strength of character and intellect was a deep love for the simple things of life, flowers and the countryside, his home, his children, his friends. But he did not wear his heart or his beliefs on his sleeve; and indeed the simplicity and strength of religious beliefs which are disclosed by his last letters have come as something of a revelation to his English friends, who before the war knew this side of his character by deduction from his conduct rather than by direct experience. And there can be no doubt that this aspect was considerably deepened by his experiences and associations during hostilities.

ON WAR SERVICE

ON the outbreak of war Helmuth was called on to join the Supreme Command of the Armed Forces (OKW) as adviser on International Law. As time went on he came increasingly to handle economic affairs as well. These responsibilities gave him the right to keep himself informed about foreign countries (there is evidence, for example, that he read Hansard regularly) and to make occasional trips to neutral countries. It is of course well known that there were inside the OKW several groups of officers who from various motives had begun as early as 1938 to lay plans for action against the Nazi régime, and they may well have enlisted the services of Helmuth not only because of his name and abilities but also in view of his known political views and a desire to afford him the protection from the Gestapo which at that time membership of the Reichswehr bestowed. But although he was in continual touch with their plans, he refrained from associating with them too closely and throughout maintained an independent attitude. On the other hand, it was in the course of his war-time work that he first came to know Peter Yorck von Wartenburg, who like him claimed descent from a famous figure in German military history and like him had inherited a considerable estate. But whereas Helmuth through his English and South African

connexions had virtually achieved an international outlook, Yorck laid great store by the German traditions in which he had grown up. Both men attached deep significance to their position as landowners, regarded as bestowing duties and responsibilities rather than rights or privileges. Those who find it convenient to describe them as "young aristocrats" would do well to remember the interpretation which they placed on "aristocracy". The two became close friends and each learnt from the other.

Neither had any doubts of the ultimate fate of National Socialism. They expected a catastrophe in which all Germany would be engulfed. No sooner had war been declared in the East than Helmuth invented an imaginary Russian who was going to become manager of the Kreisau estate after Hitler's defeat, and whose actions and reactions were so playfully discussed that he became quite a friend of the family. But both Helmuth and Yorck felt it more important to prepare for the sequel, which they foresaw as involving penury, disease and death, than to accelerate the catastrophe. This attitude is of a piece with all Helmuth's earlier life, yet is naturally apt to appear open to challenge in British eyes. The justification which they would have offered was that Nazism was, in their view, not merely a military menace to peace but a virus with which the German blood was tainted. Purification could only be hoped for if there should occur a sufficiently striking practical demonstration of the consequences to which Nazism led. In their view the most important task connected with the downfall must be to clarify the issues involved, even at the risk of delaying the event. But if the war were to be lost by an internal German revolt, the issues would be obscured and not clarified, since there would then be no convincing answer to subsequent apologists who argued—like those maintaining the "Dolchstoß" theory after 1918—that, but for the failure of the German people to hold together, the war would have ended in victory and not defeat. Moltke and Yorck had the insight to realize that they were not in conflict with a régime so much as with a perversion of the human spirit which would not necessarily be extinguished by defeat. It would be extremely rash at this early stage to say they were wrong; in any event, their attitude disposed them to offer a type of resistance which differed fundamentally from those who thought in the traditional terms of a *coup d'état*. And one of the most interesting facts which emerges from Helmuth's last letter is that the Nazi authorities seem to have agreed with them by regarding their attitude as potentially more dangerous than that of the other participants in the *coup* of July 20.

Their post-war plans started with the objective of establishing a united foundation of healthy elements remaining in Germany, so that, when the downfall came, there would be a single alternative group able to act cohesively and ready to take over the responsibility of government. Accordingly the first need was to arrive at some sort of an understanding between these elements, which chiefly comprised the Christian Churches, the working classes and the regular civil service. In face of great difficulties, contact was gradually established with a varied circle of men coming from all parts of Germany and all walks of life. Systematic discussions started in the summer of 1940 (when, according to some writers, all Germany was prostrate in

admiration at Hitler's feet). For reasons of security most of the work was done in small groups, each concentrating on a particular aspect of the subject and connected with the main group through a single *rapporteur*. Members of individual groups did not as a rule know the names of anyone except their immediate colleagues, and it was characteristic of Helmuth that his should have been one of the few names known generally through the organization.* Attempts were made on several occasions to establish contact with Britain and America, but nothing tangible ever resulted. A similar attempt in 1944 to establish contact with Russia is not believed to have been any more fruitful.

The group discussions were mainly carried on in Berlin and Munich, with occasional conferences elsewhere (e.g. Fulda). But it became necessary at some stage to bring the isolated pieces of the plan together, and for this reason Helmuth on three occasions (Whitsun 1942, October 1942 and Whitsun 1943) invited all the leading personalities to pay him a week-end visit at Kreisau. At these meetings plans were elaborated, *not* for the overthrow of the Nazi government but for the action which would require to be taken when for one reason or another that inevitable event should occur. Agreement was also reached about the general principles on which a new Germany was to be founded. The documents in which these plans were embodied have survived. They represent a noble expression of Christian and humanist thought on the organization of society, though of course failing to deal with the realization of such ideals in the concrete circumstances now facing a conquered Germany—and this, as Helmuth would have been the first to recognize, constitutes the real crux of to-day's problem. The detailed plans centred round the appointment of special Commissioners (*Landesverweser*) for each area, who were to be nominated by agreement between all the elements involved in the planning but were to possess for an interim period plenary powers. These proposals have a strong practical character and are firmly anchored in German constitutional law. Another document of interest provides for the trial and punishment of war criminals by The Hague Court of International Justice, as a step towards securing the general recognition of the sovereignty of law in international relations. There can be little doubt that Helmuth had a large part in the drafting of both documents.

ARREST AND TRIAL

At the same time as these general activities, the opposition of Helmuth and many others of his circle took more practical and immediate forms. The general line of his work is described in a letter written in 1942 to a friend in England, which is printed below. Three specific examples which are already known may also be quoted; of others the full details have not yet been established. On one occasion he found that drastic measures against Danish Jews were in preparation: warning sent by him to Copenhagen enabled many of the intended victims to escape from the country in time. A similar

* A list of the principal persons connected with the group will be found at the end of this article.

warning from him saved on one occasion the life of the Norwegian Bishop Berggrav. And shortly after the Allied invasion of North Africa he heard that the Nazi authorities were proposing to treat as traitors all Frenchmen who fought on the Allied side, a step which would involve shooting all of them who were taken prisoner. He arranged that this information should reach the Allies and that their awareness of it should in turn become known to the German authorities. He then sent in a memorandum pointing out the serious disadvantages which would ensue for Germany if the Allies were to retaliate, with the result that the proposal was dropped for good. And it is interesting that, according to evidence produced by the Soviet prosecutor at Nuremberg, Admiral Canaris, the head of the counter-intelligence branch of the OKW, made a solemn but ineffectual protest against Hitler's proposed regulations for the treatment of Russian prisoners on the ground that the proposals disregarded all the accepted rules of international law; Helmuth, in virtue of his position, would have been the natural person to give advice on this subject and it is not improbable that he drafted the document, the rejection of which by Keitel has been a particularly damaging piece of evidence against the latter. Such action to reduce the cruelty caused in the world by National Socialism was to Helmuth more valuable than ambitious and hazardous plans for achieving its overthrow.

But it was humanitarian work of this kind which first brought him into serious trouble. In January 1944 he warned a man who was wanted by the Gestapo; the man was captured and under pressure gave information which led to Helmuth's arrest. The matter was not, however, regarded very seriously. He was not ill-treated, could wear his own clothes and managed completely to conceal all traces of his wider schemes. Early in July the police authorities were talking as though his release might be expected at any time. Unfortunately it had not occurred by July 20.

As has been said, the Kreisau group under Helmuth's influence had always stood apart from the various resistance movements in the Army, preferring for reasons already explained to wait until the inexorable march of circumstance brought the overthrow of the Nazis. Even within the group this policy was a matter of frequent controversy, and from 1942 onwards it had been sufficiently relaxed to allow the establishment of a connexion with the officer group centred round von Stauffenberg, a cousin of Peter Yorck's: the main channel of communication was through the young Count Schulenburg. Shortly after Helmuth's arrest the officers represented, more forcibly than ever before, that Hitler's continuance in power was a menace to all Germany's future prospects and that in consequence positive action to eliminate him must be taken as soon as possible. In the succeeding months the other members of the Kreisau group allowed themselves to be converted to this outlook, with the result that most of them were implicated fatally in the conspiracy. Indeed, one of the factors precipitating the final decision to make the attempt was the arrest early in July of two of their number, Leber and Reichwein. In the hope of making more complete the elements represented in their enterprise, they had met for discussion with certain Communist leaders; a spy managed to get into the meeting and the names of the participants were reported to the Gestapo.

After the plot had failed, Helmuth declared that, if he had been free, he would have continued to oppose participation and even believed that he could have prevented the attempt altogether. Here again his position needs some explanation. The justification offered by its authors was that, unless Germany cut her losses and made peace on the best terms she could get, she would have to do so later in a less favourable situation and would then be so fatally weakened as to be incapable of exerting influence in Europe for generations to come. The watchword attributed to them by the caricaturist "Unless we get out of this war quickly, we shan't be ready to fight the next" is not altogether an unfair summing-up of their attitude: they were thinking not altogether an unfair summing-up of their attitude: they were thinking along the traditional lines of Prussian militarism. Helmuth was not. He was thinking in terms of European peace and welfare, and realized that in those terms no satisfactory settlement could be reached which did not allow for a healthy Germany at the heart of the continent. Yet by healthy he meant a Germany purged of Nazism and brought back to civilized ways, not necessarily a Germany able to wield diplomatic or military influence.

In fact the attack on Hitler came as a surprise to him, since, being in prison, he could know nothing of the preparations. Yorck was one of those involved in the attempt to arrest senior generals in the OKW building, and was executed on August 8, and Gerstenmaier took part in the shooting in the Bendlerstrasse; no other members of the Kreisau group took any active part in the events of the fatal Thursday. This did not avail them. Documents were soon found which incriminated certain among them, and it was almost inevitable that in the subsequent enquiries the name of a figure so central as Helmuth should have been revealed: the actual source of the information against him is unknown. Trott, Häften and Schulenburg were executed amongst the first victims of the *putsch*; Reichwein died in October, Leber in December. Helmuth and a number of others were brought to trial in January, and it is the course of these proceedings which is described in the present letter.* He, Delp and Haubach were executed thirteen days later. Steltzer, though condemned to death, was still alive when the Russians reached Berlin, and escaped to become *Oberpräsident* of Schleswig-Holstein under the British occupying authorities. Gerstenmaier has also survived and is active in religious circles in South Germany. By chance one member of the group, Pölchau, who escaped incrimination and trial, was chaplain of the Tegel prison in Berlin where most of the accused were confined: to him fell the task of giving aid and spiritual comfort to his friends during their last hours, and it is thanks to him that Helmuth's last letter survived. A subsequent letter from him describing Helmuth's last hours is also printed here.

There was one sequel which seems to come direct from Greek tragedy. On February 3, 1945—ten days after Helmuth's execution—the American Army Air Force made a very heavy daylight raid on Berlin. The People's Court was in session when the sirens sounded and for some reason Freisler failed to adjourn it immediately. Consequently he had not himself reached shelter when one of the first bombs to drop struck the building. The man who had

* Letter B, p. 224.

passed sentence on Helmuth and so many other Germans was killed immediately.

The course of German internal history during the war is still far from clear, at any rate to those who lack access to official documents, and it is too early to pass judgment on the policy which Helmuth von Moltke and his friends adopted. It is not, however, too early for two facts to be set down with certainty. In the first place any reluctance on their part to act was not due to lack of physical courage or determination. They did, and did successfully, many things which required just as much coolness of nerve and resource as planting a bomb. Secondly there can be no doubt that if the attempt on Hitler's life had never taken place, and the Kreisau group had been left to perform in the spring of 1945 the rôle to which they had originally dedicated themselves, the task of building a new Germany would have been greatly eased. It is the tragedy of revolutions based on crude physical force that they destroy the men whose characters could create a system founded on right and reason, which is to say, on law. And one of the greatest obstacles encountered in Germany to-day is the lack of Germans imbued with the spirit of Christian humanism and the magnetism of human personality. A considerable number of such Germans had managed to keep themselves alive and uncompromised until the summer of 1944: the failure of the plot led to their annihilation. Pre-eminent among them by their own universal consent was Helmuth von Moltke.

A. Letter in English from Helmuth von Moltke to a friend in England in 1942

I will try to get this letter through to you, giving you a picture of the state of affairs on our side.

Things are worse and better than anybody outside Germany can believe them to be. They are worse, because the tyranny, the terror, the loss of values of all kinds, is greater than I could have believed a short time ago. The number of Germans killed by legal process in November was 25 a day through judgments of the civil courts and at least 75 a day by judgments of the courts martial, numbers running into hundreds are killed daily in concentration camps and by simple shooting without any pretence of a trial. The constant danger in which we live is formidable. At the same time the greater part of the population has been uprooted and has been conscribed to forced labour of some kind and has been spread all over the continent untying all bonds of nature and surrounding and thereby loosening the beast in man, which is reigning. The few really good people who try to stem the tide are isolated as far as they have to work in these unnatural surroundings, because they cannot trust their comrades, and they are in danger from the hatred of the oppressed people even when they succeed in saving some from the worst. Thousands of Germans who will survive will be dead mentally, will be useless for normal work.

But things are also better than you can believe, and that in many ways. The most important is the spiritual awakening, which is starting up, coupled as it is with the preparedness to be killed, if need be. The backbone of this

movement is to be found in both the christian confessions, protestant as well as catholic. The catholic churches are crowded every Sunday, the protestant churches not yet, but the movement is discernible. We are trying to build on this foundation, and I hope that in a few months more tangible proof of this will be apparent outside. Many hundreds of our people will have to die before this will be strong enough, but to-day they are prepared to do so. This is true also of the young generation. I know of two cases where a whole class of schoolboys, the one in a protestant part of the country, the other in a catholic part, decided to follow the calling of priests, something which would have been quite impossible 6 months ago. But to-day it is beginning to dawn on a not too numerous but active part of the population not that they have been misled, not that they are in for a hard time, not that they might lose the war, but that what is done is sinful, and that they are personally responsible for every savage act that has been done, not of course in a mortal way, but as Christians. Perhaps you will remember, that in discussions before the war, I maintained that belief in God was not essential for coming to the results you arrive at. To-day I know, I was wrong, completely wrong. You know that I have fought the Nazis from the first day, but the amount of risk and readiness for sacrifice which is asked from us now, and that which may be asked from us to-morrow require more than right ethical principles, especially as we know that the success of our fight will probably mean a total collapse as a national unit. But we are ready to face this.

The second great asset which we are slowly but steadily acquiring is this; the great dangers which confront us as soon as we get rid of the NS force us to visualize Europe after the war. We can only expect to get our people to overthrow this reign of terror and horror if we are able to show a picture beyond the terrifying and hopeless immediate future. A picture which will make it worthwhile for the disillusioned people to strive for, to work for, to start again and to believe in. For us Europe after the war is less a problem of frontiers and soldiers of top-heavy organizations or grand plans, but Europe after the war is a question of how the picture of man can be re-established in the breasts of our fellow-citizens. This is a question of religion and education, of ties to work and family, of the proper relation of responsibility and rights. I must say, that under the incredible pressure under which we have to labour we have made progress, which will be visible one day. Can you imagine what it means to work as a group when you cannot use the telephone, when you are unable to post letters, when you cannot tell the names of your closest friends to your other friends for fear that one of them might be caught and might divulge the names under the pressure?

We are, after considerable difficulties, in communication with the christian groups in the various occupied territories to the exception of France, where as far as we can find out, there is no really effective opposition on a fundamental basis, but only the basis of casual activity. These people are simply splendid and are a great accession of strength to us giving trust to many others. Of course their position is easier than ours: moral and national duties are congruous even to the simple-minded, while with us there is an apparent clash of duties.

Happily I have been able to follow the activities of my English friends, and I hope they all keep their spirits up. The hardest bit of the way is still to come, but nothing is worse than to slack on the way. Please do not forget, that we trust that you will stand it through without flinching as we are prepared to do our bit, and don't forget that for us a very bitter end is in sight when you have seen matters through. We hope that you will realize that we are ready to help you win war and peace.

Yours ever,

B. *Translation of a letter by Helmuth von Moltke to his wife after his trial*

Berlin, Jan. 10, '45.

My dear,

What a stroke of luck! I have been brought back here to Tegel once again, so that the dice, which seemed to have fallen foursquare, are once more balancing on edge, so to speak. So I can avail myself of this breathing-space to write a report.

To take the end first; at about 3 o'clock Schulze, who did not make at all an unfavourable impression, read out the proposed sentences: in the case of Moltke, death and confiscation of property; Delp, the same; Gerstenmaier, death; Reisert and Sperr, the same; Fugger, 3 years' penal servitude; Steltzer and Haubach to be dealt with separately. Next came counsel for the defence, all of them really very decent, no monkey-tricks. Then the last statements of the accused, when I was the only one to refrain from speaking. I noticed from Eugen's statement that he was getting a bit rattled.

Now for the course of the trial. All these details are, naturally, official secrets.

It took place in a small hall, which was full to bursting. Looked as though it had once been a school-room. After a long introduction from Freisler concerned with formalities—that the trial was secret, veto on reporting it, &c.—Schulze read out the indictment, and again only the short text, as in the warrant for arrest. Then they called on Delp, whose two policemen stepped up alongside him. The procedure was as follows: Freisler, whom Hercher has very accurately described as talented, ingenious, unperceptive, and all three in plenty, outlined one's career, one confirmed or supplemented what he said, and then he got down to the facts which concerned him. Here he picked out just those that suited his book, and left the rest alone. In Delp's case he started off by asking how he got to know Peter and me, what the first conversations in Berlin had been about, and so came to the Kreisau meeting of Autumn '42. Here again a lecture by Freisler, into which one might insert answers, explanations, or even fresh facts; however, if this looked like breaking the thread of his argument, he got impatient, made out that he didn't believe it, or bellowed at one. The build-up for Kreisau as follows: first there had been general discussions on more or less fundamental subjects, then the actual circumstance of defeat had been discussed, and finally the choice of Regional Commissioners. The first phase might have been tolerable, though it was considered surprising that all these conversations should

have taken place without the participation of a single National Socialist, but instead with ecclesiastics, and a pack of people subsequently implicated in the July 20 affair. The second phase, however, was in itself utter defeatism of the very blackest kind. And the third, open preparation for high treason. Then came the conversations at Munich. These were all made out to be much less serious than the indictment suggested, but a hail of brickbats assailed the Catholic clergy and the Jesuits: assent to tyrannicide—Mariano—illegitimate children, anti-German attitude, etc., etc. All this with invective of moderate vigour and indifferent effect. Even the fact that Delp had absented himself from the discussions held at his quarters was thrown in his teeth as being "typically Jesuitical". "By that very action you yourself showed that you knew perfectly well that high treason was afoot, out of which such a holy, consecrated fellow would naturally be only too anxious to keep his tonsured pate. So off he goes to church, to pray the while that the plot may develop along lines pleasing to God." Next came Delp's visit to Stauffenberg. And finally Sperr's statement, following July 21, that Stauffenberg had made overtures to him about a *coup d'état*. These two last points passed off quietly. It was noticeable, however, throughout the hearing that, in every other sentence, Freisler brought out some phrase like, "the Moltke circle", "Moltke's plans", "also belonging to Moltke", etc.

The following were laid down as fundamental principles of the law: "That the People's Court regards as being already tantamount to treason any failure to report defeatist utterances such as Moltke's, especially when emanating from a man of his consequence and position.—As being already tantamount to preparation for high treason to broach matters of high policy with people who are in no way competent to deal with them, particularly when they do not even belong, in any active capacity, to the Party.—As being already tantamount to preparation for high treason for anyone to presume to form an opinion about a matter that it is the Führer's business to decide.—As being tantamount to preparation for high treason for anyone, even while himself holding aloof from all violent action, to prepare measures for the event when a third party, namely the enemy, shall have overthrown the Government by force, for by so doing he is putting his trust in the strength of the enemy." And so on and so forth. The only conclusion to be drawn from it all being that it is tantamount to high treason if one does not suit Herr Freisler.

Next it was Sperr's turn. He more or less got out of the Kreisau business—I must say rather at my expense. However he was reproached as follows. "Why didn't you report it? Don't you see how important that would have been? The Moltke circle was, up to a point, the moving spirit of the July 'Counts group', which in turn had charge of the political side of the July 20 plot: for the motive-power behind July 20 really lay in these young men, not in Herr Gördelier at all!" Taking it by and large, Sperr's treatment was friendly.

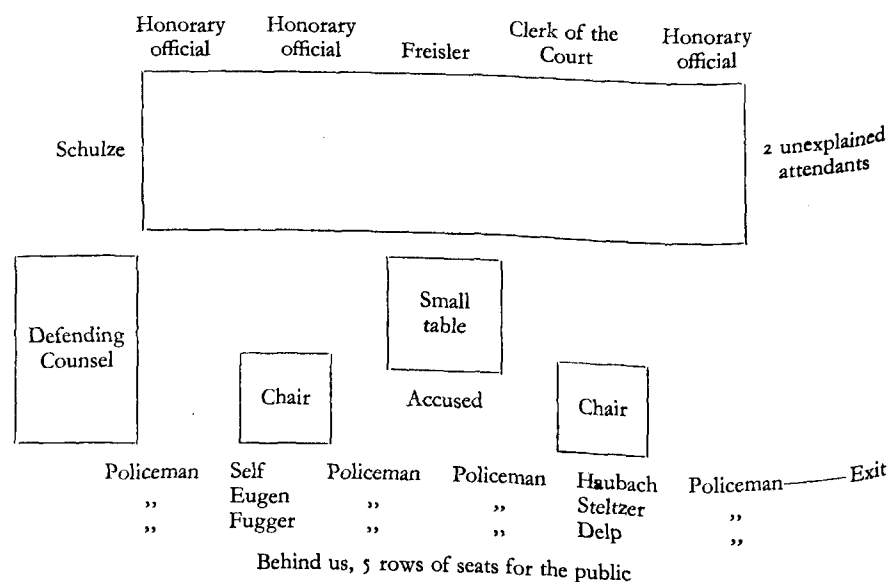
Next Reisert. He was treated in a very friendly fashion. He had had three conversations with me, and it was chiefly held against him that he had not immediately noticed after the first that I was an arch-traitor and rank defeatist,

but had gone on and had two further talks with me. Above all he was charged with not having denounced me.

Finally Fugger. He made an excellent impression. For some time he had been under the weather, but had now pulled himself together, was discreet, sure of himself, did not incriminate any of us, spoke good, broad Bavarian, and never pleased me so well as yesterday; not a trace of nerves, although he had been scared stiff all the time he was here. He at once admitted that, after what had been said to him that day in Court, he realized he ought to have reported matters, and was dismissed with such good grace that yesterday evening I really thought he would be acquitted.

However the name of Moltke kept cropping up all through the other examinations. It ran through everything like a scarlet thread, and, in view of the aforementioned "legal principles" of the People's Court, I was obviously in for it.

At this point, a brief explanation of the picture.



The whole trial was microphonically recorded on steel tapes for the archives. So, later on, should you feel inclined, you will be able some time to have them played over to you. One stepped up to the table, one's two policemen with one, and they sat on chairs on either side. A chair was at once provided for Reisert, as also for me, without our having to ask. Schulze, Freisler and the Clerk of the Court in red robes. One incident was typical. For some reason a copy of the Penal Code was needed, since Freisler wanted to read out an extract from it. However it turned out that there was not one anywhere to be found.

And now for the second day. That was where my turn came. We started off quite mildly but very fast, practically break-neck. Thank goodness I'm quick in the uptake and could take Freisler's pace in my stride; which, incidentally, obviously pleased us both. But if he carried on like that with

someone not particularly quick-witted, the victim would have been tried and condemned before he so much as noticed that Freisler had passed beyond the preliminary account of his career. Up to and including the conversation with Gerdeler and my position with regard to it, everything went quite smoothly and without much fuss.

At this point I objected that the police and the security authorities had known all about it. This gave Freisler paroxysm No. 1. Everything Delp had experienced was mere child's play by comparison. A hurricane was let loose, he banged on the table, went the colour of his robe, and roared out, "I won't stand that; I won't listen to that sort of thing." And so it went on the whole time. As I knew in any case how it would turn out, it all made no odds to me; I kept cool and looked him squarely in the eye, which he obviously didn't care about, and all of a sudden could not keep myself from smiling. This spread to the officials sitting left and right of Freisler, and to Schulze. I wish you could have seen Schulze's expression. If a man were to jump off the bridge over the crocodiles' pond at the Zoo, I don't think the consternation could be greater. Well anyhow, that exhausted the subject.

Next, however, came Kreisau. And there he did not waste much time over the preliminaries, but made a bee-line for two things: (a) defeatism, and (b) the selection of Regional Commissioners. Both gave rise to fresh paroxysms as violent as before, and, when I submitted in defence that it had all come about as an offshoot of my official duties, a third paroxysm. "All Adolf Hitler's officials set about their work on the assumption of victory, and that applies just as much in the High Command as anywhere else. I simply won't listen to that kind of thing—and even were it not the case, it's clearly the duty of every single man to promote confidence in victory." And so on, in long tirades.

But now came the crux of the whole thing. "And who was present? a Jesuit father! Of all people, a Jesuit father! And a Protestant Minister, and three others who were later condemned to death for complicity in the July 20 plot! And not a single National Socialist! no, not one! Well, all I can say is, now we're really getting the dirt! A Jesuit father, and with him, of all people, you discuss the question of civil disobedience! And the Provincial Head of the Jesuits, you knew him too! He even came to Kreisau once! A Provincial of the Jesuits, one of the highest officials of Germany's most dangerous enemies, he visits Graf Moltke in Kreisau! And you're not ashamed of it, even though no decent German would touch a Jesuit with a barge-pole! People who have been excluded from all national service, because of their attitude! If I know there's a Provincial of the Jesuits in a town, it's almost enough to keep me out of that town altogether! And the other reverend gentleman! What was he after there? Such people should confine their attentions to the hereafter, and leave us here in peace! And you went visiting Bishops! Looking for something you'd lost, I suppose! Where do you get your orders from? You get your orders from the Führer, and the National Socialist Party! That goes for you as much as for any other German, and anyone who takes his orders, no matter how indirectly, from the agents of

* *Nun ist aber das Feigenblatt ab*—a coarse, vigorous, and untranslatable idiom.—Editor.

the other world, is taking them from the enemy, and will be dealt with accordingly!" And so it went on, but in a key which, by comparison with the earlier paroxysms, was as the gentle rustling of a breeze.

The upshot of the examination "against me"—since it would be absurd to talk of "my examination"—; the whole Kreisau meeting, and all subsidiary discussions arising therefrom, constituted preparation for high treason.

Really, after this climax, the only thing I need tell you is that the end came in about five minutes. The discussions in Fulda and Munich were, on the whole, passed over, Freisler being of the opinion that we could make what we liked of them. And then he asked, "Have you anything more to say?" To which, alas, after some hesitation, I replied, "No", and so was through.

To sum up the effect of all this, I rather think that if the others, whose names have come to light—though not during the trial because, when we saw how matters were going, we all took care not to mention any other names—have not yet been arrested, they are probably regarded as negligible. However, should they be arrested later, and then prove to have had knowledge amounting to more than mere social chatter on these matters, especially on anything connecting them with a possible defeat, then they must expect the death penalty.

Taking it all in all, this emphasis on the religious aspect of the case corresponds with the real circumstances, and shows that Freisler is, after all, a good judge from the political angle. This gives us the inestimable advantage of being killed for something which (a) we really have done, and which (b) is worth while. But that I should die as a martyr for St. Ignatius Loyola—which is what it ultimately amounts to, since all the rest was secondary by comparison—really is comical, and I already tremble at the thought of Papi's paternal indignation, since he was always so anti-Catholic. The rest he will approve, but that! Even Mami won't be wholly in agreement.

(Something else for the record has just occurred to me. He asked me, "Now do you appreciate that you are guilty?" I in effect said "No". Whereupon Freisler: "Look here, if you still can't see it, if it still has to be drummed into you, then that shows that you are living in a world of your own, and by your own act have cut yourself off from the fighting fellowship of the nation.")

The best thing about a judgment reached on such lines is this. It is established that at no time did we design to use force; it is further established that we did not take a single, solitary step towards setting up any sort of organization, nor question anyone as to his readiness to take over any particular post; though the indictment stated otherwise. We merely *thought*,* and

* Countess von Moltke, by whose permission this letter is printed, and some surviving members of the Kreisau group, desire that at this point some important considerations should be emphasized, which her husband knew to be present in her mind but which may not be obvious to an English reader. The letter insists that the three men were condemned for their thought and the attitude that underlay that thought, and not for any action that resulted therefrom. Their thought nevertheless was directed to action, and action in fact followed. Eugen Gerstenmaier was arrested by the Gestapo at the headquarters of the revolt on the eve of the rebellion of July 20, 1944. For years he had been working

really it was only Delp, Gerstenmaier and I, since the others counted as associates, and Peter and Adam as *liaison* with Schulenburg, etc. And in face of the thoughts of these three isolated men, their mere thoughts, National Socialism gets in such a panic that it wants to root out everything they may have infected. There's a compliment for you! This trial sets us poles apart from the Gerdeler faction and its sordid aftermath,* right apart from all practical activity; we are to be hanged for thinking together. Freisler is right, a thousand times right, and if we must die now, I am all in favour of our perishing on this issue.

I am of the opinion—and now I am coming down to earth—that this affair, properly built up, is rather better than the celebrated Hüber case.† For even less actually happened. We did not so much as produce a leaflet. It is only a question of men's thoughts, without even the intention to resort to force. The submissions we made in our defence, that the police knew, that the whole thing arose out of official business, that Eugen didn't catch on, that Delp was never actually present, these must be brushed aside, as Freisler rightly brushed them aside. So then all that is left is a single idea how Christianity can prove a sheet-anchor in time of chaos. And just for this idea five heads (and later it may well be Steltzer's, Haubach's, and even possibly Husen's as well) look like being forfeited to-morrow. But for various reasons—for instance because the emphasis during the trial lay on the trio Delp, Eugen, Moltke, and the others were only involved through having been "infected", again because no member of any other faction was involved, no representative of the working class, no one having the care of any worldly interest—above all because he made it clear that I was opposed in principle to large estates, that I had no class or sectional interests at heart, nor even any personal axe to grind, but stood for the cause of all mankind—for all these reasons Freisler has unwittingly done us great service, in so far as it may prove possible to spread this story and make full use of it. And indeed, in my view, this should be done both at home and abroad. For our case-histories provide docu-

ment to bring about the *coup d'état*, which had been continuously discussed within the group. To this extent the group was committed to the employment of force and eventually carried out its intention. It is nevertheless significant that not Gerstenmaier, but Moltke, who was already in prison when the plot of July 20 was launched, was made the central figure in the prosecution. He was indeed concerned with practical organization: by the date that he was arrested in January 1944 the group had already chosen and instructed special commissioners (*Landesverweser*) in most provinces of Germany and were looking for one to complete the list. They were not, however, condemned for this; they were condemned for what they had thought out at Kreisau, which Freisler considered more dangerous and more deserving of the capital sentence than any overt action. Gerstenmaier was sentenced to only seven years' penal servitude. It was a source of pride and satisfaction to Moltke that among all the prosecutions of the German resistance movement his own became the leading case for the supreme importance of the spirit as distinct from concrete action.

* Countess von Moltke points out that although her husband and his more radical friends never approved of Gerdeler's active plans and would have nothing to do with his hazardous conspiracy, the expression in the text is certainly not intended to impugn the integrity of Gerdeler's aims or his untiring, upright, brave and able personality.

† Professor Hüber was the leader of the anti-Nazi demonstration by students in Munich in 1943.

mentary proof that it is neither plots nor plans but the very spirit of man that is to be hunted down. Long live Freisler!

To make use of this story is not your task. Since we are to die in the main for St. Ignatius, let his followers make that their concern. You, however, must see that this account gets to them, and if they choose to call in people from Wurms, well and good; the best man would probably be Pressel. I'll talk it over with Pölchau to-morrow. If it comes out that you have received this letter and passed it on, then you too will be put to death. Tattenbach must obviously take that on himself, and in case of need say that he received it from Delp with his last lot of washing. Do not let this copy out of your keeping, but only a transcription of it, and the latter must at once be transposed into the third person, so as to look as though it might have come from Delp.

So much for that. The rest follows separately.

C. Translation of a letter from Pölchau, chaplain of the Tegel prison, to Helmuth von Moltke's brother-in-law

The tension of wanting to live and of feeling justified in hoping that he had, after all, a certain chance of pardon, while at the same time having to be prepared hour by hour for death, told severely on Helmuth. On the one hand he kept planning further applications to Himmler and his crew, on the other he had had to take leave of Freya, and indeed took it again daily in all the letters that he exchanged with her. And this constituted a strain which, in the long run, bade fair to exceed what a man can bear. Twice reaction assailed him in the form of deepest depression, but he overcame it, and as a result his character grew deeper and more developed. Indeed during those months he penetrated to the very heart of Christianity, and fought his way through to the point where he was able to discern as God's handiwork what we ordinarily call ill luck, political wickedness, or human malice. And so he fought and overcame them within himself. During his last months he read only his Bible and Hymnal, and from the latter especially gleaned a rich harvest of enlightenment and comfort, which he took care that Freya should share with him.

On January 23 I was with him at about 11 o'clock, and effected an exchange of letters. Then, when I glanced once more into his cell at about 1.0, as I usually did, there was no one there. He had suddenly been transferred to Plotzensee. I 'phoned through straight away, but, though he was expected at any moment, he had not yet arrived: and my Catholic colleague, Buchholz (whose name you may have heard on the radio, as he is now a Town Councillor of Berlin), volunteered to go over at once to the death cell. He was there in time to receive him, and later reported to Freya that Helmuth went on his last way steadfast and calm—nay, even with joy—through with it all, through with the parting from his boys whom he so deeply loved, and from Freya. He had been able to see her twice more, and once they had taken Communion together.

Chief members of the Kreisau group:

HELMUTH VON MOLTKE.

PETER YORCK VON WARTENBURG.

FR. ROESCH, S.J. Father provincial of the Bavarian Jesuits.

FR. DELP, S.J. Jesuit from Munich.

EUGEN GERSTENMAIER. Representative in Berlin of the Lutheran Bishop Wurm of Württemberg.

HARALD PÖLCHAU. Lutheran chaplain of Tegel prison in Berlin.

CARLO MIERENDORFF

THEO HAUBACH

ADOLF REICHWEIN

} Social Democrats.

(Note: Mierendorff was killed in an air raid in the autumn of 1943 and was replaced by JULIUS LEBER, an outstanding figure in the Social Democratic movement before becoming connected with Gördele.)

THEODOR STELTZER. Landrat in Schleswig-Holstein till 1933, then officer in the General Staff. A Protestant, much interested in the movement for the union of all Protestant churches.

HANS LUKASCHEK. Member of the Centre Party, Oberpräsident in Silesia till 1933, then a lawyer in Breslau.

PAULUS VAN HUSEN. Expert in international law.

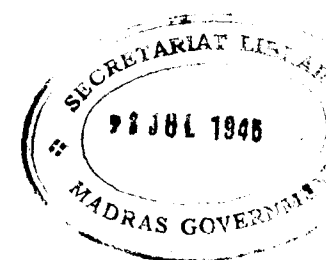
HANS PETERS. Professor of State law at Berlin University.

HORST VON EINSIEDEL. Economist; official in Ministry of Economics.

ADAM VON TROTT ZU SOLZ. Ex-Rhodes-scholar. Handled, along with von Moltke and von Häften, the attempts of the group to establish contact with foreign countries.

JOHANNES VON HÄFTEN. Professional diplomat.

The above list is not exhaustive; there were other members who took an active part in the affairs of the group.



THE LEAN KINE

AN ANALYSIS OF THE FOOD PROBLEM

(This article is written by a supporter of the Labour Government in Great Britain. Although the facts stated rest upon authority in which the Editor has complete confidence, he does not subscribe at all points to his contributor's judgment on policy, and has indicated certain reservations in footnotes.)

UNQUESTIONABLY the reality of the worldwide scarcity of food broke abruptly and disagreeably on the British people on February 6, when the Ministers of Food and Agriculture had to make their first formal announcement of ration cuts. The immediate reaction was one of bewilderment and annoyance; and the eruption of this feeling, followed by its steady transformation into a more reasonable and understanding attitude, was in itself an illuminating example of public psychology.

The first reaction of the public was to say that it had not been warned. This was not in fact strictly true, since a number of gloomy official statements had been made, beginning with those by the Minister of Food in the House of Commons in the debate on October 26 and culminating in the calculated warning given in the speech of the Foreign Secretary in the Assembly of UNO on January 17. The fact was that the public and the press, in their very understandable hunger for cheerful post-war relaxations, had deliberately turned a blind eye* to all warnings, and snatched greedily at every hint, official or unofficial, of anything cheery. This ostrich-like attitude reached its extreme point in the protest by Mr. Eden in the House when the announcement of cuts was made on February 6, only three weeks after the Foreign Secretary's UNO speech, very fully reported in *The Times*, that he had heard nothing previously about the wheat shortage. If Mr. Eden had not read reports in *The Times* of the Foreign Secretary's speeches at UNO, the general public could hardly have been expected to be wiser.

The speeches made by the Minister of Food and the Minister of Agriculture were, evidently enough, intended to administer a shock to public opinion and Governments in the exporting countries, mainly the U.S.A. and the Dominions; and in this they succeeded. Inevitably, there was also a shock to the public at home, which had been naturally imagining that with the end of the war the food situation would somehow automatically get better. Rather incoherently the ordinary man and woman in the United Kingdom have evidently been asking: why should the food situation not have improved as it did after the last war?

This attitude is one symptom of a natural tendency to expect the aftermath of this war to be like the aftermath of the last. The best brief corrective to it

* The blind eye could have been opened at any time by the recognized danger signal of an increase in the extraction rate of flour. It was held at 80 per cent right through the winter; the increase to 85 per cent was not announced till February 5, nor imposed till March 10.—*Editor*.

is to ask the questioner to enumerate all those countries overrun by the enemy in the present war and not in the last. The number includes: Norway, Denmark, the Netherlands, most of France, Italy, North Africa, Greece, Burma, Malaya, Siam, Indo-China, the Philippines, Sumatra and Java. That is the first simple reason why the food situation, after this war, has not recovered quite so quickly as after the last. In fact, the ordinary economic processes of production, transport, exchange, and consumption have been smashed over far larger areas for a far longer time.

THE GENESIS OF FAMINE

SUCH is the background. But it is worth tracing how the present scarcities have arisen and developed into famine.

Before the war, very crudely, Asia fed itself largely on rice, and Europe and America on wheat. India, Malaya, China and Japan were deficit areas for rice; they drew their supplies from the surplus countries: Siam, Burma and Indo-China. Europe, and in particular the United Kingdom, were deficit countries for wheat and took their imports from Canada, the United States, Argentina and Australia. Deflationary conditions of the 'thirties, by limiting consumption all over the world, meanwhile created a strong psychology in favour of limiting wheat acreages in the great exporting countries.

During the war and immediately afterwards four tendencies were at work, all making for scarcity, the first two long-term and little observed, the last two short-term and spectacular. The first was the steady increase in the world's population. In India alone since before the war the population has increased by just over 40,000,000, or the equivalent of the population of France in 1939. It is now increasing at the rate of nearly 5,000,000 a year; and internal wheat and rice production are not increasing at anything like this rate. Whatever happens in the world famine of 1946, less than 40,000,000 will die of starvation. It follows that, other things being equal, the world food scarcity of 1946 would not have existed if the increase in Indian population had not occurred.

The second long-term factor was the achievement of full employment and high working-class money incomes in the great industrial democracies, particularly the United Kingdom and the United States. As a result, consumption of bread has risen greatly in both these countries since the beginning of the war. It comes as a shock to the middle classes in the United Kingdom to be told that consumption of bread, milk, beer and tobacco is as much as 30 per cent above the pre-war level, since this is in fact the pre-measure of the increased incomes of working-class families in areas of pre-war unemployment. But undoubtedly this is a big factor, in both the United Kingdom and United States, and likely to remain important in the world wheat equation.

The two short-term and spectacular causes* have been:

- (1) the sheer dislocation of crops and transport caused by the campaigns in Europe and Asia, particularly in 1944-45; and

* Criticism has been directed against the Government for their failure to obtain substantial and early supplies of rice from Siam. The attempt to claim them as reparations

- (2) the disastrous series of droughts which fell with inhuman ill-luck in the winter of 1945-46. It was the final arrival of these exceptional droughts on top of the war dislocation, both superimposed on the two long-term factors mentioned, that brought the world, to its own surprise, face to face with starvation for almost the first time in living memory in the spring of 1946.

MEAT OR BREAD

It is worth tracing the story statistically in the most crucial case, that of the world wheat crop.

Before the war Europe produced about 45 million tons of wheat annually, and imported about 12 million tons from the four main exporting countries: U.S.A., Canada, Argentina and Australia. By the harvest of 1945 European production had fallen to about 22 million tons, or half the pre-war level. Meanwhile the great exporting countries had been cut off from their European market and had been building up stocks, which by June 1943 had reached a level of 45½ million tons, compared with a pre-war average of 12 million tons. It had always been expected in the last two years of the war that these enormous abnormal stocks would suffice to keep the stricken areas alive until European crops could be restored. In fact, the stocks were exported on an enormous scale from North America to Europe throughout the winter of 1945-46. The transatlantic movement of grain since VJ-Day has been at the record rate of about 24 million tons a year, compared with a pre-war rate of 12 million tons a year. This is a fact which has been little appreciated; and it is this alone which has kept Europe alive.

It has not been enough, however, to do more than keep starvation just out of reach. Unfortunately, the great wheat-exporting countries, cut off from their European markets during the war, had not merely built up stocks. They did two other things. They tended to reduce acreages—particularly in Canada—since export markets appeared so remote. And they began to feed grain to animals on a gigantic scale in order to produce meat. In the case of wheat alone, the total used for animal feeding-stuffs in the four main exporting countries rose from 4.5 million tons pre-war annual average, to 18.1 million tons for 1943-44. In the U.S.A. the total of all grain used for feeding-stuffs has increased by 40 per cent since 1935-39, and it is estimated that in North America as a whole the staggering figure of 114 million tons of grain, including 9 million tons of wheat, will be fed to livestock in the crop year 1945-46. Of these 114 million tons of grain, say 15 millions (including 5 million tons of wheat) would be sufficient to keep all human beings in the world, including India and China, adequately fed. It is thus true to say that if the farmers of North America can be persuaded to divert to human consumption one-tenth of the human food they are giving to animals in

largely broke down; it seems to have been overlooked that there were substantial Siamese sterling balances in London out of which reparations could well enough have been paid, leaving the Ministries concerned free to buy rice for cash or consumer goods. Had such measures been successfully pursued, it is argued, the present need for India to make heavy drafts on world supplies of wheat would be much less.—*Editor.*

search of greater profit in the meat market, nobody in the world need starve.

It was not possible in September or October of 1945 to foresee how severe the crisis would be. At that stage it was reasonable to expect, on the statistics available, that the world would just squeeze through the 1945-46 agricultural year by the use of all abnormal war-time stocks, on the assumption of a subsistence level of consumption in the ex-enemy countries. Despite this, the necessity for all possible economies, the diversion of grain from animal to human consumption, and the maximum use of stocks, was continually urged on the Governments of the exporting countries by the United Kingdom Government throughout October, November and December. The straw which broke the camel's back was the culminating drought in India. The main Indian wheat crop is harvested in the early months of the year, and is dependent on the weather in December, January and February. There was abnormal drought in December; but rain in January or early February would have saved the situation. Absolute drought continued throughout January; and it was accordingly only towards the end of that month that the full magnitude of the catastrophe was realized. The absence of rice supplies from Burma and Siam accentuated the wheat famine in India; and this in turn prevented the export of ground-nuts from India to the United Kingdom.

BRITISH GOVERNMENT MEASURES

THE drastic decisions made by the British Government, including in particular the raising of the extraction rate for flour to 85 per cent and the complete reversal of our feeding-stuffs and agricultural policy, were taken and announced in the first week of February. This was in fact, and is now generally acknowledged to have been, a correct and courageous decision.* The immediate outbreak of protest from a wishful press and bewildered public were worth having in order to administer the necessary shock to public opinion in the exporting countries. The decisions taken were communicated to the American Government a few days before their announcement here with an urgent recommendation for similar action in the United States. The United States Government, with great promptness and thoroughness, adopted and announced a similar first batch of measures, including the raising of the rate of extraction from 70 to 80 per cent. If these actions had not been taken by two of the greatest wheat-consuming countries at this stage, the problem would have got completely out of hand.

Since this date the British Government has in fact taken the lead in trying to organize the distribution of supplies over most of Europe and Asia, and to stimulate the production and export of grain from the four main exporting countries. Despite the shocks, difficulties and failures that have occurred, there has in fact been a great measure of co-operative effort in a humanitarian cause by the English-speaking countries. If the United Kingdom, United States, Canada, Australia and UNRRA had not thus been co-operating

* It would have been no less correct, and more courageous, if made in September—although at that date it would not have been supported by the moral certainty that the American Government would take similar action.—*Editor.*

through the Combined Food Board machinery, it is certain that tens of millions of persons would have starved to death in Europe and Asia during March, April and May. A great organizing effort to save other countries has in fact been made which—it is sober truth to say—could not have been expected if the surplus exporting countries had not fortunately happened to be English-speaking democracies. Whether it will be possible, however, to get through the period until the northern hemisphere wheat harvest in July and August without actual starvation still remains to be seen.

It is, of course, the plain truth that if wheat consumption in the best-fed countries, such as the United States, Canada and Great Britain, were cut down to the level of the less well-fed countries, there would be enough to go round. Any proposal for a cut in consumption in the well-fed countries during the crucial period is, therefore, right and courageous, and deserves every sympathy and support; and further economies have been made by the United Kingdom Government in April and May, including the raising of the extraction rate to 90 per cent and a cut in the size of the loaf. In particular, any measure to stop the wholesale feeding of grain to animals in North America would strike at the root of the trouble and consequently should be pushed to the limit. Unfortunately, however, in an imperfect world it is not realistic to suppose that the British and Americans should reduce their weekly consumption to that of the Indian peasant, or that their governments could advocate the feeding of the doubtless unfortunate German people on the same scale as those of the liberated countries.

THE FURTHER PROSPECT

THE outlook for the crop year 1946-47 is little brighter; and the sooner this is realized the better for all concerned. The prospect can be summed up as follows. If the European wheat harvest in 1946 makes up half of the drop it suffered between 1938 and 1945, the world will be no worse off next winter and spring than it has been this year. If the European harvest does better than this, we shall be better off. If it does worse, we shall be worse. This is on the assumption of a reasonable average yield from present acreages in North America. Bad weather in North America would bring catastrophe. And prudent persons in the United Kingdom should realize that, in a country which consumes 500,000 tons of wheat per month and has to import 400,000 tons of it, no sane British Government would play fast and loose with our reserves, which have never amounted to more than a moderate number of weeks' consumption. It is not just part of the order of nature that wheat flows into British ports from overseas at the rate of 100,000 tons a week.

At present the Combined Food Board has functioned somewhat unsteadily, but none the less serviceably, as the international allocating body. It is of course an Advisory Body which recommends allocations to the Governments of the exporting countries. Naturally the Governments of the United States, Canada, Argentina and Australia must finally decide how they export their wheat. In fact they have, generally speaking, observed the recommendations of the C.F.B.; and if there had been any attempt simply to sell in the dearest market, starvation would have broken out soon and gone far. It is perhaps

unsatisfactory that the C.F.B. should be a war-time Anglo-American creation with no authority from UNO, or general international representation. Its relations with the Food and Agricultural Organization, which is intended to be a long-term and not emergency body, are vague and informal; and probably some means will have to be found for linking the two together, and bringing the essential function of the C.F.B. under the authority of UNO. Undoubtedly, the real moral of the present famine is that, in a world of increasing population and full employment, it is only by the most thorough and long-term international planning of food production and supplies that the whole world can be kept well fed, and farmers assured of reasonable stability and security. By long-term planning, for instance, it should be possible for big famine reserves to be built up and allowed to rise or fall with the improvement or deterioration of annual harvests.

Clearly, chronic starvation in India can only be avoided by the building up of some such famine reserve on a deliberate long-term plan agreed with the exporting countries. Similarly, there is great scope for the placing of long-term bulk purchase contracts by the British Government, with Dominion producers in particular, which ought at one and the same time to secure our own supplies, and stabilize farmers' earnings and prospects. Clearly, all this can only be done if a new machine is evolved on the basis of the Food and Agricultural Organization, and under the authority of UNO. This is a task in which the British Commonwealth might, with advantage and credit, take the lead.

COMPLICATIONS OF UNION IN MALAYA

NEW POLICY AND OLD ENGAGEMENTS

WHEN Singapore fell to the Japanese on February 15, 1942, British Malaya, as an administrative area, was something that had grown up after the manner of the little girl Topsy. Between 1874 and 1914 nine separate Malay States, each under its own Sultan, had come under British protection, advice and practical administration. Their independence was formally recognized by British treaties, but the powers of the Sultans were controlled by treaty provisions that they must act upon the advice of a British Resident or a British Adviser in all matters other than those affecting Muhammadan religion and Malay custom. In 1895 four of the States federated under a treaty executed locally and without reference to the British Parliament. The other five States, which did not come under British protection until a considerably later date, have kept aloof from them so far as possible, because they disliked a federal system under which State administration had become overshadowed by the Federal administration. A "Decentralization" policy was introduced by the Colonial Office some twenty-five years ago, with the primary object of reducing Federal control and developing State control. Its unfortunate tendency was to encourage a spirit of isolationism in all nine States. Whenever it was necessary to introduce some measure of common interest to all nine States, the machinery, both legislative and administrative, was cumbrous and irksome. Nevertheless, until the day that Singapore fell, the Colonial Office adhered resolutely to its "Decentralization" policy.

British Malaya also included the Crown Colony of the Straits Settlements, separated topographically into the islands of Singapore and Penang and the two territories on the mainland of the peninsula of Province Wellesley and Malacca. The Malay States covered 50,992 square miles, and the Crown Colony covered the comparatively small area of 1,508 square miles. The Governor of the Straits Settlements was *ex-officio* High Commissioner for the Malay States, and the reins of government were not easy to handle.

The position was further complicated by a medley of nationalities, scattered in varying proportions in the different parts of the country. The following table gives an idea of the situation on December 31, 1940, in percentages, which are taken from official figures published in the Federated Malay States *Government Gazette* of February 27, 1941.

	Malays	Chinese	Indians	Others	Total
	%	%	%	%	%
Singapore Island	10	78	8	4	100
Straits Settlements	22	64½	10½	3	100
Federated States	33	44½	21	1½	100
Unfederated States	66½	24½	7	2	100
Malaya as a whole	41½	43	13½	2	100

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Under the heading of "Others", Europeans, Eurasians and aborigines predominate. The total population then was approximately 5½ millions, and had increased by considerably more than a million since the census of 1931. The increase in less than ten years throws a light on the extent of alien immigration, and it is reasonable to expect that immigration will continue on an ever-increasing scale.

THE SULTANS AND THEIR SUBJECTS

THE British public has two mental pictures of a typical Malay Sultan. One is of a savage, semi-fanatical ex-pirate-chief, who can be restrained only by British influence from barbarous tyranny; and the other is of a "puppet king" (like those set up by the Japanese in areas pulled by British officials. control) who responds as an automaton to strings pulled by British officials. The fact is that one of them has been called to the English Bar, another has been educated in England, and all of them are well-educated and highly cultured gentlemen. All of them, when Singapore fell, were Knights Grand Cross, Knights Commanders or Companions of British Orders bestowed by His Majesty. Four of them died in the ordeal of Japanese occupation. In every State the Sultan presided in person over a State Council which passed the State legislation and the State annual budget, and debated, as our Parliament does, on matters of public interest. In the unfederated States the British Adviser could do nothing without the formal approval of the Sultan. In the Federated States the Sultans left the daily administration to the British Residents, who kept Their Highnesses in touch with all matters of importance. The outstanding feature of the Government was the keen personal interest taken by the Sultans in everything connected with the welfare and advancement of the Malays. By frequent visits to the Districts of their States they devoted their attention to the matters in which the rural population could benefit from the Government's measures. In such things as the need for increasing rice cultivation (which the Malays were apt to abandon in favour of planting rubber), in the Malay Reservations policy, in the Co-operative Society's movement, in malaria control, Public Health measures, and education in all its branches, the prestige and personal influence of a Sultan evoked from a rural community a response which no Government official could expect to receive. If it is possible to compare small things with great, it may be said that the Sultans were constitutional rulers like our own King, and that they were regarded by the Malays as the supreme authority in the State. Two differences may be noted: the Sultans presided personally over Councils similar to our Parliament; and, under the law of Islam, they were the supreme authority in all religious matters.

Until the fall of Singapore there was little racial feeling between the mixed communities. The bulk of the Chinese population was composed of China-born temporary immigrants, intent on making as quickly as possible a competence on which they could return to China, where they hoped to end their days. Except for a very small politically minded minority, which wished to see Malaya become a part of the Chinese Republic, they took no interest in local public affairs. The Malaya-born Chinese were very different in their

outlook upon Malaya. Their forefathers had permanently settled in Malaya; they regarded the country as their home, and they were intensely loyal to the British throne and the local administration. It is impossible to say what percentage they form of the total Chinese community, but it can only be small. The bulk of the Indian population was of the labouring class of temporary immigrants, and they took no interest in local public affairs.

The only racial feeling was in respect of admission to the Malayan Civil Service. The locally born and bred Chinese, Indians and Eurasians, who regarded Malaya as their home, felt that they had a claim to appointments which were reserved exclusively for Europeans and Malays. Unfortunately the Colonial Office took a short-sighted view and adhered to it to the very end.

Malaya was in Japanese occupation for three and a half dreadful years, of which the people of Great Britain have no conception. During that time the Colonial Office had leisure to plan a post-war reconstruction with particular regard to its two great mistakes of the past. Unfortunately all the Sultans, the entire population and, almost to a man, all the Government officials were in the hands of the enemy. The general expectation was that the Colonial Office would put forward, in broad outline, a proposal for the federation of all the nine States, and for proper recognition of the rights of all people who had their real home in Malaya; and the hope was that after deliberation in State Councils and public discussion with all concerned, some such plan would meet with general approval.

THE MISSION OF SIR HAROLD MACMICHAEL

THE British flag was re-hoisted at Singapore on September 12, 1945, but the reoccupation of the peninsula was slow, for everywhere bodies of Japanese soldiers were waiting to surrender, and Chinese and Malay guerrilla forces, which had been fighting the Japanese, were in real control. There was general chaos as the result of a complete breakdown of all railways, and entire absence of mechanical transport by road, extensive looting, malnutrition of years' standing and recent semi-starvation. The people, who had been entirely cut off from the outside world, could only think of readjusting the circumstances of their daily life, and were not in a mood to discuss politics. Nevertheless, within a few weeks, and long before there was any effective reoccupation, on October 10 the Secretary of State for the Colonies announced his policy. It was based on the principle, with which most people will heartily agree, of "the need to promote the sense of unity and common citizenship which will give equal citizenship rights to those who can claim Malaya to be their homeland, and the need to develop the country's strength and capacity in due course for self-government within the British Commonwealth". There was to be a Malayan Union consisting of the nine Malay States and the two British Settlements of Penang Island (with Province Wellesley) and Malacca, the people of those Settlements retaining their rights as British citizens. The Island of Singapore would remain outside the Union, but might enter it later. Fresh agreements with the Rulers would be necessary in order to enable His Majesty to possess and exercise full jurisdiction in the Malay

States. (It may be noted that the expression "Malay States" was retained; that there was no suggestion of a "Governorship" or a "Protectorate"; and the Foreign Jurisdiction Act was not mentioned.) Sir Harold MacMichael had accordingly been appointed to visit Malaya to "arrange Agreements" with the Rulers.

The method of the announcement caused some surprise. When a treaty is under consideration between two separate and independent governments it is usual for the parties to agree upon the terms of any public announcement; and the fact that one party is small and weak does not affect that general principle. In this case Their Highnesses did not know the treaties were to be arranged until they read the words of the announcement in the Malayan newspapers. It was hoped, however, that the Sultans, with their proverbial courtesy, would overlook the British Minister's *gaucherie*, and be ready to accept the proposals when they had had time to consider them in detail. In this belief the announcement met with a generally favourable reception in the United Kingdom, and *The Times* in a leading article of October 12 expressed public opinion by saying: "Britain is pledged by treaty to uphold the position of the respective Rulers, who enjoy devoted loyalty from their Malay subjects."

Sir Harold MacMichael gave an account of his visit to Malaya in a report published as Command Paper Colonial No. 194. He took with him an "explanatory note" (published as an appendix to his report) of eleven short paragraphs. The note emphasized the obligations of His Majesty's Government to the Malay people, to the Rulers as their leaders, and to the whole population of the country; and declared that so far from there being any fear that the Malays would be submerged, the Malays and the whole country would be strengthened. It referred to the "special position of the Rulers as traditional and spiritual leaders of the Malay people". It declared that the Malayan Union would not break with tradition, but would preserve the traditional and spiritual dignity of the Rulers. In spite of this, there was a paragraph which showed that each Ruler in his State would in future only preside over a Malay Advisory Council whose functions would practically be confined to advice on matters connected with the Muhammadan religion, to the extent to which Their Highnesses understood this paragraph appears to be open to some doubt. The note made it clear, however, that the Malayan Union would be a centralized body under a Governor, with Legislative and Executive Councils, and that in each State and Settlement the principal British official would be a Resident Commissioner who would preside over a local Council. There was no mention of the Foreign Jurisdiction Act.

Provided with this document, Sir Harold proceeded to "invite each Ruler's co-operation in the establishment of a fresh constitutional organization of Malaya, which had been approved by His Majesty's Government",* and to conclude with each Ruler a formal Agreement by which he would cede full jurisdiction to His Majesty in his State. The intention clearly was that the nine Rulers should not have the opportunity of consulting one another. It was a whirlwind tour. All the treaties were executed in nine separate and distant States

* Italics by THE ROUND TABLE.

between October 20 and December 21. The first visit was to Johore, where the Sultan, without consulting his State Council, as he should have done under the Constitution of the State, signed the treaty after a short talk. In the other States a day or two was all that was required. In Trengganu there was a difficulty, since the Constitution of the State declared that it was unlawful for the Ruler to surrender the government to any other country. It was overcome by the Chief Minister, who said that the only question was whether the country was, or was not, prepared to trust the British Government. The Sultan decided to trust it, and signed the Agreement.

All nine treaties were in identical words. Sir Harold had no authority to agree to any variation. There were two short paragraphs: "His Highness the Sultan agrees that His Majesty shall have full power and jurisdiction within the State and territory of ———. Save in so far as the subsisting Agreements are inconsistent with this Agreement *or with such future constitutional arrangements for Malaya as may be approved by His Majesty*, the said Agreements shall remain of full force and effect." The words italicized above* gave the British Crown unilateral power to nullify all subsisting Agreements at any time. The validity of the treaties is now disputed by all nine Rulers, and all that need be said is that the question appears to be whether His Majesty's Government, like Shylock, will declare "I stand upon my bond", or whether the voice of Portia may be heard.

There is, however, another aspect of the case. The people of the country have not been consulted. In such matters the general policy of His Majesty's Government has been declared in the clearest terms. In a speech at Bradford on March 23 Mr. Herbert Morrison, Lord President of the Council, said: "It is largely because we believe in democracy, and because we urge the advantages of government by consent, government after discussion, that we resist the Communists and their antics." This general rule does not apply to Malaya, for no attempt was made there to consult the people of the Straits Settlements or the people of the Malay States. The Straits Settlements were to be torn asunder: Singapore Island alone would retain its status as a Crown Colony, and the other Settlements were to be severed from it and become part of a Malayan Union. Penang Island, in particular, was to lose its status as a "free port"—a status upon which its international trade depended—and to become subject to the import and export customs tariffs of the peninsula. (The Colonial Office, indeed, was in such haste to impose these tariffs that it did so on January 1, long before the debates of March 8 and 18 in the House of Commons, and only reconsidered its decision in March.) Nowhere was any consideration paid to the loyalties of the people to the Crown Colony. In the Malay States the people were not consulted in the surrender by their Rulers of all power and jurisdiction in their States. Mr. Creech Jones, when he moved the second reading of the Straits Settlements (Repeal) Bill on March 8, made it abundantly clear that in his opinion it was quite unnecessary to consider the wishes of the people concerned. "His Majesty's Government" he said, "cannot be deflected from the policy to which they have given so much careful consideration, and of whose essential rightness they

* By THE ROUND TABLE.

are so confident." In other words, he meant that, as His Majesty's Government was satisfied, the people had no cause for complaint. Nevertheless, the people of Malaya may ponder over the words of the Lord President of the Council.

When the Sultans executed the treaties they knew nothing of the White Paper proposals. The first White Paper (Command 6724) was not issued until January 22, more than three months after the execution of the Johore Treaty of October 20. It was then for the first time that Their Highnesses began to understand the purport of their cession of power and jurisdiction. A second White Paper (Command 6749), issued on March 4, gave further details. One of them was to convert all the "State Lands", hitherto vested in the Sultans on behalf of the people, into "Crown Lands", and another was to transfer all the financial assets of every Malay State to the Government of the Malayan Union. The Sultans were not consulted in regard to either document: indeed, from beginning to end the only attention paid to them has been in respect of their brief interviews with Sir Harold MacMichael.

PRECEPT AND PRACTICE OF H.M. GOVERNMENT

THE "Need for Reform", declared in paragraph two of the first White Paper, was in the circumstances a purely *ex-parte* expression of the views of the Colonial Office. His Majesty's Government was only the protecting and advising Power to independent States, and was clearly in a position of trust. If the advice which had been given in the past required reconsideration, it was obviously a case for discussion between the parties concerned. So far from discussion, His Majesty's Government merely dictated its intentions. The basis of the intentions was contained in two crude statements in paragraph 3 under the heading "His Majesty to possess jurisdiction in Malay States". They were, first, that His Majesty had no jurisdiction in the Malay States, and, secondly, that the new policy required that His Majesty should have that jurisdiction. There was no explanation. The decision further was that His Majesty should use the powers of the Foreign Jurisdiction Act. On March 18 it was announced that the Malay States would cease to be independent and would become a British Protectorate.

In the plainest terms this was an extension of British power and jurisdiction. It is in strange contrast with a declaration of British policy made by Mr. Ernest Bevin, Secretary of State for Foreign Affairs, in a speech at Port Talbot. Speaking on March 17 (the day before Mr. Creech Jones announced the creation of a British Protectorate) he said: "I will do nothing to set one lot of people against another. I will do nothing that even savours of aggression, and I make an appeal to other countries, whatever their historical reasons, to eschew aggression either by propaganda or wars of nerves or by action which keeps other countries on the jump." The people of Malaya will notice some discrepancy between the words of one British Minister and the action of another.

So far as the Sultans are concerned, the intentions of the White Paper proposals can be briefly summarized as follows: (1) In each State the Ruler will cease to be the supreme authority; (2) the State Councils will cease to

exist; (3) the Rulers will only be members of "Advisory Councils" so exclusively concerned with religious matters that the Governor's sanction has to be obtained before they can mention any subject of general administration or public interest; (4) no Ruler can play any part in the administration of what was once his State; (5) the States, as such, will cease to exist, and will become mere territorial subdivisions under the local control of a Resident Commissioner and the overruling control of a Governor; (6) the Rulers, having no representation in the Central Authority and no means of access to it, cannot possibly take any part in the general administration of the Malayan Union; and (7) the Rulers in these circumstances are precluded from taking any part in the future development of Malaya as a whole.

So far as "Malayan Union citizenship" is concerned, Mr. Creech Jones made two admirable declarations in the House of Commons. The first was: "The basic principle demands that political rights in the Malayan Union should be extended to those who regard Malaya as their real home and as the object of their loyalty." The second was: "We have to get co-operation amongst the races, a community of interest, and unity of purpose, so that self-government becomes a reality in the Malay peninsula." The intention undoubtedly is that the two declarations should be read together, and that the co-operation, community and unity are a matter of common concern to those whose real home is in Malaya and is not a matter which concerns temporary alien residents. Unfortunately the White Paper proposals are in direct conflict with the declarations. The intention is to confer citizenship there when the Order in Council came into force; (2) upon every person born in Malaya after the date of the Order in Council; and (3) upon every person born outside Malaya to any Malayan Union citizen. No qualifications of character are required. The person need not declare his intention of living permanently in Malaya. He is free to remain the loyal subject of an alien Power. Citizenship can also be obtained by any person after ten years' residence. Again, no qualifications of character are required and there need be no intention of living permanently in Malaya. He must, however, make an affirmation of allegiance to the Malayan Union. It is only when a person wishes to become a "naturalized citizen" after five years' residence that he is required to provide qualifications of character and to show some knowledge of English or Malay. He is under no obligation to declare an intention of residing permanently in Malaya. He also has to make an affirmation of allegiance.

Citizenship will naturally give a vote, and "self-government" is the declared aim. A glance at the figures in the opening paragraphs of this article will show what will happen when Singapore, a vitally important strategic position in the Far East, is in the hands of an electorate composed in overwhelming numbers of temporary alien immigrants. Beyond any doubt there has been an official blunder in preparing the White Paper: the intention must have been to give effect to the assurances of general policy expressed in plain terms to Parliament. In winding up the debate on March 18, Mr. Creech Jones gave an assurance that the whole question of citizenship would be explored very

thoroughly by His Majesty's Government, and by the Governors in consultation with all interests. If there can be an agreement, based on the principle of "the real home in Malaya", it will go far to allay the racial animosity and the general feeling of distrust in the British Government which now prevail in Malaya.

RESENTMENT OF THE PEOPLE

THE British public cannot shut its eyes to the unhappy fact that the White Paper proposals are causing a bitter feeling throughout Malaya, and that the Malays and the Asiatics who have their real home in the country are combining in common opposition to the proposals and forming themselves into political association. A meeting of a Pan-Malayan Congress held at Kuala Lumpur from March 1 to 4 was attended by 200 representatives from forty-two different Associations, and passed unanimous resolutions condemning the proposals. At a later meeting it telegraphed to the United Nations Organization asking for its intervention.

All the Sultans have notified the Secretary of State for the Colonies of their willingness to agree to a federation, on a scheme to be agreed after consultation with their people, and of their earnest desire to co-operate in any scheme for the welfare of Malaya. They have received a reply that His Majesty's Government will not deviate from its declared intention of establishing a Malayan Union Protectorate.

Sir Edward Gent was sworn in as Governor of the Malayan Union on April 1 at Kuala Lumpur, and all the Sultans abstained from attending the ceremony. They had telegraphed to the Secretary of State that their intended absence was due to the fact that they did not recognize the validity of the treaties, and they gave an assurance of their continued loyalty to His Majesty. On April 2 each of them received the following official letter from the Governor of the Malayan Union.

"The Secretary of State is aware of no circumstances attending the signing of the Agreements with Sir Harold MacMichael which would justify Your Highness in declining to recognize those Agreements as effective, and he cannot admit the right of one party to withdraw from an engagement solemnly entered into. The policy of the Union has been decided by His Majesty's Government with the approval of Parliament and has been implemented by Order made by His Majesty in Council, and there can be no question of that policy being abandoned now in favour of a policy of federation. Within the policy of Union, however, Your Highness, and the other Rulers, will have the fullest opportunity both to consult fully and freely your advisers and people, and in the light of such consultations to agree upon the constitutional provision which in their view will best serve Malay interests as well as those of Malaya; and as has already been stated in Parliament any views which Your Highness expressed would receive most careful consideration from His Majesty's Government."

Although Their Highnesses' hopes of a Federation are disappointed, the letter holds out every prospect of a revision of the constitutional provisions which directly affect Their Highnesses' position within the framework of the Malayan Union. The intention clearly is to implement the assurances in the

"Explanatory Note", in the two White Papers, and in Parliament, relating to the dignity and prestige of the Sultans as the leaders of their people; to give Their Highnesses, as constitutional Rulers, their proper place in all matters affecting the administration of their States, and to afford to each of them the opportunity (in the words of paragraph 8 of the first White Paper) to "play his part not only in the affairs of his State but in the future development of Malaya as a whole". Upon the practical measures thus to be taken, there may well be some divergences of opinion between Their Highnesses and the Governor, but in a spirit of frank discussion, on equal terms, on both sides, and with a genuine desire on both sides to find a solution which will be fair to all, and be to the advantage of the country as a whole, difficulties should be overcome. The Sultans are well aware of the genuine desire of His Majesty's Government to solve the present constitutional difficulties in British India, and the Governor's letter has been written in the same spirit. It may be confidently expected that Their Highnesses will seek the support and co-operation of the Malays and of all the Asiatics who have their real home in Malaya.*

Another matter yet to be settled amicably relates to the injured feelings of a people who have never been consulted. It will be necessary to explain to the people of Penang Island, Province Wellesley and Malacca the reasons for the decision taken by His Majesty's Government, and the benefits which they may expect to receive from the change. In the Malay States it will be more difficult. As was stated in the House of Commons, the policy has "driven a wedge" between Malay Rulers and Malay subjects. One section of the Rulers to a status in which they will take no further part in the administration of the States, but another section is indignant with the Rulers for having signed treaties without reference to them. In both respects the present position is most regrettable. The Malays are a sensitive and emotional people, and their feelings may become uncontrollable. They are profoundly alarmed by the cession of jurisdiction and by the extension of citizenship to temporary alien immigrants. If they can be given an immediate assurance on the second point, they may be ready to listen to explanations and assurances on the first. It is fortunate that, in its Civil Service, Malaya has officers of long experience in the country, with an intimate knowledge of the language and the customs, and with really affectionate friendships with the Rulers, with the leaders of the community and with the peasantry. Hitherto the situation has been clumsily handled by the Colonial Office, and all the tact of the local officials will be required to put matters right again. Though it may be too much to say that there is no need for alarm for the future, there is good reason for sober confidence. If the local officials are allowed by the Colonial Office to express some regret for the diplomacy of the past, the diplomacy of the future may open in a spirit of confidence and co-operation.

* Since this article was written eight of the Sultans have requested a passage by air to England, in order to lay their case before H.M. Government. The ninth Sultan, His Highness of Johore, is already in London.—*Editor*.

MID-TERM IN THE UNITED STATES

PROSPECTS FOR THE NOVEMBER ELECTIONS

ONCE more, and at another highly inauspicious time in world history, the United States is in political flux.

Presently Congress will adjourn, and go to the country in elections which will take place in November, but which will be preceded by nominating primaries spaced all through the summer and autumn. The campaigning mood to-day grips Congress, and most Congressmen seem to manifest the least-common-denominator of political courage. The elections of individual members of Congress in the United States are rarely decided by world or national issues. Instead, the purely local hold of the member or candidate upon the district is paramount. How well a Congressman has served his constituents by running errands, getting them jobs, answering their letters and cultivating their personal good-will is generally the test.

There is a serious danger, therefore, that in November the voters may return to office a solid anti-Truman majority. That would mean deadlock between the executive and legislative branches of government for two years, a situation not unprecedented in American history but always deadening. When we have had to support such a situation in the past, it has been in leisurely days when a kind of stoppage of new programs did not gravely matter. To-day such a situation is too serious to be tolerable. Yet we face it. But if it comes, doubtless working compromises will be evolved which will prevent utter deadlock.

Up to the present writing, in early May, the record of Congress has been lamentable. It may be that, in the final days of the present session of Congress, the cooler and more responsible heads will win out over the reckless and the short-sighted obstructionists, and the negative record of the session be redeemed. But to date, the Congress has done little but contribute to political stalemate. It has only intensified the post-war back-to-normal mood of some of the people. It has failed to implement America's world obligations.

We are slowly reaping a harvest that has been years in the sowing. Our two political parties have lost almost all meaning. The dominant majority in Congress is composed of a coalition of extreme right-wing Democrats and Republicans. It is not a completely consistent majority, and sometimes enough of both parties will break away, in the Senate especially, to give President Truman temporary support. But, in the main, party lines are utterly ineffective and the label Republican or Democrat will give you no real indication of the political coloration of the legislator.

What ought to happen, of course, is a reshuffle of parties into conservative and liberal groupings, called by any names that come to hand. We could then have elections contested on some semblance of significance. We could tell, within limits, the position of a member of Congress by knowing his party. We could ascertain, most of the time, whether or not the President could count on congressional support.

But such a realignment of parties is highly unlikely. Party traditions, divorced though they be from basic social, economic, or rationally political significance, are nevertheless very deep. The conservatives of the South cling firmly to the Democratic party name and history, enshrined in Civil War memories. The agrarian conservatives of the North cling to their comparable memories of the Republican party. The more liberal members of either party would be more receptive to change, but they too are not really likely to make the break, and they could scarcely do it alone. To form new parties would cause immense political confusion, at least for a transition period.

The historical fact is that Franklin D. Roosevelt held together a motley political coalition by the sheer force of his personal leadership and the ideology he typified. He kept the Southern conservatives more or less in line. There was no question of his losing the liberals. Thus he maintained a solid majority, and with only relative difficulty he was able to carry his program through the Congress.

With every passing month, the memory of Mr. Roosevelt's hold on the party and the power of his ideas become less. President Truman, although he had been a Senator from a State half-southern in sentiment, has nevertheless been totally unable to hold that indispensable segment of the Democratic party in line. Reaction has fully set in. It is only with the most intense difficulty that the Administration's program emerges from Congress at all.

Actually, Congress's negative political mood is much worse than the prevailing sentiments of the country, according to every standard of analysis. It is true that we had a severe post-war let-down. But the people do not seem to be nearly so selfish and irresponsible as Congress's actions would indicate. There was a great deal of pressure to "get the boys home". There was pressure to end wartime restrictions. There was a reaction against foreign loans, against overseas responsibilities. But underneath the American people know that it is a troubled world. They know they have not attained the purposes of their wartime sacrifices. They know that America, too, is still in serious long-range danger and that a multitude of unsolved problems are ahead. They are ready to accept strong leadership, which will tell them the scope and urgency of the unfinished business before them. But nobody is manifesting that leadership. President Truman, although his actual positions and policies have been almost always sound and sometimes courageous, has utterly failed to re-establish the moral and political authority of his predecessor. He has made his quota of mistakes, too, and on the whole has ruined the effect of his administration by an apologetic air of mediocrity. He has been too little and too late.

This gloomy picture is the American political scene at to-day's dead center. Against all the pessimism must be set the following factors:

The elections may well reflect to a degree the people's awareness of the challenge of the times. This do-nothing Congress may get the surprise of its life when it goes home and meets grass-roots opinion face to face. And the urgency of the world crisis will probably draw from the American people the kind of action it drew, step by step, in the dark days of 1940 and in 1941.

Moreover, numerous political leaders have been awakening to the facts of life. President Truman, if he makes mistakes and tends to snap judgments, is able to profit by his mistakes. The trouble is that there are a lot of mistakes that can be made along the road of experience. Republican leadership is sharply divided. On the one hand are the relentless oppositionists, the politicians who have learned nothing during the war, and are against everything that has a liberal or internationalist label on it. The Republican National Committee is largely made up of such people. If they had their way in 1948, they would probably nominate one of the more reactionary of the candidates—somebody like former Governor John W. Bricker of Ohio.

MEN OF 1948

BUT within the Republican party are many others who are thoroughly dissatisfied with reaction. Chief among them, of course, is former Governor Harold L. Stassen of Minnesota. Mr. Stassen has been the chief liberal hope of the party since Wendell L. Willkie's death. He has steadily increased his reputation, particularly by his able service at the San Francisco Conference. But Mr. Stassen has exposed himself rather early to the shafts and arrows of all his party rivals. There is an American tradition that the lone candidate who gets out ahead is likely to be pulled down by the wolf pack. Then some mediocrity from the pack slips ahead.

Mr. Stassen is determined to disprove this rule, as Mr. Willkie did successfully in 1940, only to fall victim to it in 1944. And Mr. Stassen is a strong, clear-thinking, resourceful young man. His whole political career has been built upon boldness. Whenever in doubt, in his native State, he always challenged his party's reactionary wing. He is now tirelessly seeking to organize the younger, liberal side of the Republican party nationally, especially appealing to war veterans. His relationship to his party is something like that of Theodore Roosevelt, who was able for many years to survive as a Republican, but finally had to organize a third party. Mr. Stassen knows the unpromising outlook for third parties in American politics. He will be a hard man to defeat. Indeed, he would be an ideal spokesman for middle-of-the-road liberals in both the Republican and Democratic parties. Yet it is to be doubted whether there is a genuine liberal majority within the Republican party. That fact may well be tested by 1948.

Nearer to the center of gravity of the Republicans is Senator Arthur H. Vandenberg. Senator Vandenberg, having evolved through the stages of being an isolationist and non-interventionist, has now come clearly to see the urgent necessity of making the United Nations work, and extending it to cover the control of atomic energy. He is the author of the proposed 25-year four-Power treaties for controlling Germany and Japan. Limited though such treaties would be in actually assuring the peace, they are nevertheless long-range American military commitments going far beyond anything anybody would have contemplated a few years ago. This approach, which palpably will be not nearly enough to meet the present crisis, may yet do some good in bringing the Senate along in the recognition of American responsibilities.

Of course, the obvious question is whether Senator Vandenberg is not winning the last peace, rather than the present one. But he is a symptom of awakening Republican leadership. He likewise bridges the gap between the Administration and the opposition and helps the country to a bi-partisan foreign policy. Thus Senator Vandenberg's stature has greatly increased, and he is clearly leader of the Republican party to-day. There may be some doubt of his presidential ambitions. In 1948 he will be 64 years old, which is on the shady side for candidature. But his influence is bound to be great, and he could probably win the nomination if he sought it.

In addition to these elements of leadership within the Republican party, giving hope of more world-conscious policies, there is the steady maturing of the Truman Administration. While Mr. Truman makes his mistakes and learns his lessons, his colleagues—and in particular Secretary of State Byrnes—are also developing advancing lines of policy. Mr. Byrnes was "assistant President" during the last two years of Mr. Roosevelt's Administration. His direct participation in international negotiations began at Yalta—an indispensable stage in the chain of Anglo-American-Russian relations—and he has been in the thick of things ever since.

As a quick, astute, patient and reasonable politician, Mr. Byrnes has been able to learn much in these last two years. He has developed a policy toward Russia which is steadily stiffening. Up to three or four months ago, Mr. Byrnes—and official American policy—clung hopefully to the explanation that Russia was mainly seeking security in a world that had been more or less hostile ever since the revolution in 1917. But as he has seen Russian demands become stronger and stronger, extending to the Tripolitanian trusteeship—which is to date a sort of high-water-mark of Soviet intentions—he has come to the conclusion that the security explanation is not adequate.

Therefore Mr. Byrnes, and Mr. Truman with him, now accept the hypothesis that Russia is definitely embarked upon an expansionist program. As such, it is of course a challenge to the western democracies. It must be met. One way of meeting it, Mr. Byrnes and Mr. Truman know, is to try to remove the causes of expansionism in suspicion, doubt and ill-will. Therefore the initial basis of American policy toward the Soviet Union—a persistent effort to remove misunderstandings, to further contacts on all levels, and to retain the spirit of war-time alliance as far as possible—still remains fundamental and continuous.

DEFENSE POLICY IN THE ATOMIC AGE

BUT conciliation is now recognized as not enough. Behind it, there must be a willingness to say "thus far, and no farther". But where that line is to be drawn, and how it will be enforced, are the vital questions which are as yet unanswered. The American public, as a whole, naturally wishes to avoid any kind of hostilities with the Soviet Union. The concept of coercion is beyond their present ken. Above all, they hope that with the enlargement of contacts between the U.S.A. and the U.S.S.R. there will come a diminishing of misunderstandings. They have no motive for hostility to Russia, and a deep awareness that the road to Stalingrad is long.

Moreover, the American people—led initially by the Administration—have rushed headlong into demobilization and disintegration of our military and war production machines. We are in no position today to contemplate a policy of coercion toward a Great Power. In time, the more immediate effects of our demobilization policy—notably, the break-up of technical units and organizations vital to modern military preparation—will be mitigated. But it seems certain that we will not maintain a peace-time establishment geared to the possibility of swift action in the Dardanelles.

We will still retain our military potential, and it is of course in better shape than it was before Pearl Harbor. We have just given the world an illustration of the power of the sleeping giant. But he had time to awaken during World War II. If the need for military action against another Great Power should arise today, the big question is of course that of time. And this is the factor which relates precisely to the problem of Russian expansionism. Suppose Messrs. Truman and Byrnes decide they must share in drawing a line saying "thus far and no farther". Will the United States be able to enforce it? Will the present parlous state of our military establishment, plus our dormant potential, be enough to deter an aggressor?

These are the questions that are being debated in Washington. They are being debated nearly always with the proviso that the primary aim of American policy must be the prevention of war. To that end, the effort to persuade the Soviet Union of our completely friendly intentions remains paramount. To that end, too, strengthening and building up the United Nations is basic. To that end, the development of an effective program for the control of atomic energy—which really involves raising the level of world government a notch higher than the United Nations Charter, though under its auspices—is the next step on the agenda.

The State Department's report on the control of atomic energy involves two indispensable conditions: the control of production and use of uranium and thorium over and above national sovereignties, and the "denaturing" of fissionable materials so that dangerous explosives may be kept under rigid control while sources of peaceful energy and power may be widely utilized. The report has been very well received in the United States, although at present this country will have to give up more than any other in yielding gradual control of its atomic energy factories. Whether this concession will be enough to persuade other nations, especially Russia, to permit full and effective international control of such things as uranium mines and chain-reaction piles, remains to be seen. There are defects in the plan which will have to be worked out. But it is an important start.

SUPPLY, DEMAND AND CONTROL

IN the economic field, American policy gravely needs world responsibility. The Congress is still wrangling over the relaxation of wartime controls. The Office of Price Administration is the major issue. Its work has been extremely unpopular with manufacturers and merchants, and with economic *laissez-faire* folk in general. We have a lot of them. And in fact, the O.P.A. has made a great many mistakes. Most of them, perhaps, were inevitable. The

mere act of interference with an economy so ramified, complicated and delicately balanced as ours involves a considerable measure of unavoidable maladjustment.

Reconversion of American industry has been swift and complete, but it has been unbalanced. You can get plenty of fancy and expensive "sports shorts" but you cannot find a plain white shirt. You can purchase suits of fantastic brilliance in categories on which price ceilings were not set, but you cannot buy a dark blue double-breasted suit. There are many explanations for these scarcities, including the tremendous demand of returning soldiers and a prosperous nation. But even so, the unbalance is obvious. And it extends through so many staple lines that the consuming public is beginning to wonder whether maladjusted price ceilings may not have been a motivating factor. This puts steam behind the demand to abolish O.P.A.

On the other hand, as long as production lags far behind demand in many lines, there will inevitably be a sharp inflation if price controls are removed before supply is up fairly close to needs. O.P.A.'s critics claim that this temporary unbalance would soon be righted by the powerful siphoning effect of higher prices on production. The economists are not so sure. They see many fields in which production cannot possibly be adequate for a long time to come. In the meantime, almost uncontrolled high prices would prevail, with disastrous effects on our entire economy.

The domestic political cleavage and confusion referred to in the early part of this article have also halted President Truman's full employment bill. The economic conservatives of both Democratic and Republican parties are, at this writing, unlikely to support very sweeping measures designed to maintain our economy when—after the inflation and the boom—a recession sets in. The tide has temporarily turned against economic liberalism, against efforts to manage the economy, against planning. It may not have yet receded to the disastrous point. That is to say, the very obvious and crying need to prepare against the effects of another American depression may override the present reaction. We may yet be able to take action to maintain full employment. But at present we are not doing so.

The grim domestic and world consequences of a severe American depression in five or six years will have to be made clear to Americans. In effect, of course, most Americans already know of these dangers. It is widely realized that social and economic disturbances of the most severe character might be precipitated within the country by prolonged and widespread unemployment. And it is realized that the prospective recovery of Europe, together with its stability against totalitarian inroads from the right or from the left, will hinge greatly upon American economic developments.

But what is not realized, what has not been worked out here, is an agreed program of prevention against a depression. There are still the same old cleavages: those who believe business should be left alone, and would recover more quickly after taking its deflation on the chin, and those who feel the economy must be supported by substantial government spending. Or, to put the cleavage somewhat more accurately, there are those who want government spending to be largely of the nature of subsidies which will

leave business free to operate its own affairs, and those who feel that more than subsidy is required.

There is a kind of blind, reactionary resistance to "planning" on a national, governmental scale. Not so long ago, Congress deprived the National Resources Planning Board of its appropriations. This heedless manifestation of laissez-faire must be replaced by an agreed determination to avoid political and economic collapse. Such an agreement is far from impossible. Disagreement comes on details. Over and above the cleavages mentioned above, there can be accord over such elementary and obvious measures as mapping out and storing away a substantial program of public works to sustain employment in a depression. There can be agreement upon unemployment insurance. There can be agreement upon sustaining farm purchasing power. There can be agreement—though this is more difficult—on continuing the trade agreements policy instead of raising anew American tariff barriers.

Therefore the struggle is far from lost to save America—and the world—from the extreme severity of a great depression some years hence. Fortunately, we appear to have time enough to straighten out some of the inconsistencies in American politics which today hamper political action. Presumably the full employment bill, and related measures, will not be urgently needed for a few years although it can never be too soon to start sound anti-depression preparations. And meantime, world events which could again arouse the sleeping giant are not unlikely.

The long and short of America's problem today, therefore, is one of post-war reaction. It has taken us longer to rouse from this reaction than it should have done. But we are not in a 1920 mood, even though there have been tendencies in that direction. Powerful groups in the country are working not only to support the United Nations, but to go beyond it to a level of world government which will be genuinely adequate to the problems that lie ahead. Our official policy necessarily is somewhat behind these advancing elements. But it is not nearly so backward as the Congressional situation. And the whole Congressional atmosphere will be clarified, for good or perhaps for ill, in the November elections. If an anti-Administration majority is returned, it will simply force concessions and compromises for two years to avoid stalemate. That will not be a simple task.

Basically the problem is one of leadership. Mr. Truman's poise and confidence, so admirably shown when he succeeded to the presidency, have been matched by a quiet determination and courage during the months since. But these fine qualities have not been brought to life by the dynamic, driving force of true leadership. Thus it has often been in democratic governments. Usually, perhaps, the reaction after a period of strong personal leadership has been supportable because the crises which evoked the leadership had been surmounted. Today the crisis continues.

United States of America,

May, 1946

POPULATION AND EMPIRE

IMPERIAL ASPECTS OF THE BIRTH-RATE

FROM time to time statements appear in the press suggesting that the various parts of the Empire are in need of a greatly enhanced rate of population growth, and inferring—since birth-rates were falling up to the middle of the nineteen-thirties—that the bulk of this growth will have to come from immigration. Statements of this kind have been particularly noticeable during the past year, when, in anticipation of the end of the war, attention began to switch to the future prospects of the individual Dominions. Mr. E. M. Forde, Deputy Prime Minister of Australia, was reported in *The Times* of April 3, 1945, as saying that “Australia had plans up to the blue-print stage for the absorption of a steady flow of suitable emigrants. They aimed at trebling the present population of 7,300,000 in the shortest possible time.” Similar opinions have been expressed on behalf of South Africa and Canada (especially as regards the province of Ontario). In New Zealand, too, views on these lines are being heard. On the eve of the war the “Five Million Club” stated their desire to “ensure a larger and growing population”, and the name of the club suggests the order of growth aimed at. More recently, in the White Paper on *Migration within the British Commonwealth*,* the New Zealand Government itself stated its desire for a greater population and its recognition of the importance of such a population in the development of the Dominion.

This general attitude towards population growth is conditioned by a variety of factors. In Australia, where the concern with population trends has now found expression in the initiation, under the National Health and Medical Research Council, of an official enquiry into the decline of the birth-rate, one of the basic factors is a desire for greater security in the Pacific Area—that is, against Japan. New Zealand shares this view. In South Africa the aim springs much more from internal problems, from the desire to alter the balance between white and coloured populations, now heavily weighted in favour of the latter, with over 8½ million Africans and Asiatics compared with about 2¼ million Europeans. Internal questions undoubtedly also play an important part in Canada. In addition there is the new economic factor produced by the war—the need for larger domestic markets for the new industries created in response to war needs. Whatever the background of the attitude, the immediate question is one of the practicability of finding and absorbing the immigrants. Before attempting to answer this question, however, it is important to look at the rates of population growth in the Dominions and to see how their demographic situation compares with that of other Western nations.

The inherent rates of population growth of the various countries may be shown in at least two ways. First, an index of the position at any point of

* Cmd. 6658.

time, or in a particular period, is given by the Net Reproduction Rate.* A rate of 1.0 means that, with the continuance of fertility and mortality at the given levels and assuming no migration, the population would eventually become stationary. A rate above 1.0 means an eventual increase; for example, a rate of 1.3 means an eventual increase of 30 per cent in every generation of about every 30 years. And a rate below 1.0 means an eventual decline; for example, a rate of 0.7 means a fall of 30 per cent in every generation. The Net Reproduction Rate does not say exactly when the indicated rate of increase or decrease would begin, though in general it may be taken that, with unchanging fertility and mortality, it would set in about sixty years after the rise or fall in the rate itself. Further, the Net Reproduction Rate does not say at what size of population the indicated ultimate rate of growth or decline will obtain. Thus, in order to know exactly how a population with given fertility and mortality will behave, different techniques are necessary. The important point, however, is that the Net Reproduction Rate does show the inherent capacity of a population to increase or decrease, assuming that the rates of mortality and fertility do not alter and that there is no migration.

THE TREND OF POPULATION

In Table I a series of Net Reproduction Rates is given for the white populations of Great Britain and the Dominions. As the middle nineteen-thirties ushered

TABLE I
Net Reproduction Rates of the White Population of the British Empire†

	1935	1936	1937	1938	1939	1940	1941	1942	1943
England and Wales	0.764	0.773	0.782	0.805	0.807	0.753	0.737	0.846	0.890
Scotland	0.909	0.914	0.901	0.932	0.924	0.896	0.895	..	..
Eire	..	1.162	..	..	..	..	1.183	..	..
Canada	..	..	..	..	..	..	1.274	..	..
South Africa	..	1.264	..	1.322	1.348	1.346	..	..	..
Australia	0.945	0.975	0.989	0.984	0.995	1.017	1.068	1.072	1.163
New Zealand	0.951	1.001	1.020	1.081	..	1.212	1.283	..	..
S. Rhodesia	..	1.180	..	..	..	..	..	..	..

in a reversal of the previous trend of declining fertility, all the rates show an upward tendency. It is impossible to tell at the moment whether or not this tendency will persist. If it does, then at least part of the problem of populating the Dominions will be solved in terms of the natural increase of their own stock. But it would as yet be dangerously optimistic to count upon a continued upward trend and safer for speculations to be based upon the average level of fertility in the immediate pre-war years.

Apart from the question of trend, however, the fact of greatest immediate importance is that the Reproduction Rates of the Dominions were and are

* The Net Reproduction Rate may be defined as a measure of the extent to which, with the fertility and mortality rates of a given time and place, women passing through the childbearing period will replace themselves by other women in the subsequent generation.

† For the sources of this table see Glass, *Eugenics Review*, July 1945, and Shaul in the same issue. The most recent Net Reproduction Rate for Northern Ireland was for 1925–27, at which time it was about 1.098. The rate for Canada excludes the Yukon and North-West territories, while the rates for Australia and New Zealand exclude the aboriginal and Maori populations.

higher than those of most other Western nations. Looking at the British Empire itself, Great Britain—the initial source from which the Dominions usually aim to draw supplies of immigrants—has the lowest rates; and even in spite of the recent upward movement the figures still indicate an ultimate decline of the population, though at a slower rate than in the early 'thirties. This possibility is now generally acknowledged, and its significance has been considered great enough to warrant the appointment of a Royal Commission to study the causes and consequence of the fall in the birth-rate and to suggest remedies. It is true that the White Paper on Empire migration quotes Lord Cranborne, then Dominions Secretary, as saying in May, 1944: "We have made it abundantly clear that, notwithstanding the fact that our own population in these islands is tending, perhaps, rather to decrease than to increase, yet, on broad Imperial grounds, we do feel that we should encourage and assist, as far as is practicable, inter-Imperial migration if that is desired by the Dominions Governments themselves . . ." It is also true that even with a declining population a country may still be over-populated, and in such circumstances emigration might be a sound policy despite falling numbers. But official views may change when they are faced with reality, and the kind of reality which may develop can best be shown by using a second method of population analysis.

Instead of calculating Reproduction Rates from the statistics of fertility and mortality of a given country and a given time, those statistics may be used to show exactly how, on the same hypotheses, a population would change in the future. That is, the method is used to estimate future populations on the assumption that fertility and mortality remain unchanged. Some examples of this kind of calculation are given in Table II. They have

TABLE II

Some Estimates of the Future White Population of the British Empire

(in thousands)

	About 1940	About 1970	Fertility	Mortality	Assumptions Migration
England and Wales (1)	41,125	38,582	1935	1935	Nil
" " " (2)	40,625	34,982	1935	1935	Emigration 0.5 mil- lion every 5 yrs, beginning 1940
Canada	11,636	15,401	1931-36	1931	Nil
South Africa	2,114	2,913	1934-36	1934-36	Nil
Australia	7,031	8,095	Slightly above 1936-40	1940	Nil
New Zealand	1,546	1,721		1935-36	Nil
S. Rhodesia	66	81	1936	1936	Nil

The estimate for Canada is by MacLean and Hurd; for Australia by Bruns; for S. Rhodesia by Shaul; and for England and Wales, South Africa and New Zealand by Glass. For the sources see Shaul, *Eugenics Review*, xxxvii. 2; Charles, *Annals of the American Academy of Political and Social Science*, January, 1945; and Glass, *Eugenics Review*, xxxv. 3 and 4, and xxxvii. 2.

not been freshly computed, but chosen from published studies. It is essential that they should *not* be regarded as forecasts but only as hypothetical calculations. As such they have the merit of showing more strikingly than Repro-

duction Rates the results of the continuance of the inherent rates of growth of the middle nineteen-thirties. Two estimates have been given for England and Wales. The second is an attempt to show what would happen if emigration took place at the rate of 500,000 every five years, and to make the calculation simpler it has been assumed that the emigration occurs only once in the five years. The estimate indicates that, in addition to the decline in numbers caused by the inadequate fertility of 1935, emigration on the scale assumed would produce a further loss of population of 3.6 millions by 1970. In fact, even on the assumption made, the loss would be greater. As emigrants tend to be predominantly men, the movement of these men would reduce the chances of marriage of the women left behind, and thus still further lower fertility. On the other side of the balance the populations of the Dominions would continue to grow substantially. In such circumstances it might be very difficult to maintain a policy of actively encouraging even Empire migration, and it is much more likely that a policy of stimulating immigration from outside the Empire would be introduced.

THE EUROPEAN RESERVOIR

If emigrants will not be available from Britain, why not from the continent of Europe? Here, too, however, the demographic situation has deteriorated. On the eve of the war most of the western European countries had Net Reproduction Rates below one—0.93 in France, 0.86 in Belgium and Norway, 0.83 in Sweden, 0.8 in Switzerland and 0.92 in Denmark. Of the western European nations only the Netherlands had a rate above unity (about 1.2) and even in Germany, in spite of population policy and the marked increase in employment, the rate was only just about 1.0. Even in southern and eastern Europe the rates had been falling. They were below unity in Czechoslovakia and probably also in Hungary, and between the wars they had fallen markedly in Spain, Italy, Bulgaria and Poland. The possible results of this general decline in fertility are shown most strikingly in a study by Dr. F. W. Notestein and his colleagues, *The Future Population of Europe and the Soviet Union* (League of Nations, 1944). Their calculations have a different basis from the estimates cited in Table II; for instead of assuming the constancy of pre-war fertility and mortality rates, they postulate an "orderly unfolding" of pre-war trends, a continued decline in both fertility and mortality. The main results are summarized in Table III.

TABLE III

Estimates of the Future Population of Europe (Notestein)

	(in millions)	1940	1970
Europe excluding U.S.S.R.		163	159
West Central		20	20
Northern		78	87
Southern		88	105
Eastern		349	371
Total		174	251
U.S.S.R.			

In terms of what is likely to happen, the estimates are on the low side because they do not take into account the rise in the birth-rates after 1934 and again, in some European countries, after 1940. But this will be more than compensated by the omission—unavoidable at the time the calculations were made—of any allowances for war deaths. It is likely that, apart from Germany, such deaths were most numerous in eastern and south-eastern Europe and in Russia. To some extent, therefore, the indicated change in the balance of population as between western and eastern Europe will be slowed down by the force of war mortality. But this would mean that, even in the formerly most fertile parts of Europe, population growth by 1970 will not be very marked. The West, with its low fertility, will be wishing to encourage immigration, and signs of this desire are already evident in France. One French authority on population questions has even listed the order of preference of the countries of origin, namely, Belgium and Holland, followed by Spain and Italy, with Poland last. On the other hand, eastern Europe, the greatest potential source, is less likely a supplier than it was before the war, and such potential migrants as it has will be the subject of greater competition among the countries with populations on the verge, or in process of, decline. Even Russia, with its continued high potential rate of growth, may well encourage immigration to make good its war losses and rebuild its industry. It is certainly unlikely to encourage emigration. The post-war years may in fact find that the last major source of potential emigrants is Germany, for the transfers of German populations, coupled with the dismantling of industry, will certainly increase the degree of over-population and the thrust of poverty in that country. But the outside world is not likely, with its present views, to acclaim German nationals as immigrants.

FACTORS OTHER THAN THE BIRTH-RATE

In an article which deals with the birth-rate aspect of migration it is, of course, only too easy to exaggerate the part which may be played by that single factor. In reality there will be many forces at work. Migrants respond to the pull of prosperity abroad and to the thrust of poverty at home. If the Dominions succeed in maintaining full employment and a high standard of living, many Europeans and many Englishmen will want to emigrate to them and will do so if no legal bars are erected. And even if there are bars, there may well be clandestine emigration, as there was in the seventeenth and eighteenth centuries. At the same time it is easy to over-estimate the numbers of immigrants that the Dominions will actually be ready to receive. There is often a great gap between a general statement of policy and the translation of policy into practice. Mr. E. M. Forde, for example, spoke of trebling the population of Australia in the "shortest possible time". But Mr. Calwell, the new Australian Minister for Immigration, delivering a thoughtful and well-informed address in August 1945, spoke in different terms. He said that "the people who talk glibly about bringing millions of people to Australia in relatively short periods have no conception of either physical or economic factors that operate in an expanding population". In

his view, even an expanding country could not, over long periods, absorb more than about 2 per cent of its numbers each year and, since present Australian natural increase was of the order of 70,000 per year, this meant an upper limit of migration of about 70,000 a year. Even this figure assumed "that the economy was fully expanded to take the maximum numbers". He concluded, therefore, that "any suggestion of trebling or even doubling the population in a generation is not likely to be realized". Similar arguments apply to the other Dominions.

Yet even these relatively small numbers may not be too easy to find. For the Dominions will now want young, skilled workers, those who are always of value to their own country and who will be particularly valuable as numbers decline and the population becomes older. Mr. Calwell realized this. He admitted that "the attraction of new residents to Australia is unlikely to be an easy task. The birth-rate in Great Britain and European countries has been declining to an extent which is alarming to their Governments, and we may be faced with the position that those Governments will not willingly encourage their nationals to emigrate." Once again, therefore, the argument returns to population as a background to the question. The point is that the opportunity of peopling the Empire from Great Britain and Ireland was lost in the nineteenth century. Although fertility was high in Great Britain throughout the nineteenth century, and although there were large waves of movement abroad, the net balance of migration was unfavourable to the Empire. As Dr. Kuczynski has pointed out, in the hundred years after 1836 there was a net *outward* balance of migration from the Empire of about 6 million persons, most of this occurring before 1900. Unless population trends are very substantially changed, the opportunity is not likely to occur again. At the same time the chances of any large-scale peopling of the Empire from Europe are also being lost as the shadow of decline moves over the continent. Asia still has its "teeming millions", but they are barred by the white migration policy of the Dominions. Thus the Dominions must turn increasingly to their own natural growth and we may soon see them initiating comprehensive policies to stimulate it.

MR. DE VALERA'S "REPUBLIC"

A CONSTITUTIONAL CHAMELEON

THE Irish political scene remains, and is likely to remain for many years, dominated by the personality and policy of Mr. de Valera. His Government, now entering its fifteenth consecutive year of office, can claim to be the oldest and probably the most stable democratic administration in Europe. His recent repeated declarations that the Irish State is "a sovereign, independent republic associated as a matter of external policy with the states of the British Commonwealth" therefore raises questions of importance and interest, not only for the Irish people, but for the Commonwealth as a whole—questions which should if possible be answered.

THE HISTORICAL BACKGROUND

THE historical background must first be recalled. The demand for an Irish republic, put forward by a small number of determined separatists, originated with the leaders of the 1798 rebellion, who adopted the republican teachings of Tom Paine and the French Revolution. It is in no sense peculiarly Irish, nor has it ever been endorsed by a national plebiscite. The leaders of the 1916 rebellion in their turn proclaimed an Irish republic which had neither a *de jure* nor a *de facto* existence, and their example was followed by the Sinn Féin party after the general election of 1918 had given them an overwhelming majority for their policy of abstention from Westminster. In neither case were the people directly consulted. By the Anglo-Irish Treaty of December, 1921, Ireland was eventually given the same status as the then existing British Dominions. That treaty and the Constitution based upon it were duly ratified by the British and Irish Parliaments and upheld by an overwhelming majority at the Irish general election of 1922. Mr. de Valera and his supporters refused, however, to accept the people's decision and a disastrous civil war ended in their utter defeat. His subsequent, and present, conduct must be viewed in the light of his desire to justify his conduct at that time. The Anglo-Irish treaty was duly registered with the League of Nations by the Irish Free State Government of Mr. Cosgrave in July 1924 and thus became a valid treaty in international law. In 1927 Mr. de Valera, having realized the futility of his position, accepted the treaty position, took the parliamentary oath of allegiance, and entered the Dáil with his followers. He still, however, continued to suggest that the real government of the country was "outside Parliament". Nevertheless in 1932 he did not hesitate to take office under the treaty, the validity of which he had contested in arms. The programme on which he was elected never once mentioned the republic. He obtained a mandate only for the abolition of the parliamentary oath of allegiance, but once in office he proceeded to repeal piecemeal the clauses in the Constitution which referred to the Crown and to abolish the Senate, which had opposed his policy, using the powers conferred by the

Statute of Westminster, which he had strongly opposed. Finally, on the abdication of King Edward VIII, in December, 1936, he rushed through the Dáil in a few hours two Bills, of which the first removed all mention of the Crown from the Constitution and the second, entitled the Executive Authority (External Relations) Act, in effect "authorized" the King, in his capacity as the symbol of Commonwealth co-operation, to act on behalf of the Irish State "for the purposes of the appointment of diplomatic and consular representatives and the conclusion of international agreements".

OUR "EXTERNAL" KING

OUR EXTERNAL RELATIONS
THIS statute is still the law governing our foreign relations. Under it the King signs the letters of credence of our Ministers accredited to other States; and the credentials of Ministers accredited to this country from abroad are likewise addressed to His Majesty. The new Constitution, which Mr. de Valera introduced in 1937, contained no reference to a republic, but, so far as internal government is concerned, substituted an elected President, not designated the head of the State, in place of a nominated Governor General. At that time Mr. de Valera was of course well aware that the declaration of a republic would probably not have been approved by the Irish people and would almost certainly have been challenged by the British Government. The Constitution contained an article which regularized and continued the position created by the External Relations Act of 1936. The King for external purposes must therefore be regarded as the sole head of the Irish State and no other is internationally recognized. Representatives of foreign States on their arrival in Dublin present their credentials to Mr. de Valera as the King's representative and not to the President. When the Constitution of 1937 came into force the British Government issued a statement that they were prepared to treat it "as not effecting a fundamental alteration in the position of the Irish Free State as a member of the British Commonwealth of Nations" and added that they had ascertained that the governments of the other member States were prepared to do likewise. Mr. de Valera did not demur to this statement of the position and, although the treaty of 1921 has in effect been repealed by the new Constitution as part of our municipal law, it would seem to retain its full validity as an international agreement until it is denounced by either side or abrogated by mutual consent. The formal declaration of a republic, in the Constitution or otherwise, would of course constitute such a denunciation, as Mr. de Valera admitted in a lecture to his supporters in Dublin on April 23, 1939. In the same address he confessed that the External Relations Act was adopted as a method of "camouflaging the King"!

OUR INTERNATIONAL STATUS

MR. DE VALERA justifies his recent declarations concerning our status by an appeal to the dictionary definition of a republic as "a state in which the supreme power rests in the people and their elected representatives, as opposed to one governed by a king or the like",* but in that case Great Britain, where the political sovereignty likewise resides in the people, is also

* *Shorter Oxford Dictionary.*

a republic! In fact no other State calling itself a republic has a king as head of the State for external purposes; and one can only say that if the Irish State can be so termed, then the word is being used without certain of the implications hitherto attached to it, and without any legal validity. Such international status as we possess comes to us solely by virtue of our continuing membership of the British Commonwealth, and that membership, under the definition adopted by the Imperial Conference of 1927 and applied by the Statute of Westminster in 1931, to both of which our Government were assenting parties, involves, whether Mr. de Valera likes it or not, "a common allegiance to the Crown" which is the symbol of that free association of equal States. Speaking at Waterford on January 28 Mr. de Valera warmly commended Miss Maureen O'Hara, the Irish film actress, for asserting, when she was asked to renounce her British allegiance on being admitted as an American citizen, that she was Irish and owed no allegiance to Britain. Mr. de Valera may, however, claim to be consistent in his inconsistency, and this no doubt is the real explanation of his attitude, for our present system of external relations is almost identical with that contained in the famous Document Number Two, which he put forward as an alternative to the treaty a quarter of a century ago and for which he subsequently plunged the country into civil war. Arthur Griffith, the leader of the pro-treaty party, describing this policy of words" and that Mr. de Valera and his supporters were prepared "to go half in the Empire and half out". This is the exact position he has now attained; for while the External Relations Act of 1936 places us half in the Commonwealth the Constitution of 1937 takes us half out. In that somewhat unhappy, undignified and humiliating position we are likely to remain, at least for the present. In short, Mr. de Valera has no real intention of dispensing with the services of the King whenever they are useful or of breaking the limited association with the Commonwealth as long as it is beneficial; so with one eye on his more extreme followers and the other on British opinion he will continue to talk about the republic when opportunity offers. His disclaimer of allegiance to the Crown has of course provoked the usual reactions in Northern Ireland and made the continuance of partition, which he recently described in a broadcast to America as "a barrier to reconciliation with Britain", both permanent and inevitable. If, as he judges, British opinion is now indifferent to his use of the word "republic", it is apparently equally indifferent to the continuance of partition. The recent deportation to Ireland of Irish workers in the Channel Islands on the grounds that they were aliens and had worked in Germany during the war suggests that there may be another and less pleasant aspect of Mr. de Valera's policy which cannot be dismissed or overlooked.

FOREIGN POLICY

So far as external policy itself is concerned, Mr. de Valera's Government, owing to Irish neutrality, has in recent years been compelled to take a line of its own. Speaking in general terms one may say that it apparently takes its cue from the Vatican. This is not only because the Papal policy of strict

neutrality and extreme reserve is in keeping with our position, but also because we are a Catholic people whose spiritual allegiance is given to the Pope. We are the only democratic Catholic country in Europe which has no party standing specifically for Catholic social principles and policies, because in fact all our parties accept and follow the Catholic teaching on such matters. The recent elevation of our Minister at the Vatican to the rank of Ambassador, the only such position in the Irish diplomatic service, and the appointment to that post of Mr. Joseph Walsh, the secretary of the department of External Affairs, is proof, if proof were needed, of our Government's attitude. This does not, however, create any serious difficulties so far as Commonwealth policy is concerned; for a study of the Papal Peace Points and the Pope's post-war pronouncements reveals that the aims of the Vatican in general march with those of the British Commonwealth; there is certainly no serious discrepancy between them. It is therefore reasonably certain that as regards most vital problems, and certainly as regards Russia, Mr. Bevin and Mr. de Valera would agree.

PARTY PROSPECTS

INTERNALLY Mr. de Valera's Government was never stronger than at present. Five by-elections took place last December, in which the Government party (Fianna Fail) gained a seat from the Fine Gael party and lost one to the Farmers' party (Clann na Talhman). The present position of parties in the Dáil is Fianna Fail, 77 (excluding the Speaker); Fine Gael, 28; Clann na Talhman, 10; Labour, 7; National Labour, 4; Independents, 11. The Government has thus a clear majority of 17 over all the other parties combined. ment has thus a clear majority of 17 over all the other parties combined. Fine Gael, the strongest opposition party, formerly led by Mr. Cosgrave, is a decaying body. Its new leader, General Richard Mulcahy, is an industrious politician, but he lacks purpose and force and is not likely to revive its drooping fortunes. It has never really recovered from the sad state it got into when Mr. Cosgrave foolishly allowed the late General O'Duffy to take over its leadership in 1933. General Mulcahy's difficulties at present concern both policy and *personnel*. In a recent speech at the annual party conference he sought to define the differences between his party and that of the Government; yet apart from a claim that the latter had the dictatorial mind and trend while his party believed that the source of the nation's strength lay in the personal liberties of the citizens, and his statement that Ireland's political liberties, its military security and its hope of ending partition were firmly bound up with our membership of the British Commonwealth, there was little to suggest a serious difference between them. His first complaint only means that the civil servant is becoming increasingly powerful in Ireland as elsewhere. Both the resources and organization of his party are sadly defective. The Farmers' party has so far produced no striking figure or considered policy, while Labour is hopelessly divided on the question whether it should be organized on a national basis or not. The difference is largely one between the old trade unions of British origin and affiliation and the new trade unions of purely Irish origin. The Government has naturally enough encouraged the establishment of independent Irish unions and so helped to divide the

ranks of Labour. The group of Independent members, whose leading and only effective figure is that courageous politician Mr. James Dillon, lack cohesion and a policy. Most of them have little political experience and some of them are merely cranks. Against the weakness and disunity of the others the Government party present a well-disciplined cohort of voting machines. Ninety per cent of its rank and file never open their mouths. This situation is maintained by a mixture of effective organization and judicious patronage. The result is that while the Government itself has a clear and coherent policy, its followers have little say in its initiation or development. With the possible exception of Mr. Cosgrave's son, who shows some promise, all the parties lack young men of ability. It is extremely doubtful whether this country can afford either politically or financially to imitate the British party system; and a good case could be made for the formation of a composite government on Swiss lines representing the major parties proportionally, holding office for a definite period, and carrying out the decisions of Parliament. The personal animosities of the Civil War period will not survive the present front-bench leaders, and when they disappear there will be less inclination to differ on domestic policy, concerning which there is already fundamental agreement. At the moment a parliamentary committee is inquiring into the method of electing the Senate, because the last election to that body revealed that the present complicated system of election leads to bribery and corruption.

ECONOMIC REALITIES

As time goes on, economic considerations will inevitably predominate and external policy will be directed rather to the promotion of national interests than the airing of ancient wrongs. A Danish visitor recently remarked that this was a charming country, but he could not understand why we were always quarrelling with our best customer. This is of course not the whole story. We are also relatively one of the largest purchasers of British goods, and Britain is our only debtor. It is therefore in our best interests that she should be, and remain, strong and prosperous. These self-evident truths are apparently recognized by Mr. Sean Lemass, the deputy Prime Minister and Minister for Industry and Commerce, who has recently re-established direct contact with the British Government. Speaking in Dublin last October, shortly after his first visit to London, he emphasized that Ireland's fate was bound up with that of Great Britain. He also insisted on the helplessness of any small nation in the modern world, and said that Ireland must range herself on the side of the democratic nations. He went on to define democracy as "the placing of power in the hands of the people, freedom of speech, freedom of association, freedom of conscience". He discounted the idea that Britain's sterling debt to Ireland could be scaled down, pointing out that the Irish sterling balances were held by Irish banks and traders and not by the Government, and that they represented deferred payment for Irish food and labour at strict market prices. He also expressed the opinion that British recovery would be rapid, and emphasized our vital interest in the satisfactory solution of British foreign exchange difficulties. In a later speech he warned our highly protected manufacturers that if they wished to retain the home market they

must rely rather on the quality of their products and the efficiency of their methods than on high tariffs. These pronouncements seem to indicate that the Government is not altogether blind to reality, as does the recent Anglo-Irish Air Agreement for which Mr. Lemass is also largely responsible. This provides that "in the interests of economy and efficiency" the air service between Great Britain and Ireland shall be operated by a single unit, for the use of the Shannon air port by British transatlantic planes and for close co-operation between the British and Irish air services in the European zone. The company which operates the cross-channel service will be under Irish management and control and operate from Belfast as well as Dublin.

VITAL TRENDS

THE isolation of the war years has been also broken by the increasing flow of trans-ocean traffic through the international airport at Rineanna on the Shannon estuary, and by the recent international Air Conference in Dublin on North Atlantic air traffic. Last year our Government contributed £3,000,000 in exports of livestock and food towards the relief of distress in Europe and they plan to do the same this year. They were represented at the recent London Conference on Food and are taking measures to reduce the consumption of wheat by maximum extraction. Our general economic position is strong. With no external debt we are probably the strongest creditor country *per caput* in the world. A recent White Paper on national income and expenditure during the war years contains much interesting information on this subject. The distribution of income is not marked by any high degree of inequality. During the war the cost of living has risen more than wages or earnings and would have risen still further but for subsidies. The purchasing power of the pre-war pound is now only about 11s. 9d. Unemployment decreased owing to recruitment for the army and emigration to Great Britain, but our population unfortunately continues to decline. The volume of gross agricultural and industrial output, and of imports, fell. The fertility of the soil was depleted, and fixed and working capital were not maintained or replaced at their normal level. The large arrears of capital formation are likely to absorb most of our war savings. On the whole, however, our financial position is stronger than before the war and our internal economic condition is relatively stable. We suffered no major privation or inconvenience during the war period and only an infinitesimal destruction of property. We are thus in a position to take full advantage of better times. Our prosperity will depend in the future, as in the past, on the intensive production of livestock and livestock products and on the disposal of a large proportion of those products in the British market, where we are assured of a constant and increasing demand. Moreover, we must rely on British industrial exports for the satisfaction of the sterling credits we have accumulated. We may thus reasonably hope that economic necessity will eventually prevail over political pretence.

Ireland,

May, 1946.

GREAT BRITAIN

CHIAROSCURO OF RECONSTRUCTION

IN this spring of 1946 in Great Britain, more men and women are leaving the Forces and war industries for civilian activities, more goods are coming into the shops—and more still being made for export—more sporting news is forcing its way into the still small newspapers, and there has even been more sunshine than has been known in most years of the century. But those are the bright lights of the picture. There are deep shadows, which are being probed by the thoughtful with anxiety and are producing in the bulk of the people a sense of frustration. The march of demobilization is accompanied by increasing unemployment. The figures are not large in themselves, but are sufficient to evoke memories of the previous post-war slump, especially since pockets are forming again in former depressed areas. The shop windows are deceptive. There are more pots and pans and trifles, but the clothes and boots and furniture and fuel that are now really needed are as scarce as ever. The clumsy rear-guard action which the Government are fighting against crop failures and world famine is watched with scant sympathy by housewives who have had to abandon their hopes of easier times after the war. As the Englishman looks abroad he finds scarcely more reason for comfort. In America he sees the loan encountering a degree of opposition that surprises him and even after failure in one house of Congress still threatens dangerous delay. The "iron curtain" still hides the greater part of Europe from his view, and Russian intransigence in international councils has given him a new catch-phrase but little reassurance.

Most of his troubles he is ready enough to acknowledge as more or less inevitable after the stresses and strains of war, and to exercise some patience and forbearance until they straighten themselves out. The Government apparently feel no such need for patience, and their majority in the Commons little need for forbearance. They are pressing on at maximum speed with the congenial task of producing Socialism in our time and our country by Act of Parliament, so that it seems as if the title of the party programme "Let us face the future" has been amended to the "immediate future". The results judged by legislative output have been staggering, but it is open to doubt whether they have been wholesome, for speed has patently outrun comprehension. Opposition appeals for more time to study major Bills before they are asked to debate them have had little effect, but it was a supporter of the Government who cried out for more free time to keep abreast of the flood of White Papers.

SOCIAL SERVICES

SUBSTANTIAL progress has been made with the measures for social amelioration. The National Health Service Bill, framing the impressive scheme to make full-scale medical attention free for all, which the Government inherited largely from the Coalition, has had its second reading. There is to be a

nationally financed general practitioner service working through local health centres, but not a fully salaried State medical service. The sale of publicly remunerated practices is to be abolished, and the filling of vacant practices entrusted to a predominantly professional committee, which will be able to regulate the distribution of doctors according to local needs. Hospital services, which the Coalition proposals placed under joint boards of local authorities, are now to come under a score of regional boards, appointed by the Minister of Health and each associated with a university. Voluntary as well as municipal hospitals are brought into the plan, and their endowments are to be pooled in a special fund apportioned among the regional boards. While the Minister assumes direct power for these services the general aim is to give a considerable degree of local autonomy through regional boards and hospital management committees. The teaching hospitals are to have a special status under their own boards of governors outside the general scheme.

The National Insurance Bill, which gives substantial effect to the Coalition's revision of the Beveridge proposals for making sickness, unemployment and pension benefits universal, is through Committee. The Labour Government have increased the standard benefit rates to 31 per cent over the 1939 level, instead of the Beveridge proposal of 25 per cent, to bring them into line with the intention to hold the cost of living about that figure. The complementary measure relating to industrial injuries, which remodels workmen's compensation law, has been passed.

THE NATIONALIZATION DRIVE

CORRESPONDING progress has been made with industrial nationalization. The principal Bill which the Labour Party has advocated for many years, to bring the coal-mining industry under State ownership, is through Committee virtually unchanged. It does not pass without comment that the introduction and progress of this change, which was to provide the panacea for all the ills of the industry and infuse a new spirit into the miners, has in fact been accompanied by a continued decline in output. But the maladies of the industry are deep-seated, and under any ownership it would need extensive reorganization and demand heavy capital costs. The Bill to reorganize civil aviation under State control has had its second reading, and another to bring cable and wireless services into public ownership is ready.

All this means that the legislative programme which the Government set themselves to achieve in the first session of Parliament is well under way. To accomplish the bulk of it so early they have driven the House of Commons excessively hard. Mr. Herbert Morrison is a forceful character, the House has been set a big job, and he as leader of it is determined that it shall be achieved; in spite of his hard driving he retains the confidence of the majority. The system of sending nearly every Bill to Standing Committee for detailed examination in order to clear the floor for the next has been used to an unparalleled extent, and has taxed the limited accommodation of a war-damaged building to the full. It has yet to be proved that there has been any real saving of time. The giant's meal may turn out to have been ill-digested,

strike. It lost no time in introducing a Bill for outright repeal, and the resulting debates produced a party conflict of old-fashioned vigour, and while undoubtedly enlivening were not very enlightening. The Labour attitude was one of unconstrained triumph, better reflected in an illuminating phrase deliberately used by the Attorney General, "We are the masters", than in his quieter arguments that the repeal would remove a source of irritation and thus improve the atmosphere in industry. Mr. Ernest Bevin was equally blunt in demanding the removal of a stigma which the 1927 Act put upon the trade unions, and fulfilled a 20-year-old ambition to proclaim his version of the causes and character of the general strike, which he attributed to economic and monetary policy. The Opposition, for the first time untrammelled by general adherence to measures based on Coalition policy, found a new cohesion, fought the Bill with great energy, and in the process brought about the longest sitting of this Parliament (15 hours). Apparently Labour now regards a general strike as out of date; but the reiterated claim that repeal would legalize nothing that was not lawful before 1927 was no real answer to the point that the law was then much in dispute and the present Bill would merely restore those uncertainties, and that an attempt should be made to clarify them before sweeping away the 1927 Act and putting nothing in its place.

FOREIGN POLICY

APART from this incursion into domestic politics Mr. Bevin has won general approval for his conduct of foreign policy, and the Opposition has sought to give him every assistance rather than try to make party capital out of his difficulties. He has coupled with a sturdy advocacy of British principles at UNO and elsewhere a sincere desire for cordial friendship with Russia, to the extent of offering to prolong the term of the Anglo-Russian Treaty from twenty to fifty years, and even to amend it if that would produce greater confidence. But there have been some differences of opinion in his own party over aspects of his policy regarded as out of accord with that of the Kremlin, for example on relations with Spain and Greece, and the support given by a number of Labour M.P.s to the fusion of the Communist and Socialist parties in Germany. The importance of the dissentient group was never great. In the Commons debate in February Mr. Bevin, chiding the lukewarm and the critics who told him that when the Opposition cheered him he was wrong, retorted "You cannot carry on a foreign policy on a narrow and limited basis, neither can you alter history by a slogan". The differences were brought to a head a month later in a special party meeting. Here there was a full discussion of policy, although the malcontent group had hoped to concentrate it on the particular question of the postponement of the Greek elections; and he obtained an overwhelming vote of confidence. There were more than 300 present, and a motion endorsing the Government's foreign policy was adopted with only six dissentients and a few abstentions.

A NEW CHALLENGE

ALTHOUGH the political temperature has remained generally low, an issue has recently arisen which will cause bitter controversy. The Government

announced on April 17 that "a large measure of public ownership" was necessary in the iron and steel industry, and that a control board would be set up with the task *inter alia* of advising the Minister of Supply on "the sections of the industry to be taken into public ownership". Doubts are widespread whether so complex an industry can ever be a suitable subject for nationalization, and the vagueness of the Government's announcement, lacking any indication of the actual sections of the industry to be taken over or of any policy for running it, is sharply criticized. There certainly seem to be grounds for looking on this move as the implementation of doctrine rather than a policy—"Is it business, or is it politics?" in Mr. Churchill's penetrating question—and some hard-hitting and, unfortunately for the industry and the nation, prolonged controversy can be expected.

If inter-party debate has lacked fire, some interesting developments are taking place within the parties. Labour leaders have decided that the time is ripe for a show-down with those members of the party who are in favour of ripe for a show-down with those members of the party who are in favour of Communist affiliation. Not only is affiliation to be rejected for the present, but an amendment to the party constitution is being brought forward which would make it impossible in the future. The issue is to be fought out at the party's Whitsun Conference, and Mr. Attlee is already bringing his heaviest guns into action. It is generally expected that, in spite of the block votes of several Trade Unions favourable to affiliation, he will be successful. If he is not, the consequences may profoundly affect the future of British politics. The Conservative Party is beginning to sit up and take notice, after its débâcle last July, and morale is improving. Interest centres in the future leadership, when Mr. Churchill decides that the time has come for him to retire. During Mr. Churchill's absence in America, Mr. Eden led the Opposition and proved once again what a first-class House of Commons man he is. His popularity in the country is, if anything, increasing, and his claim to the reversion of the leadership is unassailable.

Great Britain,
May, 1946.

CANADA

A NEW EQUILIBRIUM OF LIFE AND LABOUR

A REPORT published in September, 1945, and called "Impact of the War on Civilian Consumption", brings into clearer perspective than heretofore the principal changes in the Canadian economy since 1939. It was the product of a special combined Committee, set up by the Combined Production and Resources Board; and it was composed, in about equal numbers, of British, United States and Canadian experts. It embodies a systematic analysis, and a comparison between British, United States and Canadian experience in war-time, the details of which are only likely to be studied by the professional experts of the three countries concerned. But the main findings of this report have already made a deep impression on the Canadian conscience. The moral of the tale embalmed in its wealth of statistics may be discerned in a single brief table: which shows that, as between the pre-war conditions and 1944, civilian consumption in Britain was curtailed by something like 16 per cent, while in both of the North American countries included in this comparison, consumption *increased* in an identical proportion, also by 16 per cent.

The struggle for survival, which could not but impoverish greatly this generation of Englishmen, had thus a reverse effect in North America. Many Canadians are at this moment uneasily conscious that their living standards, on an average, are higher now than they were in 1939; and this, despite an undoubted willingness on their part, as long as World War II lasted, to sacrifice, if necessary, the whole of their possessions in the common cause. That the scale of their war effort, industrial and military, surpassed the most sanguine expectations as to Canada's potential is beside the point. The fact remains that, superficially regarded, Canada's living standards appear to have risen by quite a substantial proportion, in a period when others' living standards were being substantially lowered. As if to make still more paradoxical the situation confronting thoughtful Canadians when the "Cease fire!" sounded, most of them could still remember vividly the Dominion-wide distress, especially tragic for young folk seeking employment on leaving school, during the decade preceding Hitler's attack on Danzig.

Already the 'thirties of the present century bid fair to rival, in Canada's remembrance, the tragic "hungry 'forties" in British recollections of the nineteenth. Nowhere during the 'thirties was privation more widespread, or the sense of uncertainty more harassing than in Canada. Hordes of able-bodied men and boys (and even some women) hiding in freight trains on both transcontinental railroads, or squatting in "jungle towns" outside Canada's few metropolitan cities, led brutish lives in time of peace and were gradually losing faith in mankind—only to "find themselves" again, and in many cases to prove themselves magnificent soldiers, in action overseas a few years afterwards.

Thus it may briefly be said of important elements in the Canadian community, from the moment when they were confronted twelve months ago by the near prospect of military collapse in Germany, that they discovered within themselves two sources of uneasiness: a consciousness that the comfort still widely diffused among them accorded ill with distress and actual starvation in evidence elsewhere; and a simultaneous fear lest, after the cessation of hostilities, there should again descend upon Canada the stagnation of business, the narrowing of individual horizons and the sense of uncertainty of business, the narrowing of the nineteen-thirties, for very many Canadians, an unforgettable nightmare.

For months past the policies gradually taking shape here have been reflecting both these moods. It has been borne in upon Canadians that their own vigour, and their vast resources of soil and sunshine and water, can exercise a great and perhaps a decisive influence in the revitalizing of Europe and Asia. For example, the voluntary return of food coupons to the rationing authorities, by Canadians wishing to give of their individual abundance, bespeaks a deep stirring of the national conscience, and a recognition that all mankind are our neighbours. On a larger scale, for obvious geographic reasons and because it accorded well with the national *ethos*, this Dominion has been from the first an enthusiast in U.N.R.R.A.

EXTERNAL TRADE AND FINANCE

BUT it has also been borne in upon us that the decision to fight famine, at whatever cost, with Canadian foodstuffs—and the corollary decisions to make available abroad Canadian raw materials of many kinds at the charge (in the first instance, at any rate) of the Canadian Treasury—may be justified as much on practical as on moral or idealistic grounds. For it is fully realized by most persons in this Dominion, that from pioneer days onwards the Canadian economy was literally designed for the purpose of exporting our products. As a natural consequence of this development, whenever Canadian produce has been exported on a massive scale (and as long as it has brought an adequate return to the primary producers) we have known great and widely diffused prosperity.

Conversely, whenever the movement abroad of Canadian produce has been checked seriously, depression has descended on the cities, the towns and countryside, and on countless small frontier settlements impartially. None but the producers of gold are immunized against this otherwise universal blight.

Canada's activities, in U.N.R.R.A. for example, were therefore fully defensible on the ground of self-help; and on the same line of reasoning there was almost everything to be said for loans to Canada's customers abroad, whose external financial resources are by now depleted and need time for their rebuilding.

It was thus in a favourable atmosphere and with cordial expectation of agreement, that the loan to Britain was discussed, and the statement of its terms was signed on March 6, 1946. Most Canadians are agreed that in helping the Mother Country they do their duty by their own as well. While these lines are being written, the Financial Agreement between the Government of

Canada and the Government of the United Kingdom is still before Parliament; but it is already clear, despite some criticism in the French language newspaper press, that it will be ratified with virtual unanimity.

This and other (but less spectacular) credits in favour of friendly countries guarantee to the Canadian primary producer (for some years, at least) that as much as he can raise may be sold at remunerative prices; and further—of almost equal importance in the longer view—that as much of his output as he does bring to market will promptly be consumed and disappear.

So long as these arrangements are in effect, there is no need to fear that stocks of wheat and other staples will accumulate, and hang over markets and depress prices, and thus cause the product of later seasons to be sold at a loss; in other words, the familiar process which distinguished the nineteen-thirties will not, in the visible future, be repeated.

MAN-POWER AND PRODUCTION

MEANWHILE, the fact that man-power is scarce may be taken as evidence that, in spite of the difficulties attendant upon reconversion, a condition of business activity, not far short of what is technically called Full Employment, has been maintained in Canada so far; and this despite a steady shrinkage, during the past twelve months, in the statistical total of the national income resulting (of course) from gradually curtailed expenditures for war.

By late April, 1946, all but about 150,000 of the men and women serving in Canada's armed forces had been disbanded and discharged. About 400,000 persons appear to have disappeared from the labour market: young people, wishing to complete their education; wives and mothers, resuming their domestic responsibilities; older people, accepting the close of hostilities as a signal to retire. In any circumstances there would, in a northern land of severe winters such as Canada, be some seasonal unemployment now. Much more significant than the quite small percentage of unemployment reported by the Dominion Department of Labour, is the fact that in an increasing number of specialized occupations there is a labour famine already. The scarcity of man-power on the farms has already been mentioned. Labour is also short in many branches* of the building industry; there is at present a fairly widespread reluctance to take rough work in the bush; moreover, mill-owners in the textile industry do not now find it easy to lure back into their plants operatives who greatly benefited themselves in war-time (at least, temporarily) by finding work in the new munitions factories—and by getting themselves "up-graded" on an improving wage-scale, so long as war conditions lasted.

Parallel with scarcities of man-power, the lack of certain kinds of merchandise for civilian use (necessary concomitant in war-time of a total effort—but no less irksome on that account) persists uncomfortably. There is reason to believe that some of the remaining Canadian price controls, and wage and

* Thanks to long years of depression, followed by the mobilization for total war, during fourteen years past few men have joined the building trades here, either as regular apprentices or as immigrant journeymen. Thus the scarcity of labour in construction is aggravated by the prevalence of elderly men on many jobs.

salary controls, tend to prolong this condition; for at a time when production in many (still regulated) lines is very profitable, the temptation not to produce the lines which are unprofitable is likely to be strong. Meanwhile, because the means of purchasing at the disposal of the Canadian public has by now become immense,* as fast as new merchandise does appear on the shelves of retailers it is "snapped up" and disappears; efforts of merchants to rebuild their inventories, and to prepare for more orderly marketing conditions, have not been very successful.

It is to be noted, however, that, following the general termination of commodity controls, the price controls of the War-time Prices and Trade Board, with great care as to timing, are being gradually lifted; and it is reasonable to suppose that, in due course, the present wage and salary controls will also disappear. Thus the conditions of a free market are being restored; reconversion is, as it were, at half-way.

THE VETERAN AND HIS HOME

OF all Canada's war-time regulations, the rentals control is likely to survive the longest. In Parliament there is no disposition, either on the part of Government or Opposition spokesmen, to recognize a need for ending it. Meanwhile, the scarcity of housing is easily the greatest of our domestic worries—and perhaps it is potentially the most dangerous. For seven years of controlled rentals (while, in spite of the so-called "freeze" of wages and salaries, in general the workers' rates of compensation were continually rising) have enabled great numbers of Canadian tenants, at little trouble to themselves, actually to command more and better accommodation lately than was available to them in 1939.

The business of building residential properties in order to rent them has in these years been made less and less attractive, first of all because the cost of erecting and maintaining dwellings has increased and is still increasing substantially; secondly, because owners of real property (benefiting somewhat, it is true, by the reduction of vacancies nearly to zero) find their war-time incomes "frozen" by the rental regulations—while the taxes levied on those incomes have, of course, been increased enormously.

There are now, broadly speaking, three means of meeting the situation thus brought about in Canada. War-time Housing, a creation of the Dominion Government, has produced and is at present producing some thousands of dwellings, for persons of modest means, in various parts of Canada. Group enterprise in the field of housing is in the meanwhile encouraged by Part II of the National Housing Act, which is intended to make private capital available for housing projects with a minimum of risk, and on the cheapest possible terms. Finally, the citizen himself, unable to rent because there are virtually no properties available, can make his own arrangements with a private contractor, or can try to purchase his own home—perhaps, on account of war service, with some assistance from the State.

* On September 30, 1939, the purchasing power in the hands of the Canadian public was \$2.8 thousand million; on September 30, 1945, it had reached \$6.2 thousand million.

In the result, civilian heads of families, already living on a rental basis before the shortage of housing appeared, have been abundantly protected against the twin dangers of increased rental or eviction. Many hundreds of thousands, with incomes far larger than in peace time, are secured in their tenure on the basis of pre-war rents. Workers in areas devoted to the production of munitions have been provided with accommodation of a temporary character, but adequate for their immediate needs. Persons of means have been compelled to buy properties, since of vacancies for rental there were likely to be none. No "price ceiling" could be set upon houses, and accordingly the market prices of all houses, ancient and modern, have risen very substantially. Domestic servants have been almost unobtainable; the result is that the smaller the dwelling the greater the premium, in proportion to its actual cost, which is likely to be paid for it. A brisk business at high prices can thus be done in many parts of Canada by the small speculative builder.

Obviously the landlord is one victim of these circumstances; but there are others, in growing numbers. Worst situated of all, perhaps, in respect of housing needs, is the newly married veteran, obliged to purchase a dwelling at the figure now being asked for it before bringing his bride to live with him; probably lacking the financial resources with which to do this; and further, quite likely to be debarred from obtaining on the scale of his need a government loan (the provision of which was intended to cope with just this difficulty of the veterans), by the substantial excess of the price asked for it over the valuation for mortgage purposes of the dwelling which is available.

Not impossibly, the protests of married veterans *en masse* may bring about, at long last, a realistic appraisal of the problem.

THE DANGER OF INFLATION

FROM all of the foregoing it might well appear that there is widespread confidence about Canada's income prospects and the soundness of the Canadian economy; that the public is mainly concerned about lesser questions, scarcities still to be made good—especially in housing; but that otherwise it has a tranquil outlook on the future. Actually this is far from being the case. Great concern is felt about the dangers of inflation—the pressure of about 6,000 millions of dollars now circulating among only twelve millions of people is very strong. Paradoxically, too, great concern is also felt about the dangers of deflation; the brief but tragic collapse of 1921, as well as the long-drawn-out depression of the nineteen-thirties, will not be forgotten by this generation of Canadians. The possibilities of inflation, ending in another collapse, perhaps to be followed by renewed depression, provide a sombre background—against which are now being appraised the post-war plans of the Dominion Government.

Reference has already been made, earlier in these notes, to current apprehensions about the future of business in Canada. The Government has made public its own prophylactic* against depression, and means of maintaining

* See the White Paper, "Employment and Income with Special Reference to the Initial Period of Reconstruction", tabled in the Canadian House of Commons in April, 1945.

Full Employment. A central feature of this, the comprehensive scheme of Social Security which embraces Old Age Pensions and Unemployment Insurance and the so-called Baby Bonus (measures in effect already, by means of which about \$225 million are now being distributed annually), together with an ambitious project not yet adopted of Health Insurance (which is to cost officially some \$150 million per annum), would it is claimed do much to stabilize the spending of Canadian consumers at a satisfactory level, even when business conditions tend to become adverse. The service of Government debts aggregating about four times the 1939 government indebtedness* will, it is claimed, also tend to stabilize consumer spending. Furthermore, the proposal that, when business conditions do tend to become adverse, we should temporarily create a deliberate un-balance of governmental budgets provides an additional counterpoise at such a time against consumer parsimony.

It is unnecessary to particularize in any more detail than this the techniques by means of which it is hoped that prosperity may be stabilized. But it needs also to be remembered that in Canada, more dependent on export business than any British country (save perhaps New Zealand), a prerequisite to such now familiar techniques, which have warm advocates in many lands, is the financing of exports by means of credits created in Canada, the plans for which have already been mentioned. Even if all such credits are wisely granted and ultimately repaid, the cost of extending them during four or five crucial years ahead of us is bound to be great. These proposals thus involve in the maintenance in peace-time of very large outlays by governments and in particular by the Dominion Government. Somewhat late in the day, taxpayers are now becoming greatly concerned at the prospect.

A "normal" post-war Dominion Budget is envisaged, of something more than 2,000 millions of dollars annually; one, say, four times as large as the last of the pre-war budgets, which was itself unbalanced, and involved an element of deficit financing. Under these circumstances the question is already being asked whether (even under conditions of Full Employment) so great a load of taxation can be sustained permanently. Failing this, an element of enforced inflation to render the tax burden tolerable is a not impossible outcome.

THE LABOUR FRONT

TROUBLE is brewing, meanwhile, in quite another quarter: during last winter, while many costly labour disputes were disrupting production in United States industry, the trade unions of Canada (save for a long-drawn-out and bitterly contested strike of automobile workers) remained at work. But absence of strife in most of Canada was the reflection less of a peaceful dis-position than of a grim respect for Canada's winter climate. To-day, the

* The Minister of Finance told the Dominion-Provincial Conference, on May 1 of this year, that the gross cost of serving the Dominion's debt alone is now \$481 million. But the Dominion budget is not yet balanced; and the requirements of the debt service will necessarily be larger than the figure named above by the time when a balanced budget is again feasible.

frost is out of the ground and the streams are ready to be fished; and the life of a picket in a labour dispute is not uncomfortable. Demands on Canadian industrialists, parallel to those with which United States industrialists were being confronted last autumn, are now being made here, and with at least equal vigour; there is widespread determination in the ranks of Canadian organized labour to secure wage advances comparable with those lately gained south of the border.

This Dominion will indeed be fortunate if the disputes now simmering do not lead to serious work stoppages in the very near future. Scarcity of coal, already developing here as a result of the strike in the bituminous mines south of the Great Lakes, must in any case hamper and curtail industrial production in Canada. The scarcities of goods, and in especial, the scarcity of housing in this Dominion, will thus be prolonged almost inevitably.

Another question which is not yet answerable relates to the new level of wages which regulation by Government has established in Canadian industry—mainly during the past four years. Under peace-time conditions, can this level of wages be sustained without a commensurate increase in the prices of the products of labour?—these prices, to be paid by consumers, being of course at long last the sole source out of which wages can be paid. Here is another and an equally disturbing risk of enforced inflation. But if in the summer months of 1946 additional wage advances are to be secured in Canada, comparable with those gained south of the border during the past six months, the risk of an enforced inflation (which would in any case require careful consideration) will be very much enhanced.

To the degree that a final adjustment of Canada's economy must include an additional all-round (and probably permanent) raising of prices, the supposed benefits of recent or of prospective wage increases will be cancelled; and further, a disproportionate share of the cost arising out of these adjustments will be automatically levied upon persons of fixed income; for them there exists no natural means of obtaining redress.

If such things only concerned ourselves, they might be faced with a certain amount of equanimity; for as these notes have indicated already, the so-called Canadian standard of living, since the cessation of hostilities last year, has actually been higher than it was in 1939. But their influence cannot be thus narrowly confined. Much more serious is the danger that this country's power to succour the less fortunate elsewhere, in the supreme crisis now facing mankind, may be curtailed appreciably.

Canada,
May, 1946

AUSTRALIA

THE STRUCTURE OF GOVERNMENT

THE Australian Commonwealth Constitution Act has remained almost unchanged in form since its enactment in 1900. Under the Constitution, the Federal Parliament has a specific list of powers; the States are left with the general residue of power, and the distribution is such that in peace-time the greater part of the law governing the ordinary life of the citizen is State law.* In forty-six years Australia has grown in population, industry and national sentiment, and in doing so has achieved a national integration not altogether consistent with the separatist assumptions of the federal system. However, it would be misleading to suggest that the Constitution has become grossly unsuited to present-day needs. The people have hitherto been most unwilling to approve any considerable change; only three out of nineteen constitutional amendments submitted to referendum have so far been carried. This is some evidence that the federal structure has remained adequate to national needs. Formal amendment has to some extent been replaced by flexible judicial interpretation; the general trend of High Court decisions has favoured the expansion of Commonwealth power; and, in particular, the defence power has been interpreted to give the central government all the authority it needs in time of total war.

The process of national integration was greatly accelerated by the first world war and still more so by the second war, in which, as a matter of law, we are still engaged. During the past three years it has been generally assumed that this process of integration made inevitable a permanent and drastic amendment of the federal system to give the Commonwealth Parliament more power. Others considered that at least the problems of post-war reconstruction made a temporary increase in the Commonwealth's peace-time powers necessary. Proposals to this end were considered from 1942 until 1944 and ultimately rejected by the people.† Apparently this experience has convinced Mr. Chifley's government that no radical operation on the federal structure is likely to be accepted by the electorate. Accordingly it has decided instead to hold a referendum at the same time as the federal general election late this year, at which the people will be asked to give the Commonwealth any or all of three specific additional powers. The background to these proposals is briefly sketched below.

THE CONSTITUTION AND INDUSTRIAL PEACE

THE great wave of strikes which ended 1945 has subsided into an uneasy truce; sporadic disputes continue and threats of even greater disputes are made from time to time by Union spokesmen. Amongst the many issues in

* For a more detailed description, see THE ROUND TABLE, No. 98, March 1935, p. 339.

† See THE ROUND TABLE, No. 129, December 1942, p. 86; No. 133, December 1943, p. 77.

these disputes can be discerned a general Union demand for a forty-hours week and a substantial increase in the basic wage. Strong pressure was put upon Mr. Chifley's government to achieve these objectives—generally supported by the Labour party—by *Federal* legislation. But as the Constitution now stands, the Federal Parliament cannot in peace-time regulate general working conditions by direct legislation. It is authorized only to establish an Arbitration Court for the determination of inter-State industrial disputes.* The States can regulate industrial conditions by direct legislation. Such State laws, however, do not apply to the large number of employers and employees subject to Federal Arbitration Court awards, since those awards override State legislation. Moreover, the anti-Labour parties which control the Upper Houses in five of the six State parliaments are opposed to any interference with wages and hours save by arbitration.

The Unions subject to Federal Arbitration Court awards were ultimately persuaded by Mr. Chifley that the Government could not give effect to their demands by direct legislation, and that they would have to approach the Arbitration Court. This has been done by turning into a test case an application by the Printers' Union for a forty-hours basic working week in that industry. The Attorneys General of the Commonwealth and of the five States with Labour Governments, the Australasian Council of Trade Unions and forty-seven individual Unions have intervened on the side of the employees; the Attorney General of South Australia's Liberal—Country-party government and the major employers' organizations have intervened on the other side. Doubtless a basic wage case will similarly be launched. Thus for the time being the advocates of arbitration in the Unions have carried the day.

If, however, the Federal Arbitration Court should reject the Union's claims it is by no means certain that the matter would stop there. The A.C.T.U. has organized a series of workers' demonstrations to support the claims before the Court. Mr. Menzies, leader of the Liberal party, was quick to point out that such demonstrations could not affect the Court and looked like Communist tactics. However, these tactics may also be regarded as a sign of some desperation. As explained above, strike action is the only alternative to arbitration in the sphere of federal awards, and, in the sphere of State awards, direct legislation is for political reasons unavailable in most of the States; hence, if arbitration does not secure its claims, the A.C.T.U. may have difficulty in controlling the militant Unions which are unwilling to accept arbitration as final.

It is in this state of affairs that the Federal Labour Government will ask the electors at the coming referendum to grant to the Commonwealth Parliament power to make laws regulating the conditions of industrial employment, subject to a prohibition of industrial conscription. The Labour party advocates this measure largely in order to make legislation an alternative to arbitration in the sphere of federal awards, so that the Federal Arbitration Court will not have the last say on hours and wages in the industries subject to its

* Constitution, § 51 (xxxv). The High Court has given the word "inter-State" an elastic interpretation, but has denied to the Arbitration Court the power to make a "common rule".

jurisdiction.* However, the amendment would also make possible a considerable extension of the jurisdiction and powers of the Federal Court, and a corresponding reduction in the jurisdiction of State industrial tribunals. Such a simplification of the Australian arbitration system might be welcomed by many who are opposed to direct legislation on hours and wages, but this consideration is unlikely to outweigh their other objections. The opposition to the "industrial employment" power is due partly to fear of the use which the Labour party might actually make of it, if returned to power at the next general election; thus one Country party member has alleged that the Unions would secure not a forty- but a thirty-hours week by legislation. But there is also a genuine fear that the whole principle of arbitration of industrial disputes is in jeopardy, and that the principle could be destroyed just as readily by habitual resort to Parliament as by habitual resort to strikes. This view gains some support from the use made of the "Industrial Peace" regulations under the National Security Act during the war; on several occasions Union demands rejected by arbitration tribunals were given effect by regulation. It is accordingly likely that the Liberal and Country parties will oppose this branch of the referendum proposals, and that the matter will be determined largely on party lines.

It has been suggested that under its power to control external affairs the Commonwealth can legislate on any matters covered by treaties or international conventions to which it is a party, and that in particular by ratifying national conventions or recommendations of the International Labour Office and conventions or recommendations of the United Nations instrumentalities, it can acquire a power to legislate on industrial conditions. Some critics of Dr. Evatt's foreign policy have asserted that his championship of the principle of full employment at San Francisco, and the similar campaign of Australian delegates to Bretton Woods and the I.L.O., has been due partly to a desire of the Federal Government to have itself committed to this policy as a matter of international obligation, and thereby acquire the power to legislate on the lines required by such a policy. It is unlikely, however, that this doctrine will in practice provide a sound basis for federal legislation not otherwise authorized by the Constitution. In the only case directly on the subject—*King v. Burgess*, 55 C.L.R. 608—the High Court was not unanimous as to the extent of the External Affairs power, but all the Justices agreed that legislation giving effect to a treaty or convention must follow closely the terms of that document. It is unlikely that I.L.O. or other conventions will within the foreseeable future lay down conditions of industrial employment at a standard necessary to enable the Federal Parliament, in giving effect to them by legislation, to come anywhere near the conditions already provided by Australian arbitration awards.

THE CONSTITUTION AND COLLECTIVE MARKETING

THE second referendum proposal is that the Commonwealth be given power to make laws regulating collective marketing of primary products. The

* The proposed amendment actually goes farther than this, and would enable the Federal Parliament to supersede the awards of State tribunals as well.

necessity for this proposal arises from a series of High Court and Privy Council decisions extending from 1920 to 1936, which held invalid both State and Commonwealth marketing schemes, and schemes in which the States and the Commonwealth collaborated. The chief constitutional difficulty has been Section 92 of the Federal Constitution, which requires that inter-State trade, commerce and industry shall be "absolutely free". Successful marketing schemes require that restrictions be placed on inter-State movement of the commodity in question so as to maintain a profitable home price; it is these restrictions that the Courts have refused to permit. From 1920 to 1936 the High Court held that Section 92 did not bind the Commonwealth, which was accordingly able to supplement State schemes by the necessary restrictions on inter-State traffic.* But in 1936 this system was ended by a Privy Council decision that the Commonwealth, as well as the States, was bound by Section 92.† During the war many marketing schemes were conducted by the Commonwealth under the defence power. The constitutional validity of these is open to doubt, since even the defence power is subject to Section 92; they will certainly become invalid when with the advent of peace the defence power loses its war-time content. At present, the attitude of the Liberal and Country parties to the marketing proposals is not clearly defined. Both parties favour organized marketing to the extent that primary producers demand such schemes, but some members again fear the actual use which a Labour party administration might make of the powers proposed. Some Country party members would like to see a guarantee of producer-control inserted. Others point out that the proposal goes beyond strict necessity, since it would enable the Commonwealth to carry on organized marketing without the co-operation of the States; they would prefer an amendment which merely freed the Commonwealth from the operation of Section 92 to the extent required to restore the joint State and Commonwealth schemes operating before 1936. Others, however, consider that under present-day conditions Commonwealth control of internal marketing is a necessary corollary to its existing control over external marketing. It is possible, therefore, that the voting on this issue will not proceed on party lines.

THE CONSTITUTION AND SOCIAL SERVICES

THE third constitutional amendment which Mr. Chifley's Government is putting before the electors is to give the Commonwealth Parliament a general power to establish social services. The present Constitution expressly authorizes the Commonwealth to grant old-age and invalid pensions. Since 1912 Federal Governments, both Labour and non-Labour, have introduced federal maternity endowment, child endowment and hospital subsidies. The legality of these schemes has been doubted by many constitutional lawyers, including Dr. Evatt. The schemes were supported on the ground that Section 81 of the Federal Constitution enabled the Commonwealth to expend its revenue as it pleased. The views of the doubters were supported by the High Court of Australia in the *Pharmaceutical Benefits Case* (*A. G. Ex. Rel. Dale v.*

* Under its inter-State commerce power: Constitution, § 51 (i).

† *James v. Commonwealth*, 1936 A.C. 578.

The Commonwealth (1945), A.L.R. 435). In that case the High Court held invalid a Commonwealth scheme for the provision of free medicines. The Court was not compelled to deal with the scope of the appropriation power, but a strong majority of the Justices said that the Commonwealth could expend its money only for purposes connected with the legislative, executive and judicial powers specifically given to it. On this judgment it is very likely that the only Commonwealth endowment schemes which would withstand a Commonwealth family judicial challenge are old-age and invalid pensions. Commonwealth family endowment is now part of the settled policy of the country, supported by all parties. In the debate in the House of Representatives all voted in favour of this Bill except one lone liberal.

CO-OPERATION BETWEEN THE STATES AND THE GOVERNMENT

PREVIOUS articles in this journal have traced the steps by which the Commonwealth has acquired a decisive superiority over the States in matters of finance. This financial supremacy was fully demonstrated by the High Court's decision in the *Uniform Tax Case* (*South Australia and Others v. The Commonwealth* (1942), 65 C.L.R. 373), where the High Court held that the Commonwealth could give its taxes priority in collection over concurrent State taxes, and could make abstention from taxing in any particular field by the States a condition of Commonwealth grants to the States.* The scheme of uniform income taxation upheld in that case has now been continued in operation by Mr. Chifley's Government, so that the Commonwealth has a virtual monopoly of the two most important sources of public revenue, namely, customs and excise duties, and income tax. The State Premiers made a concerted attack on uniform income tax at the Premiers' Conference held at Canberra last January; Mr. Chifley bluntly informed them that the scheme will continue indefinitely, and the Premiers succeeded only in increasing the grants made to them by the Commonwealth in lieu of the income tax they have lost.

Even if the three amendments now proposed are carried, it will still be essential for the Commonwealth and the States to co-operate in order to carry on effective government in Australia. The Constitution provides no formal machinery for bringing about this co-operation. Section 105 A, introduced by amendment in 1929, has enabled the Commonwealth and the States to establish a joint Loan Council, but the functions of this body are strictly limited. Hence, in order to bring together the Commonwealth, with its financial resources, and the States, with their broader peace-time constitutional powers, it has been necessary to improvise an entirely extra-constitutional body, which, in typical British fashion, is quite unknown to the law of the land, has no rules of procedure and debate, and lacks even a permanent secretariat. This is the Premiers' Conference; once dominated by the States and rotating around the State capitals, the Conference is now dominated by the Commonwealth and held in Canberra. The federal Prime Minister usually summons the Conference, presides at it, prepares most of the agenda papers and provides a temporary secretariat. Loan

* See THE ROUND TABLE, No. 129, December 1942, p. 86.

Council meetings are always held at the same time as the Premiers' Conference, since the Premiers are usually the delegates of their governments to the Loan Council. However, there is a sharp legal distinction between these two bodies, and it is usual for many ministers and departmental experts to be present at Conference meetings who are not members of the Loan Council.

The Premiers' Conference of January 1946 dealt with many matters of great importance to Australia; it revised the Uniform Tax Scheme, adopted a comprehensive plan for unifying Australian railway gauges and a wheat stabilization scheme, and discussed the housing problem, soldier settlement and immigration. Some of the sessions were held in the presence of the press, at other sessions even Hansard reporters were excluded. This varying practice with respect to the press illustrates the ambiguous character of these conferences; at times they resemble an unofficial national parliament, at other times a super-cabinet of all the parliaments. Decisions requiring legislation or expenditure of public money are ineffective unless ratified by the Commonwealth and State Parliaments. In the past this has rarely been achieved. However, financial pressure may in future increase the authority of Premiers' Conference decisions endorsed by the Commonwealth.

The Commonwealth can also secure State co-operation by the machinery of conditional grants under Section 96 of the Federal Constitution. Under that section the Commonwealth makes grants to the States for specific purposes, and Commonwealth officers can supervise the expenditure of the money in accordance with policies determined by the Commonwealth Government. This machinery provides an answer to some, though not all, Commonwealth claims for increased power; it is argued in some quarters that it would be more economical and efficient for Commonwealth moneys to be expended by existing and experienced State instrumentalities with their special knowledge of local circumstances. Others consider that the tendency will be for the Commonwealth to step in where no State service exists, and that if one government spends money raised by another, both tend to be irresponsible.

The present financial relation between the Commonwealth and the States is considered by some to have destroyed the federal basis of the Constitution. Even before the introduction of the single Commonwealth income tax, all the States depended for their solvency on Commonwealth grants. Their dependence is now increased. We live too close to these developments to judge their importance with complete objectivity. In actual practice, Commonwealth officers do not stand over State administrators in their day-to-day work. They undoubtedly could do so, as a condition of Commonwealth grants under Section 96, but until they exercise this power, the States will retain a considerable degree of initiative.

PATCHING?

THE referendum proposals have been widely criticized as merely patching. The Liberal and Country parties propose that a representative constitutional convention should be elected, to examine thoroughly and in a non-party

spirit the working of the federal system, and recommend a properly co-ordinated series of amendments. This plan is endorsed by many who support some or all of the immediate amendments now proposed. It seems bad in principle that amendments to our basic system of government should be carried out in an empirical fashion, to meet some immediate need or make possible the implementation of a party policy. As against this, two considerations have been urged. First, the amendments proposed do in fact go beyond immediate practical needs, and are the result of difficulties in the working of the federal system which have been felt for many years. Secondly, it is possible that amendment of the Constitution has become inescapably a party question. The Labour party supports increased federal power partly because collectivism can more easily and efficiently be pursued in one central parliament than in six State parliaments, four of which* have Upper Houses elected largely on a property franchise, and another four† a distribution of electorates favouring the rural population. Opposition to any increase in federal powers comes partly from those who fear that radical parties are more likely to dominate the Federal Parliament than those of at least four of the States; these people regard the present distribution of powers as a bulwark against socialism. An elected constitutional convention might merely reproduce these political differences. Thus are the usual dialectics of a federal system replaced by class and party conflict.

The three referendum proposals look very modest when compared with the fourteen powers which the electors denied to the Federal Parliament in 1944, and some ardent supporters of Commonwealth power have condemned them as not merely patching, but superficial patching. This view is extreme. The three powers proposed would materially strengthen the position of the Commonwealth; the power with respect to employment would transfer to Commonwealth; the power with respect to Australian State politics, and the federal sphere some of the major issues of Australian political moment, might the other two powers besides being of considerable political moment, might necessitate a considerable increase in federal administrative activities. The ultimate effect of these proposals might be very considerable. It cannot be said, however, that the Australian people are taking any very great interest in these or any other constitutional problems.

The visit of Lord and Lady Louis Mountbatten was a welcome interlude in the debate. The tumultuous welcome they received demonstrated that Australians at any rate have a full appreciation of the most difficult and brilliant campaign of the Pacific War, and would like to see a positive system of British Commonwealth security established where so much else is uncertain.

Australia

April, 1946.

* Victoria, South Australia, Western Australia and Tasmania.

† New South Wales, Victoria, South Australia, Western Australia.

SOUTH AFRICA

THE BUDGET

WHEN the Budget was introduced a year ago the Union was still at war, but had started steadily reducing its war commitments. Yet total expenditure was still estimated upon a high level which did not permit of many tax changes in what Mr. Hofmeyr termed a transition budget. In point of fact exceptionally large votes on the supplementary and additional estimates brought up the total estimated expenditure in 1945-46 to £131,000,000, but revenue collections also showed their customary buoyancy, and it is estimated that we shall have entered the new fiscal year with a surplus of well over £3,000,000 on revenue account. This is all to be applied to the reduction of debt, thus bringing the net borrowing on loan account, already some £9,000,000 lower than the £56,000,000 originally expected, to less than £44,000,000.

The first post-war budget also comes into the category of a transition budget. Despite a drop of £27,000,000 on revenue account in the Defence estimates, the total expenditure on revenue account for 1946-47 is estimated at over £120,000,000, or within £3,500,000 of the original estimates for the previous year. Subsidies on imported grain (£10,000,000) and increased pay and pension commitments to the public service make a large hole in savings realized elsewhere. On the existing basis of taxation, however, Mr. Hofmeyr estimates that revenue in 1946-47 will have risen to over £138,000,000, owing largely to an increase of £5,500,000 in the yield of customs and excise, and £2,000,000 in the yield of the various forms of income tax.

This should provide a balance of close on £18,000,000, which could be applied to tax relief. For the future, however, a fixed sum of £1,500,000 is to be paid into revenue account from Death Duties, and the fluctuating excess will be paid into Loan Account. The State is also to sacrifice some £300,000 in Native Pass Fees, which will now accrue to local authorities in the Transvaal. All told, there is some £16,000,000 available this year for tax relief.

£2,500,000 of this are being devoted to a reduction of customs and excise on motor fuel, which now reaches the consumer at 4d. per gallon less—a concession that benefits not only the private motorist but the whole community when road transport is of such general importance as it has assumed in the world of to-day. Modifications have been introduced in the war taxes on property sales. Taxes or surcharges on new motor-car sales, telephone accounts, transfer duties and railway fares have been removed. The Personal and Savings Fund Levy, with its basic and fluctuating elements and its division into tax and deferred savings, is to become, for all married taxpayers, merely a surtax on their income-tax payments.

Excess Profits Duty, which had in some quarters been rather confidently tipped for complete removal, has instead (in respect of the tax-year 1945-46)

merely been reduced from 15s. to 10s. in the £, with an increased abatement over and above the actual pre-war standard, while the complementary Trade Profits Special Levy is being correspondingly reduced. The relief from these two taxes amounts to nearly £6,750,000 out of a yield of £21,750,000 (though the Treasury will rake some of it back again as income tax). It was known that some change would be made in gold-mining taxation. An able inter-departmental committee, whose appointment Mr. Hofmeyr announced in his budget speech in 1945, reported just in time for their recommendations to be adopted for 1946-47. As a result, not only is very much more generous provision for capital redemption being afforded to new mines, but gold-mining taxation is to be simplified into a single formula in place of the previous basic tax and formula *plus* special contribution. It means an overall reduction of mining taxation by £3,000,000 out of £17,000,000.

In all the circumstances this rather patchwork budget does its author credit. In traditional budget manner, there is something for everybody; and even though the commercial world is disappointed that the Excess Profits Duty and the Trade Profits Special Levy have not been repealed entire, the argument is obviously not completely one-sided. The Treasury is still busy re-viewing the whole field of income taxation of companies and individuals, so that precipitate changes this year (when risks of inflation are by no means an imaginary danger) might have proved harmful. The suggestion that the Minister is deliberately going slow, in order to have a large surplus out of which to make tax reductions next year, in anticipation of the next general election, cannot be taken seriously. The truth is rather that the Treasury is not alone in its planning; and if the spending departments have their way, it is and in view of the pressure for increased spending on "Social Security", it is more than likely that the coming revision of the tax system will fight shy of any far-reaching modifications where considerations of equity, simplicity or the stimulation of enterprise would suggest the abandonment or radical change of a tax which had proved a money-maker.

GENERAL SMUTS'S INDIAN BILL

THE work of the Session has been completely overshadowed by the Asiatic Land Tenure and Indian Representation Bill, the second reading of which was moved by General Smuts himself on March 25. The troubled history of the Indian problem in South Africa was narrated in detail in THE ROUND TABLE of June 1943* and need not be repeated here. Briefly, the problem consists in Natal, the main storm-centre, of a quarter of a million Indians, mainly descended from a very much smaller number who were imported between 1860 and 1911 as labourers in the sugar plantations of the coast belt. In the Transvaal are another 25,000, mainly belonging to the trading class and therefore on the whole more prosperous than their Natal kindred, most of whom are kept in poverty, as in India, by their very high birth-rate. Increasing numbers and increasing penetration, especially of the well-to-do into European occupied areas in Natal, have led to ill feeling for many years.

* See THE ROUND TABLE, June 1943, No. 131, p. 288.

Numerous conferences and commissions having failed to find a solution that would satisfy European feeling, a pegging Act was introduced three years ago as a temporary measure to prevent further encroachments. This was due to lapse at the end of March, and the Government decided to deal with the problem along its own lines during the present Session.

The resulting Bill falls into two principal parts. The first part continues and increases the pegging of rights to land. Section 2 says uncompromisingly:

"No person who is not an Asiatic shall, except under the authority of a permit issued under Section 8, enter into any agreement with an Asiatic in terms of which any party to the agreement acquires or proposes to acquire any fixed property in the Province of Natal (other than property referred to in Section 9) and no Asiatic shall, except with the said authority, enter into any such agreement with a person who is not an Asiatic."

Section 4 makes similar provision with regard to rights of occupation. Section 8 opens the door for permits overriding these provisions in special cases at the Minister's discretion. Section 9 and the schedule of the Act prescribe certain exempted areas within which Europeans and Asiatics may freely acquire ownership and occupation rights from one another. So far as these areas have been defined, they appear to have been conceived in a fairly generous spirit; and the Land Tenure Board (consisting of three Europeans and two Indians), which is established by subsequent sections, should form a useful safeguard against injustice, in addition to its primary function of ensuring that the provisions of the Act are carried out.

In deference to the hardening of European opinion in Natal, the Bill goes beyond the pegging Acts by pegging the right of purchase, as well as that of occupation, and by extending the operation from the leading towns to the rural areas. On the other hand, the release from all restrictions of large areas in which Indians at present predominate creates an easier situation.

Chapter II of the Bill deals with franchise provisions for Indians on a communal basis. The Indians of the Transvaal and Natal are to have two representatives in the Senate (one nominated by the Governor General and one elected) and three elected members in the House of Assembly. In addition, Natal Indians will have two representatives in the Natal Provincial Council. In terms of the South Africa Act the Senators and Members of Parliament must be Europeans; but the Provincial Councillors may be Indians. At first sight it seems curious that the Orange Free State and Cape Province are not mentioned. The explanation is that Indians have never been admitted to the Free State and that in the Cape Province they already have representation, through being admitted to the common roll.

A number of further sections settle long-disputed points in regard to the rights and disabilities of Transvaal Indians. They are highly complicated, but make no substantial change and have not played much part in the discussions.

At the time of writing it seems certain that the Bill will pass through all stages with little material change. But angry passions have been aroused on both sides, which will not easily be allayed. The Natal Indian Congress has

described the first part of the Bill as "a diabolic attempt to strangle the Indians economically and degrade them socially", and the second part as "a spurious offer of a sham franchise". So normally moderate a statesman as Mr. V. Sastri called the Bill "hellish". And the Indian Government, in response to the agitation among Natal Indians, has broken off trade relations, thereby causing great inconvenience to both countries. Extremists on the other side have been equally ferocious. The Nationalists and Dominion party (an almost exclusively Natal party), joined by a section of the Labour party, have fought the franchise to the last ditch, on the broad ground that Asiatics, being unassimilable, should have no political rights. General Smuts defended the Bill as the best practical measure. "In practical matters", he said, "one has to ask what is practicable and not what is ideal or theoretically the best solution", and he has carried his party with him to a man, in spite of many doubts and questionings. Mr. Hofmeyr, the Minister of Finance, who has a stubborn conscience in these matters, found himself able to support General Smuts's solution. He pointed out that under the Pretoria Agreement of 1944 the Natal Indians, with whom moderate counsels then prevailed, were prepared to agree to something very like the present land proposals, and that it should not have been difficult to negotiate a restriction upon ownership, as well as upon occupation, in return for a franchise on the present lines, which at that time did not enter into the discussion. On balance he could not see how there could be much objection to the Bill from the Indian point of view, compared with a Bill based upon the Pretoria Agreement, which they were prepared to accept; and because the Bill made a beginning of political rights he considered it one of the most important measures that had come before Parliament. This view indicates the importance of regarding the Bill as a whole. Both the new restrictions and the new privileges are obviously open to objection, the first as placing new disabilities upon a defenceless minority, the second as creating yet another communal franchise and with it another split in the political organism of South Africa. But the substantial questions are, Does the Bill as a whole injure or improve the Indians' position, and is it the best that can be got?

THE FACT OF RACIAL ANTIPATHY

EUROPEAN feeling in Natal against social juxtaposition with Indians is a cold fact which statesmanship must reckon with. How much of it is due to pure race or colour prejudice, how much to commercial jealousy and how much to genuine alarm for the future of European civilization might be difficult to determine. But the fact is there and any permanent solution must make some concession to it.

It is fair also to say of the land-tenure clauses that they do not amount to segregation as that term is generally understood in South Africa. What the segregationists have demanded while the Bill has been under discussion is the compulsory transfer over a period of all land in the European area to Europeans and the setting aside of other areas exclusively for Asiatics. What the Bill does is to preserve the *status quo* in the greater part of the country, *i.e.* that Europeans except under permit can only transfer to Europeans and Asiatics

only to Asiatics, while providing "exempted" areas in which both are free to purchase or occupy. The result will be, first, to put an end to further penetration by Asiatics into predominantly European areas, and secondly, to make it probable that in course of time the exempted areas will be occupied solely by Asiatics. The colour of non-discrimination may not be much more than a colour, but the effect is very different from the segregation plans of the Opposition. The new restriction upon purchase affects mainly the richer class of Indian who seek to invest in flats or shops for European occupation. The poorer class will be comparatively little affected in the present. As Mrs. Ballinger pointed out, an artificial inflation of land values in the limited areas to which they have access may end by forcing farm-workers into the city as cheap labour. But that is a distant prospect.

THE FRANCHISE QUESTION

THE franchise clauses are much more hotly disputed, and their supporters gain no help from the Indians themselves. The Broom Commission recommended last year that in order to satisfy their natural political aspirations the Indians in Natal should be placed upon the common electoral roll, but with a heavily loaded franchise which would have the effect, at the present stage of education and income, of giving the vote to approximately 3,000. This is also the situation preferred by a considerable section of liberal opinion in the United party. Mr. Hofmeyr left no doubt as to his own preference for the common roll. He is against the present communal representation for Natives and more emphatically against any extension of that form of representation to the coloured people. He holds the same opinion with regard to Indians, though with less force because they have never enjoyed the right of voting for a representative in the Union Parliament; in other words, a communal franchise for them does not involve a deprivation of rights as in the other two cases. On the other hand, no proposal for placing Indians on a common roll could possibly have succeeded in this Parliament, even with the restrictions envisaged by the Broom Commission. Liberals themselves are apt to shy at the idea of giving Asiatics a share in political power commensurate with their numerical strength. Broadly they take the trusteeship line. They hold that the Indian is entitled to equality with other sections with regard to education, health and other facilities, and secondly, that in order to secure these benefits he is entitled to have his voice heard in the normal constitutional way. This does not mean a share in power but an opportunity to put his case forward in Parliament where these matters are decided. To this extent even the moderate Liberal is affected by colour prejudice and regards himself as the Defender of White Civilization. Not many would go to the length of agreeing that when the Asiatic has become westernized he can be regarded as assimilable and granted full rights of citizenship.

The reactionary view, represented in Parliament by Nationalists, Dominion party and some Labour members, regards any concession of political rights as out of the question, since the grant, in however small a measure, entails the risk of surrendering power to the Asiatic community and so deflecting the course of European progress. An argument frequently used was that by

adding three Asiatics to the three native representatives the Bill would create a non-European *bloc* in the House of Assembly which might, if the other parties are evenly matched, hold a balance of power. Some Nationalists suggested that if Asiatics are to have representation in the House, their voting rights should not extend to matters concerning war and peace, defence, and the electoral laws, which they regarded as peculiarly the responsibility of the European.

In this atmosphere the agreement of the United party to press the franchise chapter must be regarded as a considerable achievement in itself and as marking a notable advance in political thought.

AN IMPASSIONED CONTROVERSY

NEEDLESS to say, these considerations do not affect the Indian attitude. Extremists are now in the saddle in the Natal Indian Congress, and nothing short of complete equality will satisfy them. The fact that India is accustomed to the communal franchise and will certainly have to put up with it in the future does not weigh with them. They are on stronger ground in objecting to the fact that the Indian representatives in Parliament (though not in the Provincial Council) must be Europeans. But this limitation is due to the Act of Union and the pacts preceding it, and could not have been abrogated by this Bill without raising another storm. On the broad issue, it is generally agreed that the three communally-elected Native representatives in the House have not only served the Natives well but have contributed much to the enlightenment of the public on native affairs when these come up for discussion. There is no reason to doubt that equally good results will ensue from Indian representation on the same lines. And in one respect the Indians are definitely favoured. They have a far higher *per capita* representation than the very much larger native population. After time for reflection the Indians will probably accept the new franchise as a definite step forward. They can hardly continue to ignore the fact that half a loaf is considerably better than the total absence of bread prevailing to-day in the Transvaal and Natal.

SCHISM IN THE LABOUR PARTY

A REMARKABLE parliamentary development has been the break-up of the Labour party on this question. From published statements it appears that the party caucus agreed by a majority to support the Government proposals, but also decided, in deference to dissentients, that members might speak and vote as they pleased. The result was that the leader, Mr. Madeley, the Deputy Leader, Mr. Van den Berg, and one other member not only voted against the franchise proposals but spoke against them with a violence almost surpassing that of Nationalist spokesmen, while the other members spoke and voted in the opposite sense. Futile attempts to cover the disaster ended in the resignation of Mr. Madeley from the leadership and the resignation of Mr. Van den Berg from the party. Even in South Africa, where the Labour party represents mainly the skilled, highly paid European artisan and has to take account of his prejudices, the obscurantist attitude of a veteran Labour leader like Mr. Madeley came as a severe shock. Without a rudder the

difficulty than before in satisfying their needs, an important matter in view of the high tempo which production is expected to maintain.

A noteworthy illustration of the lack of man-power and materials is the Government's decision to restrict building during the next year to something like half the ascertained demand. The Minister of Works (Mr. Semple) says that a survey made by his department indicates that the building projects now awaiting licences are estimated to cost £37,369,000. This amount, which is about evenly divided between Government and private enterprise, includes deferred building works, deferred maintenance and new projects. It would produce what Mr. Semple describes as "a terrific upsurge in building costs" if this whole demand were thrown without restriction on a market flush with money, reasonably well served with man-power, but suffering badly from lack of such materials as cement, timber, baths and builders' hardware. The Government has therefore decided to grant licences up to a limit of £19,110,000. Of this about £12,500,000 will be allocated to housing construction, of which the State will be undertaking half.

The Government has taken further steps to implement its policy of a five-day week. Most of the Government offices now close on Saturdays. Banks and wholesale houses have followed suit, and now most of the retailers. The first real sign of public tension came when butchers and bakers decided not to work on Saturdays and housewives were faced with the necessity of providing for the whole of their week-end needs on Friday, and in some cases having to be content with bread baked on Thursday. This resentment seeks a vent through the recent formation of a housewives' association.

There is as yet no sign of a shrinkage in purchasing power or of any appreciable increase in the supply of consumer goods to satisfy it. While there is still a great dearth of commodities of which we have stood in need for many months, British trade representatives who have visited New Zealand hold out little hope of an early fulfilment of orders. British ships are appearing in our ports more freely than for some years. Though they bring no great quantity of consumer goods, they are welcome because they encourage the hope that they may be able to hurry foodstuffs to Britain.

FOODSTUFFS FOR ENGLAND

THE rationing of foodstuffs in New Zealand remains as it was during the war, and there is no public agitation to have our allowances increased while the needs of Britain and of Europe are so urgent. On the contrary, public opinion over a wide area has been genuinely exercised over ways and means of increasing shipments to the Old World. During the war most families were sending parcels regularly to their men overseas; a large proportion also were sending to relatives in Great Britain. The circumstances of the British people have been discussed sympathetically throughout the country and there has been a growing impatience on the part of the public to be doing something tangible to help.

In February the Government announced its decision to make a free gift of £1,000,000 worth of food, for which shipping was being made available.

A few weeks later a deputation from the Council of Churches and the Red Cross urged the Government to ration butter and meat more strictly and to take control also of cheese, barley and fats. The Federation of Labour, which was also represented, considered that rationing did not ensure equality and favoured a drive for the voluntary saving of food. Ministers stated that our barley crop was short by 200,000 bushels, which could not be made good by imports, and that the Government hesitated to ration butter more severely in face of statements by health officers that there were already signs of malnutrition amongst New Zealand children. The Government therefore preferred to try first what could be achieved by voluntary surrender of ration coupons: if that failed they would consider other means. Meanwhile they could send 4,000 tons of peas to Great Britain.

When a national committee was set up to put into effect the appeal for voluntary saving it was stated that the number and weight of parcels being sent privately to Great Britain was being reduced at the request of the British Ministry of Food. The New Zealand Government had made proposals for increasing the meat export by immediate shipments, by extra culling of sheep and relaxing export conditions. The Prime Minister made an eloquent appeal to the public to help increase the export of dairy produce, fats and meat, and promised the full support of the Government.

THE PRODUCING SEASON

UNFORTUNATELY New Zealand, in common with other producing countries, has suffered adverse conditions during the current season. In the South Island a series of floods had a serious effect on the wheat crop, so that we shall be unable this year to do anything to mitigate the world scarcity of cereals. Our estimated yield of wheat for the season is the lowest for twenty years—only 32 bushels to the acre, compared with 38 the previous year. To make good the deficit we have had to import over 5 million bushels, which is about twice as much as we had to obtain four years ago. To encourage growers for the 1946-47 season the price has been fixed at 7s. 1d. a bushel, which represents a producing bonus of 7d. In the North Island prolonged drought caused a very grave reduction in butterfat. Abnormal and widespread grass and bush fires added to the havoc, causing a shortage of feed which necessitated the shipping of fodder from the South Island and a premature killing of fat stock. According to statistics supplied by the Marketing Department for the whole Dominion, the manufacture of butter at factories is returned as 137,946 tons weight, a decrease of 11,167 tons from the preceding year, and the cheese as 96,857 tons, a decrease of over 2,009 tons. On a butterfat basis the output to the end of March shows a production of 11 per cent. As the result of special measures resorted to, the total production of meat for the export season thus far (October 1 to March 30) is well maintained. The killings of beef and mutton amounted to 8,389,618 carcasses as compared with 7,006,233 carcasses for the preceding year. The quantity held in store in New Zealand was 808,000 carcasses less than at the same date last year.

THE DOMINION AND THE UNITED NATIONS

NEW ZEALAND followed with considerable interest the proceedings of the General Assembly of United Nations, and not without pride the part played by the Prime Minister. Though conservative voices here and there insist that as a small country New Zealand should be less vocal at such gatherings, it is now generally recognized that in this company we have a special right to speak and to take an equal share in leadership. New Zealand's record in social reforms and in the administration of native races in the Pacific definitely qualified her Prime Minister to speak his mind. Opposition politicians and press have agreed not only that he has represented the Dominion worthily, but that the actual results achieved give us reason to be satisfied.

Mr. Fraser's election as chairman of the Social, Humanitarian and Cultural Committee is fully appreciated, and no disappointment was felt at our withdrawal from the election of the assembly in favour of Yugoslavia. On all the evidence New Zealand stands squarely behind the international policy enunciated by Mr. Fraser and approves his pledge that our Mandate for Western Samoa will be held as unreservedly under the jurisdiction of the trusteeship council as it was under the League of Nations.

The recent visit of the Prime Minister to Australia, followed by the statement (as yet unconfirmed) that it will lead to a closer association of New Zealand and Australia with the Pacific defence policy of Great Britain, has served to calm some uneasiness as to whether the implications of the Canberra Pact might tend to draw us rather towards the orbit of the United States.

BRETTON WOODS AGREEMENT

OWING to delay in the loan negotiations between the United States and Great Britain, the New Zealand Government found it impossible to bring before Parliament in its last session the question of our participation in the International Monetary Fund and the International Bank for Reconstruction and Development. This prevented New Zealand from completing her membership before the end of the year. We were therefore represented at the first meeting of the Board of Governors of these institutions only by observers. In view of the circumstances, it was suggested to the United States that countries so situated should be permitted to complete their qualification as soon as convenient and enter the agreement nevertheless as original members. This course has been approved, and Mr. Nash has explained that the agreements will be brought before Parliament as soon as possible in the forthcoming session, so that our membership may be completed by the end of July.

AVIATION

At the civil aviation conference held in Wellington in the first days of March, Lord Winster (Minister of Civil Aviation) represented Great Britain and there were delegates also from Canada, Australia, Fiji, the High Commission of the Western Pacific and New Zealand. It was resolved to establish, as a joint agency representing the governments of the United Kingdom, Australia and New Zealand, a corporation known as British Commonwealth Pacific

Airlines, which will be registered in Australia and will operate the trans-Pacific trunk services from Sydney to Vancouver and Auckland to Vancouver.

The South Pacific Air Transport Council, the formation of which was recommended by the New Zealand Government, is advisory in character, and has certain responsibilities in reviewing air services throughout the region. It will take cognizance of matters affecting the Empire system and the separate Dominion services, and, by agreement amongst the Governments, it may be given executive powers. The Council will be the immediate authority also over air facilities, meteorology, communications and so forth. Though the 1940 agreement between Australia and New Zealand, which governs the operations of Tasman Empire Airways, has expired, the three governments concerned have been carrying on under the same conditions. New Zealand is expected soon to have a greater capital holding in this corporation.

As the outcome of the conference New Zealand accepts responsibility for the provision, maintenance and operation of facilities required for carrying on air services in the South Pacific, covering Fiji and the islands to the east. In making this announcement the Prime Minister hoped that the discussions at Wellington might help in establishing air services with other neighbours in the Pacific, particularly the United States.

The New Zealand Airways Corporation was established by the act of last session (1945, no. 28), which gave it authority to take over any aircraft and other property that it considers necessary.

POPULATION AND REPRESENTATION

A CENSUS taken in New Zealand on September 25 was the first for nearly ten years. The total population, Maori and Pakeha, at that date, counting 45,381 men and women serving overseas, was 1,747,679. This showed an increase of about 11 per cent for the decennial period. The Maori population now numbers 98,744, an apparent increase of 19.9 per cent in the ten years. Once more the South Island shows a slower rate of increase than the North. In the first half-century of our history the North Island was greatly retarded by the Maori wars, while in the South population made a lively advance under the impetus of gold discoveries. At the turn of the century the North Island once more forged ahead, and since then its rate of advance has increased *pari passu* with a decreased rate in the South. The result is that to-day two-thirds of the whole population is in the North.

Where the South feels its loss most keenly is in parliamentary representation. Following the count of population the representation commissioners have now completed their adjustment of the electoral boundaries to the movement of population. In the last Parliament there were 48 European seats in the North Island and 28 in the South. Now the South loses two more seats and the numbers become 50 to 26, or nearly two to one.

The census showed a considerable concentration about the two large cities of the North Island. Wellington, with its twin city of Hutt, which formerly returned 7 members, will now have 9, while Auckland, with its more closely settled environs, will now have 12 members. The drift to the towns is very

marked; to-day only 334,655 of the adult population are living in county areas and 670,726 in cities and boroughs. Before the adjustment there were 35 urban and 41 rural constituencies; now there are 42 urban and only 30 rural.

Quite a number of rural electorates have had their boundaries expanded until they resemble again the far-flung constituencies of early colonial days. Until last session the country districts had enjoyed for sixty years a country electoral quota (latterly 28 per cent) which was designed to counterbalance the disadvantages of isolation and poor communications. This was abolished by the Electoral Amendment Act of 1945, which provided that electorates should be as nearly as possible equal on the basis of adult population. This means that after the next general election, at the end of this year, each member will represent about 13,500 electors. There are 4 Maori electorates in addition to the 76 European.

Though several leading members on each side of the House find themselves for the moment without a constituency, the drawing of the new boundaries has been generally accepted as equitable. The National party, whose prospects were expected to be injured by the loss of the country quota, seem to be not displeased with the new allocation of seats.

The Government has made social history by appointing two women to the Legislative Council, one of them having been previously a member of the House of Representatives. Though women gained the franchise in New Zealand in 1893 they were not eligible for the lower house till 1919, and for the Legislative Council till 1941.

AVE ATQUE VALE

NEW ZEALAND has in the last few weeks welcomed two foreign diplomats, M. Armand Gazel (France) and M. Ziabkin (Russia).

In April Lord and Lady Louis Mountbatten were the guests of the Government on a short visit to the Dominion. They had a most enthusiastic welcome and visited many parts of the country. Lady Louis was much interested in the work of the Order of St. John of Jerusalem, which is particularly strong in New Zealand.

This week the Dominion bade farewell to the Governor-General (Sir Cyril Newall) and his family. During their term in New Zealand Their Excellencies established personal relations with a wide section of the people, notably in patriotic and youth organizations. Pending the arrival of Sir Bernard Freyberg, who is expected in the middle of June, the Government is being administered by the Chief Justice (Sir Michael Myers).

ADMONITION TO LABOUR

A STATEMENT prepared for the New Zealand Federation of Labour by its representative on the Economic Stabilization Commission (Mr. F. P. Walsh, President of the Seamen's Union) has caused a stir in labour circles. Warning the workers of the perils inherent in the changeover from war to peace, he said that unless sound policy was pursued the progress of the Dominion might be jeopardized for years to come. The Federation had warmly supported economic stabilization, which had had a great measure of success; but

if they abandoned controls during transition they might wreck the economy of the country. The accumulation of money and savings, with the scarcity of goods, raw material and man-power, might endanger Labour's endeavour to raise standards of living, which were of benefit to the whole community. The only way to achieve their ideals was to produce more goods and services. Deflation would be worse than the disease; only the maximum peace-time production could fill the gap. This the workers could do if they had the raw materials. If they did not close the gap it would be closed for them, either by inflation of prices or by deflation of money and incomes. Both were poisons which should be avoided by adopting the only sensible way out, increased production. Owing to the high price of British goods which were urgently needed and the less inflated price of our exports, our sterling balance might possibly be inadequate to meet the necessary importations and there were sound arguments against the repayment of overseas debts at this moment. The trading partnership between Britain and New Zealand, which had had such good results for both, should be maintained in the most effective manner. They should encourage industries which lent themselves to development in New Zealand, but not build a wall of protection regardless of efficiency. An increasing proportion of wage increases, including the 40-hour week, was being financed by subsidies as an alternative to price increases. Subsidies could not be carried on for ever without disaster. Industry was not being propelled by its own power but on Government subsidies, a large portion of which came from the incomes of wage and salary workers. They had also been used to keep down the price of essentials in the cost of living. More essential goods must be produced and price controls relaxed where they tended to prop up the least efficient units in the capitalist system. Labour was no longer just fighting for wages but to increase actual standards of living, which could only come from production, not from the printing of a note issue. They were now asked to contribute something more than their labour, to play a part in improving efficiency and solving economic problems. Every gain in production placed additional goods at the disposal of the Government for distribution, and from every loss the workers must suffer. He warned them against undisciplined individual action for gains which could be obtained equally well through normal machinery. If they did not do their fundamental duty in increasing production they would be sacrificing the goal of higher living standards for all.

Whether there is any cleavage in the labour movement remains to be seen. The Hon. A. McLagan, President of the Federation of Labour since its formation nine years ago, has tendered his resignation. He was always associated with the industrial wing of the movement and had had no political experience when he was brought into the Labour Government during the War as Minister of Man-power, with a seat in the Legislative Council. It is said now that he is likely to contest a seat in the lower house at the general election.

New Zealand,
April, 1946.

INDIA

THE CABINET MISSION

THE Secretary of State for India and two of his colleagues in the British Cabinet, Sir Stafford Cripps and Mr. A. V. Alexander, have now been working in association with the Viceroy for six weeks. When the mission arrived the provincial elections were just being completed. These had, as expected, made the situation more, rather than less, difficult. The Hindu and Muslim communities had been squarely divided into opposing political camps, the one standing for the division of India and the other for its unity. The Muslim League, ably and astutely led by Mr. Jinnah, asked the voters to demonstrate that the League, which stood for separate sovereign States for Muslims, was the only authoritative spokesman of the Muslim community. They asked the British to divide and quit, in that order; but the sharper edge of their polemic was reserved for the Hindus. The Congress party, which claims to speak for all communities, swept the Hindu polls on the basis of independence first. The communal implication of this was that Indians freed from third-party interference should decide their own constitution according to the accepted code of democratic procedure. The Hindus of course outnumber the Muslims by three to one.

The sharp edge of Congress polemic was accordingly directed against the British, although, as India's demand for complete self-government had already been accepted in principle, the Congress propaganda had no meaning except in relation to the communal issue. The Congress leaders got over that difficulty by assuming British bad faith; and their election campaign was characterized by inflammatory and seditious speeches which brought about furious riots of a distinctly racial character, particularly in the great cities of Calcutta and Bombay, a serious mutiny in the Royal Indian Navy, and unrest in other services. It began to look as though a race had set in between an agreed settlement and the complete disintegration of the government machine. Gandhi, taking alarm at the way things were going, began to advise his countrymen publicly that they had better take the British promises at their face value, at least until events had proved them untrustworthy. But it was not easy for him to turn the clock back. The fact is that new forces are arising in Indian politics. The older leaders of both parties are highly communal-minded; the younger element in the country is tired of feuds which have little relation to the everyday life of the ordinary man and which, as they see it, unnecessarily delay India's march to independence. They have taken inspiration from the so-called Indian National Army, which, if it was a sorry fighting force, at least had taken direct action against the British and made short work of communal differences in its own ranks. The announcement that a Cabinet Mission was coming to India to settle helped Mr. Gandhi to steady the situation. But as far as the younger school of India's politicians is concerned, we are enjoying a truce only for the period of the negotiations.

The Cabinet Mission, for their part, although they are in a strong moral position and still have substantial bargaining powers, have had their negotiating space cramped by the too successful assaults made during the elections on the citadel of government authority. The assumption that the Mission are determined to settle, whatever the shape of the settlement, expresses, in the view of many observers, no more than the necessities of the case.

Mr. Attlee's speech on the eve of the Mission's departure to India created, on balance, a good atmosphere for the negotiations. The Congress Party were impressed by his assurance that independence—if India preferred that were impressed by his assurance that independence—was hers for the choosing. A subsequent explanation to Dominion status—was hers for the choosing. A subsequent explanation by Sir Stafford Cripps that India need not wait to be independent until the new constitution had been formed, but that the constituent assembly would be sovereign, also made a good impression. Reactions to Mr. Attlee's statement that, while minorities ought to be able to live free from fear, no minority could be allowed to veto the progress of the majority were more mixed. Congress party publicists complacently assumed this to mean that the interim Government, in which they were primarily interested, would be formed regardless of the attitude of the Muslim League. Mr. Jinnah, for his part, took offence, and sharply called the attention of the Mission to pledges given to Indian minorities in 1942, when the British were “in need of Indian blood and money”. An assurance that the Mission regarded the Muslims as one of the great communities of India and were thinking in terms of government by consent appeased him; and the Mission began sounding a wide range of possible solutions on which they might try to reach a compromise agreement.

The Mission's effort has been to try to assist the two parties—without taking the responsibility for decision out of Indian hands—to reach an understanding on the structure of a constitution for free India, on the basis of which both will be ready to co-operate in forming an interim government and setting up constitution-making machinery. It need not be concealed that they have had a hard row to hoe. The Congress party took their stand on independence, the unity of India, which meant in practice a strong central Government, and one constitution-making body. The Muslim League took their stand on a declaration of Pakistan, which meant conceding in principle separate sovereign States to Muslims on the basis of four provinces in north-western and two in north-eastern India, and the consequent acceptance of two constitution-making bodies. Treaty arrangements were envisaged for the co-ordination on an all-India basis of subjects such as defence and foreign affairs. Muslims, as they declared, would have nothing short of completely sovereign States. The Congress motto, on the other hand, was “any concession to the Muslims short of sovereign states”.

The argument went on at long range to the accompaniment of mounting communal tension, for which violent speeches of leaders on both sides were not a little to blame. Neither party would negotiate with the other unless its particular point of view was accepted in advance; and a great deal of patient effort by Sir Stafford Cripps to get them to move their positions a little closer to one another produced very little reward. Finally, the Mission invited both

to meet together with them and continue negotiations on a draft scheme drawn up by the Mission. Neither has accepted the basis of negotiations, but both have agreed to negotiate. And there we stand at the moment.

The root of the trouble is perhaps mutual Hindu and Muslim distrust of the uses to which each will put political power in an independent India. It has its roots in history preceding the British conquest and has been nourished by the tendency of Indian politicians to turn democratic institutions to the account of power politics. It leads the Muslim League to object to any arrangement which might lead to the government of India by a Hindu majority. It leads the Congress to oppose any that might give the Muslims a completely free run in even those regions where they are a majority. Plenty of solutions can be envisaged which would give the Muslims all the safeguards they need for equality of opportunity in a free India without destroying the unity essential for the economic well-being and military security of free India. But acceptability of any solution depends on the readiness of the two communities to take each other, in a certain measure, on trust, and signs of that have hitherto not been apparent.

THE CONSTITUENT ASSEMBLY

As was rather expected, the Simla Conference did not produce an agreement, but its results were by no means negative. Mr. Jinnah, appreciating perhaps that his demands for completely sovereign independent States would not be supported by the British, was found ready to compromise on a formula providing a centre of union for all India based on two groups of Provinces. There was some trouble with the Congress party over the powers and range of subjects to be entrusted to the central authority and over the methods of forming the groups; and the Conference just failed to bridge the gap between the two parties. However, they did reduce differences to a point at which it was thought an outsider could give a decision without provoking a very violent reaction on either side; and after a fortnight at Simla the Cabinet delegation returned to Delhi to make their recommendations.

These were contained in a masterly document running to nearly 5,000 words. They covered "a basic form of constitution" which, in the view of the Mission, would be acceptable to all parties; constitution-making machinery; and interim government. On the first question the delegation recommended that

- (1) There should be a Union of India embracing both British India and native States, which should deal with the following subjects: foreign affairs, defence, and communications; and should have the powers necessary to raise finances required for these purposes.
- (2) The Union should have an Executive and Legislature constituted from representatives of British Indian States. Any question raising a major communal issue in the Legislature should require for its decision a majority of the representatives present and voting of each of the two major communities, as well as a majority of all members present and voting.

- (3) All subjects other than Union subjects and all residuary powers should be vested in the Provinces.
- (4) The States will retain all subjects and powers other than those ceded to the Union.
- (5) The Provinces should be free to form groups with executives and legislatures, and each group should have power to determine the Provincial subjects to be taken in common.
- (6) The constitutions of the Union and of the groups should contain a provision enabling any Province, by a majority vote in its Legislative Assembly, to call for reconsideration of the terms of the Constitution after an initial period of ten years, and at ten-yearly intervals thereafter.

Here were proposals which, if accepted by the main parties of British India, would, as Sir Stafford Cripps put it, remove the block in the way of constitution-making caused by the radical divergence of their views on the structure of a free India. The delegation essayed a nice compromise between the demand of Congress for one and of the Muslim League for two or more constitution-making bodies. The essence of their proposals was that each Province should be allotted a total number of seats in the Constituent Assembly proportional to its population. This provincial allocation of seats should be divided between the main communities in each Province in proportion to their population. Representatives allotted to each community in a Province should be elected by the members of that community in its Legislative Assembly by the system of proportional representation with a single transferable vote. The Indian States would be given seats in the final Constituent Assembly in ratio to their population, but the delegation added that the method of selection would have to be determined by consultation. In the preliminary stages the States would be represented by the negotiating committee. The delegation went on to propose that after a preliminary meeting to elect a chairman and order business, provincial representatives would be divided into three sections. One would consist of the Hindu majority Provinces—Madras, Bombay, United Provinces, Bihar, Central Provinces and Orissa. The second section would consist of the Punjab, North-west Frontier, Sind; and the third, of Bengal and Assam. These sections would proceed to settle the constitutions of the Provinces they represented, and also decide whether any group constitution should be set up for those Provinces and, if so, with what provincial subjects these groups should deal. Thereafter representative sections and the Indian States would reassemble to settle the Union Constitution. Here the stipulation was made that resolutions varying from the delegation's proposals as to the basic form of the Constitution or raising any major communal issue should require a majority of the representatives present and the voting of each of the two major communities. For the purpose of elections to the Constituent Assembly, the delegation thought it sufficient to recognize the three major communities—Hindus, Muslims, Sikhs. Protection for smaller minorities is to be sought through an advisory committee on rights of citizens, minorities, and tribal and excluded areas which will contain full representation of interests affected.

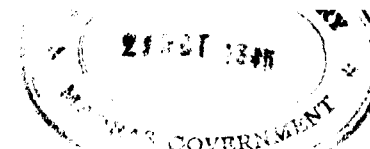
The function of the committee will be to report to the Union Constituent Assembly on the list of fundamental rights, clauses for protection of minorities and the scheme for administration of tribal and excluded areas, and to advise whether these rights should be incorporated in the provincial group or Union constitution.

Finally, the Cabinet's document announced the Viceroy's intention—he had already started the necessary negotiations in Simla—to form an interim Government wherein all portfolios, including that of War member, would be held “by Indians having the full confidence of the people”. The British Government would give the fullest measure of co-operation to a Government so formed in the accomplishment of its tasks of administration and in bringing about as rapid and smooth a transition as possible. These are the essentials of what the Viceroy in his broadcast to India called her “blueprint for freedom, an outline of which your representatives have to fill in the details and construct the building”. The acquiescence of the parties will probably mean the difference between a peaceful and a bloody transition. Mr. Gandhi has thrown the weight of his great influence on the side of acceptance. The recommendations, as he appreciates, leave the whole constitution open except for the stipulation that departure from the basis recommended by the Mission requires a majority of assent from both major communities. To Jinnah they do not give Pakistan—the Provinces may elect to withdraw from their particular groups after the first general election under the new Constitution—but they give him the chance of obtaining regional autonomies in all matters other than the three reserved to the Union. Many Muslim Leaguers may think that will do for a start; but we still have to hear from Mr. Jinnah. It is therefore too early to say that the Cabinet delegation is out of the wood yet. Congress may make difficulties about interim arrangements. The British will want to give the interim Government all possible freedom; but there is little left for them to give without abdicating to the strongest political party. In fairness to Muslims and other minorities the Government will need to continue the basis of the present Constitution with the Viceroy's power to veto intact until the Constituent Assembly has finished its work. The Muslim League for their part may decide that they cannot accept the constitution-making formula, in which case we may be in the position for the time being of having to go ahead with the majority Provinces only. However, at the moment the omens are rather favourable than otherwise.

If the Mission is successful, not a little of the credit will go to the Secretary of State whose faith that right reason must prevail sustained the Mission through weary and often discouraging discussions. The Viceroy has added much Indian experience to his natural wisdom and, more than any other member of the delegation, had the confidence of all Indian parties. Cripps was a brilliant technician and an indefatigable negotiator. Mr. Alexander had his feet firmly on the ground throughout.

India

May, 1946.



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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE HOLLOW CONTINENT

PEACE-MAKING WITHOUT GERMANY

THE delegates of the victorious Powers have assembled in Paris with little of the sense of mastery over circumstance, and of delight in the expanding prospects ahead, which distinguished their predecessors of Vienna and Versailles. The capital in which they meet is obsessed with the problems of its own privation and constitutional uncertainty; and a mood of grey cynicism broods over the Conference. Its limited terms of reference confess the renunciation of the ambitions that inspired the peace congresses of the past. These statesmen have acknowledged that it is not for them to conspire with fate; they cannot grasp the sorry scheme of things entire; if they can remould a world that has been shattered into bits, they scarcely expect to bring it much nearer to the heart's desire, but will be content if by piecemeal chiselling they can succeed in remoulding it at all.

The decision to make peace first with the lesser Powers and satellites of the Axis, and postpone the settlement of Germany, does not of itself imply the abandonment of hope for a homogeneous scheme of world order. In theory there is still a grand design, of which the San Francisco plan, the Potsdam plan, and the Paris plan are all component parts. Experience has rightly decreed that the organization of collective security shall not again be linked by treaty with the terms of a particular territorial settlement, which may be imperfect at its inception and will certainly be the subject of violent controversy in years to come. UNO has the undoubted advantage over the League that it provides an independent framework for a guarantee of world peace, even though we are still left in the utmost uncertainty concerning what peace is to be guaranteed.

Within the framework, and still according to theory, the future of Europe will be mainly determined by the terms imposed upon Germany, and the peace treaties now to be dictated to the lesser defeated Powers will fill in the interstices of the design. It is possible to insert these subordinate details before the principal features of the picture have been definitely drawn, because the Potsdam plan provides the negotiators with the broad lines of the intended German settlement. Such is the theoretical scheme. But it manifestly presupposes that the Potsdam plan, which it was always understood would take many years to complete, is being consistently pursued, and will be carried through to fulfilment. The Potsdam plan, however, is already in an advanced stage of dissolution.

The foundation of the Potsdam plan rests upon the determination of the four principal Allied Powers to pursue a concerted policy throughout the years during which the military occupation of Germany remains necessary. Without entering into the details of recent negotiations, it is clear from the negatives of Mr. Gromyko in New York, and the scarcely less uncompromising negatives of Mr. Molotov at the preliminary Four-Power Conference in

Paris, that the Four Powers no longer maintain sufficient mutual confidence for any common purpose to be pursued. The fact remains that both in New York and in Paris the concerted strategy of war has given place, at best to hard bargaining, and at worst to direct hostility; and while the Powers remain thus divided upon both the major scheme of world order and the secondary details of European settlement, the conditions for a harmonious tutelage of Germany do not exist.

TWO INTERPRETATIONS OF THE POTSDAM PLAN

THUS for the time being Europe remains a hollow continent, of which the lands on the periphery are now to be fixed in a shape intended to be permanent, while the critical central regions, the breeding-ground of two world wars, remain a political and constitutional void. On the day the Conference of the twenty-one nations assembled in Paris, the British Government acknowledged that the attempt to administer Germany jointly with Soviet Russia could no longer be carried on without economic disaster. This was the effect of acceptance of the American proposal for the economic fusion of the Western Zones. It involved the contention that Russia had already violated the Potsdam plan, which provided that Germany, while politically divided under the four occupying Powers, should be administered as an economic unit. There has in fact never been any appreciable commercial intercourse through the "iron curtain" dividing the Russian from the Western Zones. While the principal areas of food production for all Germany lie on the Russian side of the curtain, the whole surplus of their crops, which in time of peace would be exchanged for the manufactured products of the west, is now diverted to the uses of the Soviet Union and its puppet states in apparent breach of the Potsdam agreement that reparations should take the form of the transfer of capital equipment. A possibly more important source of food supply for the west, from the agricultural lands of East Prussia, has been permanently absorbed into the closed Soviet system under the name of annexation to Poland. In the meantime the people of western Germany are threatened with starvation in the coming winter; and to avert irremediable disaster it has become essential to break down all barriers within the western half in an effort to make that region as nearly as possible self-supporting without the aid of supplies from the Russian zone.

The justification advanced by the Soviet Union in defence of their economic policy is based on the contention that the Western Powers have themselves departed from the political terms of the Potsdam agreement. It was proclaimed at Potsdam, and previously with still greater emphasis at Yalta, that the Allies would exterminate National Socialism and set up a "democratic" order in Germany. The Russian charge against Great Britain and the United States is that they have not effectively purged German administration in their zones of known Nazis, and have failed to create a democratic social order. In the course of the argument, though it has been carried on at a long range which tends more to heat than to light, it has become plain that once more the trouble is due to suppressed differences of opinion about what "demo-

cracy" means. The Russians have busied themselves ever since the fall of Berlin in the attempt to integrate the economic system of eastern Germany with their own. The puppet states with which they have ringed their western borders have been subjected to the same process; and it is very evident that the Soviet has no intention of allowing its zone of Germany to become detached from this comprehensive system in order to be linked afresh with the German west. The reorganization entails drastic social changes, aiming at the Communist ideal of a one-class society and a one-party government. This is what the Russians mean by "democracy"; and they sincerely hold that this is the true sense of the word as used at Yalta and Potsdam. Thinking thus, they are quite consistent when they accuse the British and Americans of failing to democratize the western zones. Their demand is that the social and economic revolution shall be imposed in the name of democracy west of the Elbe, as an indispensable preliminary before representative government can be erected there. The British and American conception of democracy, on the other hand, requires that the Germans under their administration shall be educated in the practice of self-government on liberal and representative lines, and so eventually qualify to decide for themselves what their social and economic order is to be.

Thus the strains of the joint occupation have revealed the irreconcilable divergence of the Anglo-American and Russian political ideals. During the war it was necessary to find a formula that might serve as a rallying cry for Allied unity. The word "democracy" was chosen in order to give the principle of union a positive quality. We are now beginning to see only too clearly that our union was mainly negative, deriving from a common hostility to Nazi Germany. Great Britain and America denounced the National Socialist and Fascist systems, from the point of view of western liberalism, because they were one-party governments. The Russians denounced them, because they were undemocratic, meaning different things by the word. The Russians might make out quite a plausible case for their use of language. After all the word *δημοκρατία*, as used by Aristotle, might very reasonably be translated as dictatorship of the proletariat; the liberal balance of all classes and parties, which the West regards as democracy, and which in this Review has often been called "the principle of the Commonwealth", more nearly corresponds to what he called *πολιτεία*. An Aristotle in the councils of the Allies at Yalta would no doubt have insisted on the distinction, and saved much confusion of thought and exacerbation of tempers to-day. But at that critical stage of the war clear definition of terms might have been bought at the expense of the emotional unity that the common cause then required.

THE FUTURE OF GERMAN ALLEGIANCE

ON the contest between these rival political conceptions depends the direction in which what is still the principal weight of European man-power will hereafter be exerted. Statisticians have shown that, even allowing for the immense casualties of the German defeat, the total effect of the war has been

to increase rather than diminish Germany's preponderance of population over her neighbours. Nazi measures to stimulate the birth-rate have been reinforced by the Allied policy of wholesale transfer of peoples of German stock from the lands they have annexed. It may be too early to say that demographically the Germans have won the war, for it is as yet to be seen how Germany will emerge from the period of famine and disease that now seems certain to follow in its train; but it is truer than ever that the ultimate spiritual allegiance of these 80 millions of people will determine the future of Europe as a whole.

Rigid as the frontier now appears to be between the zones of the eastern and western occupying Powers, neither Russians on the one side nor British and Americans on the other, and certainly not Germans, are thinking in terms of a permanently divided Germany. The vision of national unity, which inspired their emergence as a great Power in the nineteenth century and their fleeting domination in the twentieth, still sustains the spirit of the German people in defeat. The economic catastrophe that is now seen to follow the partition of the country has shown the Allies the urgency of an effective reunion. There is no stable equilibrium to be attained by fixing a permanent frontier on the Elbe between liberal democracy and totalitarian Marxism. Each philosophy is bound to seek dominion over the mind of a united Germany. It cannot do so by force; it must aim by persuasion at gaining a willing allegiance. Whether we like it or no, it is ultimately in the power of the Germans to tip the balance in the great rivalry between East and West.

In the short run it might seem ominously probable that this contest in the realm of mind will be won by the East. The bias of the German temperament towards the principle of authority will certainly not be eradicated in our time; and the rigid totalitarian system now being imposed by the Soviet in the eastern part of the country starts with every advantage for commanding their respect. In all its forms of discipline it resembles the National-Socialist régime from which they derived so much comfort; only the doctrine of racial mission, which was the spirit within the Nazi forms, is lacking. Experience shows that representative democracy itself, if it is established in the western zones, can in German hands take a totalitarian form.

This natural affinity of the German temperament to the authoritarian régime of the Soviet is at present inevitably encouraged by the economic dislocation. In the regions where liberal self-government is being set up the whole population is living on the verge of starvation; by contrast the rule of Marxism is associated with comparative plenty. It is scarcely possible for the mass of Germans not to draw the conclusion that the rule of authority means efficiency and prosperity, while democracy is corrupt and incompetent, as Hitler always said.

But these are factors acting mainly in the short term. There is no doubt that the most enduring forces in the German mind impel it towards association with the West. For a thousand years, since at least the time of Otto the Great, Germans have regarded themselves as a people with a mission to hold the frontiers of European civilization against the Slavonic masses to the east. War-time propaganda in the Allied countries has mocked this conception;

but it is one of the real foundations on which German nationality rests. Hitler did not invent it; he found it and used it as a motive force behind the policy of aggression.

German determination to keep the national culture in line with that of the West is all the more insistent because in their inmost heart the Germans know they do not quite belong to the western world. Ever since the Emperor Augustus fixed the frontiers of the Roman Empire on the Danube and the Rhine, the Germans have secretly resented their exclusion and have striven to gain a place within the family of the ancient civilization.

So long as the world remains divided, as it is to-day, between two mutually distrustful political philosophies and social systems, so long it may be expected that Germans, looking forward to the restoration of their country's unity, will seek to establish their permanent political affinities where they recognize that the roots of their culture lie. But they cannot take these long views while their bellies are empty and half of their country visibly degenerating into a slum. In order to take advantage of the secular forces operating to keep Germany within the cultural family of the West, it is essential that Great Britain and the United States shall rapidly master the economic crisis, before the false but natural impression becomes ineradicable from the minds of hungry men that the present economic misery is being deliberately contrived for motives of revenge. To accomplish this while the barrier across the middle of Germany remains impenetrable the least that is required is to establish all western Germany as an economically self-supporting community, able to pay by manufactured exports for the imports it requires to compensate for the deficiencies of its food-producing power. This will scarcely be done before the occupying governments merge not only the economies of the British and American zones but that of the French zone as well. It will involve no easy diplomacy, not only because the future of the Ruhr, the industrial prosperity of which is vital to the economic plan, still politically divides Anglo-American from French policy, but because the French zone tends every day to become more closely integrated with the economic system of France and to the same extent detached from that of Germany.

If a real concerted policy of the three Western Powers can succeed in making of western Germany under their tutelage an economically stable community, then they can face the continuing rivalry with the Soviet with every hope that their own liberal outlook will become predominant in the reunited Germany of the future. They will not look forward to a conflict of arms, but to the eventual penetration of liberal ideas on their own merits not only into eastern Germany but into Russia itself. The highly centralized autocracy by which the Soviet Union is now governed may be found not to represent anything native to the Russian mind, as the military despotisms of Germany expressed emotions native to the German mind, but rather the defensive organization natural to a people who have been taught to regard their political religion as persecuted and their country in a state of siege. As a new generation grows up, to which the Communist revolution will be ancient history, and which will think of the Soviet régime not as something struggling

for existence in a hostile world but as a great power of the most commanding stature, the motives for the present rigid exclusion of external ideas may be expected to lose their force. When that time comes there may at last be opportunity to wed the western ideals of personal liberty and free interchange of opinion to what is permanently valuable in the Soviet conception of a planned society.

THE RÔLE OF THE BRITISH EMPIRE

THIS is looking far ahead. In the intervening period Great Britain and the United States, together with France if by any means a harmonious policy can be achieved, have to keep the flag of liberal politics flying over western Germany in a rivalry which for some years to come seems likely to remain one of naked opposition. This competition for the ultimate allegiance of a regenerated Germany goes deeper than any of the conflicts of interest concerning frontiers on the periphery of Europe, and is the real background to all the complicated manoeuvres for position which have made up the debates on procedure in the first weeks of the Peace Conference in Paris. The stand of the western Allies for the establishment of free institutions in Germany requires to be supported by all the moral force belonging to world power. One world power is involved; but the United States is geographically too remote and by national tradition too aloof from European affairs to be left indefinitely as the principal pillar of the new order that is growing up in Germany. The United Kingdom of Great Britain and Northern Ireland is by itself no longer a world power. It can only remain a participant in world power by virtue of its partnership in the British Commonwealth of Nations. The interest of Europe, the interest of Great Britain, and the interest of the British Dominions all alike demand that the task of building the new European order and afterwards becoming one of the three permanent guarantors of its security shall be treated as a joint enterprise of the British Commonwealth as a whole. The gallant efforts of Dr. Evatt in Paris to maintain the cause of the smaller Powers in negotiation have commanded the admiration of all his fellow-subjects. But they only direct the more attention to the anomaly by which four members of so great an international partnership are content to be ranked with the lesser States, rather than insist upon exerting their combined influence among the masters of the world. What appeared to be an opportunity on the eve of the Conference of making that combined influence a reality was conspicuously missed, and indeed, it would appear, rejected. The meetings of the Imperial Prime Ministers in London in the early summer dispersed without making any pronouncement about when the next Imperial Conference should assemble; and it has been widely rumoured that the absence of a declared decision to convene the Conference in the near future covers a positive undeclared decision that the Conference shall not meet again. It is earnestly to be hoped that the report is untrue. So lamentable an abdication of common responsibility by the leaders of a world-wide society, which is still potentially capable of exercising in world affairs an influence on the side of liberty that no other Power can equal, might be the critical disaster in the present precarious condition of the world.

PALESTINE: CONFUSION, FEAR AND HOPE

THE familiar jargon of our weather forecasts is painfully reflected at present in reports from the Middle East. Depressions, pressure belts, local thunderstorms and gale warnings are a daily feature of the news from that region of the earth; and the well-known ending "Further outlook—unsettled" does no more than justice to the situation which exists. It is true, of course, that conditions are unsettled everywhere, and that many critical areas are in a state of flux. But the Middle East is a region in which British statesmanship has a freer hand and a more direct responsibility than anywhere else, and its opportunity is proportionately great.

It is therefore unfortunate that preoccupation with the prolonged and exhausting conferences of the Big Three or Four have led the Foreign Secretary, Mr. Bevin, to give less attention to the problems of the Middle East than the situation there and our profound interest in it required. It is equally unfortunate that those problems were not handled from the first days of peace as a group of problems insoluble except in synthesis. Undue delay has seriously complicated the Egyptian question, and we have made our problems unnecessarily difficult by treating them as separate issues between ourselves and individual States rather than as elements in a regional complex which must be regarded as a whole if any single one is to be settled with good effect. But we have gained ground in some respects even though we have lost it in others; and for the time the ball is still unquestionably at our feet.

Though we have been dealing with a violent exacerbation of nationalist feeling in Egypt, the Arab world in general is waiting upon events in Palestine. Egypt differs in many ways from the Arab States to the east, and her political activities are not regarded with universal favour in them. The Anglo-Egyptian Treaty negotiations are still proceeding, and this is not the moment for comment on them because the security of the Suez isthmus will ultimately depend upon British standing in the Middle East as a whole; it will never depend solely upon Anglo-Egyptian relations. British standing in the Middle East will for its part turn mainly upon British policy in Palestine; that is the central issue, and it has now reached a critical stage which is being watched with tense anxiety by world Jewry and by all the Arab States. The ball is at our feet, but in which direction our Government will propel it no one yet knows. There is only a maze of speculation and argument, through which we will attempt to trace an explanatory course.

When THE ROUND TABLE last dealt with the Middle East,* we observed that "the surest way of moving towards" a solution in Palestine "would be the appointment of an Anglo-American Commission to study and report upon the Jewish question as a whole". An Anglo-American Committee with

* See THE ROUND TABLE, December 1945, No. 141, pp. 26-34.

six British and six American members was shortly afterwards appointed to enquire into "the problems of European Jewry and Palestine", which tackled its work with commendable promptness, held enquiries both in Europe and in Palestine, and on April 20 last presented the two Governments with an unanimous Report. We shall deal later with its recommendations. What needs emphasis here is that for the first time the two Governments have taken measures to secure a joint study of the facts, and that their representatives have agreed without a dissentient upon ten recommendations covering all the main issues at stake. Since Anglo-American agreement is an indispensable condition of any solution which is to last, this is an outstanding and most welcome result.

SEDITION, CONSPIRACY AND MURDER

THE publication of the Committee's Report was followed at an interval of some weeks by another development which has produced a profound effect. After exemplary patience with a widespread campaign of assassination, kidnapping, injury, highly organized destruction and lying abuse, which put a terrible strain upon all British Services in Palestine and more particularly upon the troops, the Palestine Government struck suddenly and most effectively at the headquarters of the Jewish Agency in Jerusalem, imprisoned a large number of its leaders, and carried out an exhaustive search. Many Jewish settlements were also raided and large hidden stores of arms were unearthed. In announcing this action to the House of Commons the Prime Minister stated that recent events in Palestine clearly formed part of "a concerted plan prepared and executed by highly developed military organizations with widespread ramifications throughout the country". He reminded the House that "the Anglo-American Committee called special attention to the development of illegal armed forces as a sinister feature of recent years in Palestine", and continued:

"The largest of these is the Haganah, estimated to be about 70,000 strong, with a mobile striking force, the Palmach, some 5,000 strong. This force has been developed on highly organized military lines and is armed with the most modern equipment. In addition there are two Jewish terrorist organizations—the Irgun Zvei Leumi, which is believed to have between 5,000 and 6,000 adherents trained in street fighting and sabotage, and the Stern Group which specializes in assassination. The Haganah have been responsible for many instances of destruction of property and armed resistance to the Government; the other two organizations have been responsible for numerous acts of violence and murder and for the recent kidnappings."

The Prime Minister went on to say that the suffering of the European Jews, which evoked universal sympathy, could not "condone the adoption in Palestine of some of the very worst of the methods of their oppressors in Europe". The High Commissioner had accordingly been ordered to break up the illegal organizations and arrest individuals believed to be responsible. "I am sorry to say", he added, "that these included some of the leading members of the Jewish Agency. There is evidence of close connexion between the Agency and the Haganah." He undertook to publish the full documents.

A subsequent White Paper, issued on July 25, fully justified the Prime Minister's statement.

The action of the Government roused violent protest throughout the Jewish world. A debate upon the adjournment in the House of Commons was, however, firmly handled by the Prime Minister himself; and the strong feeling evinced in Congress was not marshalled, as it might well have been, against the British loan. In Palestine the effect was immediate and salutary. Widespread though the action was, it met with no effective resistance and caused very few casualties. There is no doubt, moreover, that it put new heart into a great number of moderate-minded Jews, who were suffering under the effects of terrorism and seeking in some thousands to leave Palestine. It also gave fresh prestige to the British Government in the eyes of the Arab world.

Scarcely, however, had precautions been relaxed after it when another outrage was committed by members of the Irgun Zvei Leumi. The Secretariat of the Palestine Government and the headquarters of the Army occupy the upper stories of the King David Hotel in Jerusalem. A whole wing of the hotel was blown up in the middle of the day on July 23, causing over a hundred casualties in dead and missing and an equal number of severely wounded. There can be no question of the injury done to the Zionist cause by these remorseless extremists; and they have been denounced by the great majority of Jewish bodies, including Jewish organizations and newspapers in Palestine.

The threat of non-co-operation was called off throughout Palestine. The Prime Minister in giving particulars of the atrocity to the House of Commons very rightly said that "the Government would not be diverted by acts of violence from the search for a just and final solution of the Palestine problem". Such a solution cannot be found without compromise on both sides; and it is therefore all-important that the moderates in each should take courage against their own extremists. The search for "a just and final solution" is now in the hands of a delegation of officials appointed by the President of the United States to discuss the pros and cons of action on the Anglo-American Committee's Report with officials in London. The two Governments have then to decide whether they can agree upon implementation of the Report or upon any alternative course.

DEVOLUTION OR PARTITION

IN the meantime the extreme champions of the Zionist and the Arab causes continue to proclaim that they will accept nothing less than total submission to their demands; and the great mass of intermediate opinion, which realizes the necessity of compromise, is confused and anxious. In all three British parties opinion is divided; and in many quarters of the British press there has been a tendency to revert in despair to the Peel Commission's recommendation of partition. Another body of opinion, which counts amongst its adherents most of those who have recently borne responsibility in the Middle East, holds strongly that there is no ground for counsels of despair and that partition, so far from offering an escape from the dilemma of the Mandate,

would create more trouble than it cured. The subject is wide and complex. It is important to be clear upon the fundamental issue. Partition means the division of Palestine into separate sovereign states. The alternative is to maintain the unity of Palestine under a single government in which both Jews and Arabs will be represented. This latter alternative is, of course, compatible with a considerable devolution of power to local authorities in Jewish and Arab areas; but it is not partition into separate sovereignties.

The organs of Zionism throughout the world continue to clamour for acceptance of the so-called Biltmore programme, that is, for recognition of all Palestine as the Jewish homeland under an independent Jewish Government. The return to Zion is an age-long Jewish dream, and nothing short of a Jewish Commonwealth sovereign within the present boundaries of Palestine can give complete fulfilment to it. No one who appreciates the ancient and undying fervour of that dream, always a smouldering agony of nostalgic hope and desire in multitudes of Jewish souls, now also an arrogant and aggressive nationalist creed throughout the organized Jewish forces in Palestine, will underestimate its potency. It is backed by fierce determination, signal ability, enormous wealth, great organizing power, and a propaganda machine without equal in the English-speaking world. It is secular and materialist in its aims, yet it is a spiritual force in which the poetry of Isaiah mingles in young hearts with the military ardour of the Maccabees.

Against it is ranged another spiritual force, the awakened self-consciousness of the Arab peoples, determined to be sovereign and independent wherever Arabic is spoken and to create a new era of prosperity and power for the Arab peoples in the culture of Islam. The Arabic-speaking nations of the Middle East are not individually rich or powerful by the standards of the modern world, nor are they organized or closely united except in their fear and hatred of Zionism. They have always deeply resented the partition of historic Syria into separate States under European mandate, and they have now achieved complete independence as members of the United Nations in all those States except only Palestine. Palestine to them is an essential part of Syria, an indispensable link in the continuity of the Fertile Crescent between the Euphrates and the Nile. They feel that any Jewish State, whether it controlled the whole or only the seaboard of Palestine, would split the Arab world in sunder and constitute a bridgehead for an alien Power, which, in the effort to develop its own strength and welfare, would infallibly seek to dominate their existence, armed with the panoply of modern aggression whether under the forms of peace or in open war. Forty millions are united in this conviction; and two things at least are certain—that any Western Power, or Powers which established a Jewish sovereign state in Palestine would incur their remorseless hostility.

These are, in broad outline, the implications of the struggle between Arab and Jewish nationalism which has created the present ferment in Palestine. To assuage it is a vital British interest; it is also a duty laid upon Britain by the mandate for Palestine which she accepted a quarter of a century ago. She can discharge it only by doing her utmost even now to fulfil her

pledges to both sides, almost impossible to reconcile as these have become. She is historically the best friend of both Jews and Arabs; and despite appearances she can still count upon a great measure of goodwill in both communities, for both now know in their hearts that their extreme demands are unattainable. Hard as the process may be, peace can be found only in compromise within the limits set by British undertakings to both sides.

BRITISH COMMITMENTS

THE Biltmore programme, which demands the establishment of a sovereign Jewish Commonwealth comprising the whole of Palestine, is incompatible both with the Balfour Declaration and with the Mandate. Under these (the later document interpreting the earlier) British responsibility for the maintenance of Arab rights in Palestine is as clear and definite as her responsibility for establishing in Palestine a Jewish national home. Despite the uncertain implications of the word "national" as applied to "home" in the Balfour Declaration, there is no departing from Britain's responsibility for justice to both races nor from the implications of British action under the Mandate since it came into force nearly a quarter of a century ago. It is useless now to argue, as Arab extremists do, that the Mandate was incompatible with the Covenant of the League of Nations and with British undertakings to the Arab peoples during and at the close of the first world war. It is equally useless to say that the achievements of Jewish settlement in Palestine, wonderful though they are, justify the subordination of the Arab majority to Jewish rule. Our plain obligation under the Mandate, reinforced by the facts as they now are, is to build up a polity in which both races can work together and achieve self-government as a bi-racial community. That is the commitment. There is no escape from it except repudiation of the Mandate; and if the Mandate is repudiated, we can only recommend some alternative to the United Nations, which must approve the course proposed.

This was, in fact, the conclusion reached by the Peel Commission, which reported in 1937. They admitted our commitments under the Mandate, but declared that the Mandate had become unworkable and recommended the partition of Palestine into three separate states, of which the Mandatory would bear responsibility in one only, an enclave about Jerusalem and in the central region of Palestine. The Mandates Commission of the League of Nations, to which these findings were duly referred, declared that the Mandate must be held unworkable if only because the Mandatory declared it to be so, and directed that steps should be taken to study the practicability of partition on the lines of the Commission's Report.

The Woodhead Commission accordingly went out to Palestine and produced an exhaustive study of partition. This was in the main an eloquent elucidation of its inherent difficulties, but nevertheless set out three alternative plans. A very able minority report by Mr. T. Reid (now a Member of Parliament) declared with much cogency that partition was impracticable. The British Government, after attempting vainly to find a solution through a round-table conference including Jews and Arabs, decided against partition

and issued the White Paper of 1939, which set a limit to Jewish immigration without Arab acquiescence after a certain quota had been admitted, and also proposed the creation of representative institutions as a step towards self-government. There followed the second world war, during which the Jews suspended their violent opposition to the White Paper while the Arabs cherished it as a charter sanctified by Britain's word. The 1939 quota of immigration was completed last year. The proposed representative institutions have never been set up, owing to the necessities of war.

Despite this unpromising history and the fact that partition has hitherto been denounced with equal violence by Arab and Jew, the deadlock caused by Jewish demands for and Arab opposition to further Jewish immigration has caused a renewal of interest in the policy of partition as the only practicable way out. It is being said that the Jews might now be prepared to consider it; and it offers the kind of escape from a dilemma which statesmen have accepted as a *pis aller* in many similar predicaments. Is there then any hope that it would prevent a racial struggle in Palestine?

To weigh that hope in realistic scales it is necessary to go to the roots of the difference between Arabs and Jews. For both of them the fundamental issue is the future of Jewish immigration. For the Jews it is everything to control and continue it; for the Arabs it is everything to ensure that it is stopped. Those who advocate partition argue with much cogency that both sides will continue to adopt an extremist attitude so long as the decision on immigration rests with a third party, the Mandatory Power. The essence of the policy of partition is accordingly to give the Jews sovereignty over a part of Palestine, immigration into which would be under their exclusive control. Given this freedom and this responsibility, the Jews, it is argued, would abandon their advocacy of immigration at any speed and price in order to make themselves a majority of the inhabitants of Palestine as a whole, and would devote themselves without ulterior ambition to making the most of the home which they controlled in their own Jewish State. The Arabs, on the other hand, would be relieved of the necessity of constant resistance to Jewish immigration lest they should become a minority in their own land; while the Mandatory Power would remain supreme in its own enclave, responsible only for the peace of the Holy Places and for observance by the other two new States of the partition settlement.

The delimitation of frontiers between the three States presents an intricate problem which is exhaustively studied in the Woodhead Report; but complex as it is, it need not detain us here, since the fundamental objections to partition arise from conditions which were not present in 1937, the date of the Peel Report. The Arab fear of Zionism has become much less tractable since that date, for at that time neither Jewish nor Arab nationalism was so organized or so militant as both are to-day. Since then the Biltmore programme has been proclaimed and acclaimed throughout the Jewish world as the goal of Zionism; and the Arab League is in consequence solidly united in its determination to allow Zionism no bridgehead of approach to the ultimate realization of the Biltmore ideal.

No one with recent experience of the Middle East can therefore have been

surprised that the Anglo-American Committee reported decisively against partition after it had "heard the views of many witnesses of great experience". Propaganda and indoctrination pursued intensively over many years have produced the inevitable result; and none of the younger generation of Zionists would ever accept as final a settlement which cut off the Jewish colony permanently from Jerusalem. "If I forget thee, O Jerusalem, let my right hand forget her cunning." Zionism without Zion, divorced from the Hebrew University which is now the cultural centre of the Jewish world, from other Jewish institutions, and from the large Jewish population now settled in Jerusalem, would be dust and ashes to all the Zionist forces in the world. If they accepted partition, they could not but regard it secretly as no more than a temporary stage upon the journey to the Promised Land, in which they could gather strength and wait the opportunity for ultimate realization of their great dream. The Jews might conceivably so accept it; but not the Arab world.

The Arabs are opposed in principle to the further subdivision of Syria. But apart from that they would resist to the utmost of their strength any system of partition which established a sovereign Jewish State in Palestine, because such a state would wield a financial and military power which they would regard as menacing. The militarist organization and authoritarian form of government established by the Jewish Agency are profoundly feared by them as resembling far too closely the Nazi system against which the United Nations fought and won. The Arabs also know only too well the nature of the human product now shaped by the Jewish schools; and the world has had shocking evidence of it in the recent campaign of organized violence. A State so constituted and directed, controlling Haifa, the only modern harbour of real account on the Syrian seaboard and the terminus of the oil pipe-line, would in Arab eyes infallibly become a focus of international intrigue, ripe for service to the ambitions of some great military Power. With Great-Power relations in their present ominous condition, Arab fears on this account cannot be waived aside. The Anglo-American Committee showed that it had grasped the significance of these factors when it decisively set partition aside.

Its Report was, on the other hand, vague in propounding an alternative. Recommendation III, the kernel of the Report, ran as follows:

In order to dispose, once and for all, of the exclusive claims of Jews and Arabs to Palestine, we regard it as essential that a clear statement of the following principles should be made:

- I. *That Jew shall not dominate Arab and Arab shall not dominate Jew in Palestine.*
- II. *That Palestine shall be neither a Jewish state nor an Arab state.*
- III. *That the form of government ultimately to be established, shall, under International Guarantees, freely protect and preserve the interests in the Holy Land of Christendom and of the Moslem and Jewish faiths.*

Thus Palestine must ultimately become a state which guards the rights and interests of Moslems, Jews and Christians alike; and accords to the inhabitants, as a whole, the fullest measure of self-government, consistent with the three paramount principles set forth above.

As a statement of principle this is unexceptionable; but the Committee made no practical proposals as to how the principle should be applied. It is therefore of good omen that the British and American delegations, now sitting in London, are said to be discussing the merits of a federal Palestine State which would give a wide autonomy, particularly in cultural affairs, to the Arab and Jewish communities while reserving defence, finance, communications and (it is to be hoped) tariff policy to a federal government in which both Arabs and Jews would take ministerial responsibility under the impartial chairmanship of the Mandatory Power. It is evident that the details of such a scheme will take time to work out, and it would serve no useful purpose to comment in advance upon the intricacies which any system of local autonomy for the Arab and Jewish communities is bound to present. The delegates will not lack expert guidance, since the subject has been exhaustively studied by administrators of high competence for many years past. They have reached a promising measure of preliminary agreement, and all but extremists who believe in terror and force will wish them well in their task.

ESSENTIAL CONDITIONS OF A SETTLEMENT

It is, however, possible to outline certain conditions which are likely to prove essential to an enduring settlement. First and foremost is Anglo-American agreement. The Anglo-American Committee's most signal service was to prove that a body representing Britain and the United States in equal proportions could produce a unanimous series of recommendations. To maintain that accord upon the detailed plan is vital to success.

It is essential, in the second place, that all illegal military and terrorist organizations should be dissolved, if the central authority is to keep the peace. The responsibility of the federal government for defence must include responsibility for security in every form; autonomous regions with their own armed forces would be only too likely to preserve the gross anomaly which has made a shambles of the Holy Land in recent months and to perpetuate strife. "Private armies", said the Committee, "should not exist; they constitute a danger to the peace of the world."

The third condition is adequate protection for minorities. It is not impossible to devise a system of local communal government which would reduce this difficulty to negligible proportions. If such a plan is not adopted, large Arab minorities must infallibly be left in Jewish areas, and smaller Jewish minorities in Arab areas, the Arab problem being the more difficult. In such conditions constitutional safeguards have as a general rule proved inadequate; and the federal government should have extensive powers of intervention to preclude injustice. Immigration and land are likely to be the two most controversial subjects in this respect. It may very possibly make for moderation and good sense to leave the control of Jewish immigration to a Jewish local authority; but the Arabs are bound to regard any such arrangement with great anxiety, and will assuredly insist with justice that the federal authority has sufficient power to safeguard minorities, particularly as to land tenure and land transference. Such safeguards would be equally important for Jewish minorities in Arab areas.

It must, moreover, be realized that nothing will reconcile the Arab world to further Jewish immigration if no Western country is prepared to take its share of the 500,000 dispossessed Jews who cannot or very reasonably will not return to their European homes. This, as the Anglo-American Committee very rightly saw, is a moral issue which cannot be burked if Western statesmanship is to preserve any shred of credit in the Middle East. The Committee's proposal that 100,000 visas should be issued for Palestine this year was furiously denounced by the Arab League, mainly because there was no undertaking that the remaining 400,000 Jews should be accommodated elsewhere. It seemed to open the flood-gates and to put the whole onus of western humanitarianism upon the East. But the Committee stated very definitely that "the whole world shares the responsibility" for accommodating the victims of Nazi and Fascist persecution, and it also showed caution in advising that the actual immigration of 100,000 to Palestine should be pushed forward only "as rapidly as conditions permit". The Committee might well have added that Arab acquiescence in this proposal should not be expected unless other Powers showed willingness to play their part.

It is, finally, of profound importance, as the Anglo-American Committee rightly insisted, that as much responsibility as possible should be placed squarely upon Jewish and Arab representatives in the Central Government. That government should be regarded as an interim government, intended to prepare the way for a bi-racial system of self-government, when the new trusteeship will end and Palestine become an independent State. We have insisted as a matter of principle in India that the Moslem representation in such a government should be equal to that of the Hindus. The Moslem proportion to Jews in Palestine is very much the same as the Hindu proportion to Moslems in India, and we may reasonably propose that in Palestine as in India the principle of equal representation shall be applied. It is also as essential in Palestine as in India that the new constitution should carry the assent of both communities, and it is therefore very satisfactory to know that, when the British and American Governments have reached agreement, "their proposals will be placed before representatives of both Arabs and Jews". This undertaking by our Prime Minister is in accordance with the Charter of the United Nations, and we are entitled to hope that it portends a round-table conference in which the indispensable foundations of co-operation between the two communities, Jewish and Arab, may at last be laid. The Anglo-American Committee was a thousand times right in declaring that the present system of colonial government "militates most gravely against the chances of reconciliation between Arab and Jew".

Much may legitimately be hoped of Anglo-American co-operation if, as now seems possible, the two great communities, Arab and Jewish, with their political champions in the legislatures of the West, realize at long last that it is useless to continue argument upon the past. The Jewish interpretation of the British Mandate stands no more chance of realization than the Arab contention that the Mandate and all its consequences should be cancelled out. No one can rewrite history or erase accomplished facts. Owing to British action, honourably undertaken in observance of Britain's pledged

word, the Jewish population in Palestine has been multiplied by ten in twenty-five years. The Arab population has meanwhile trebled and greatly advanced. Neither of those two communities can dominate the Holy Land. "Palestine", wrote the author of a classic work, *The Historical Geography of the Holy Land*, more than fifty years ago, "formed as it is, and surrounded as it is, is emphatically a land of tribes. The idea that it can ever belong to one nation, even though this were the Jews, is contrary both to Nature and to Scripture."* It may interest readers of THE ROUND TABLE to know that every word of that passage is underlined in Lord Milner's copy of the book, which he read in Palestine in the spring of 1922.

If Palestine's ancient inhabitants and later colonists will consent to join together in a bi-racial government which can secure the friendship of neighbouring Arab States, they may enjoy every essential liberty in local or communal affairs while Palestine joins with the rest of historic Syria in rebuilding the splendid prosperity which distinguished it in Roman times. But for the fanaticism of the Jewish zealots, the Jews might never have lost Jerusalem. They may return to it in peace and abide there for ever as partners with the other branch of the great Semitic race, if they will now substitute the cult of neighbourliness for the hopeless cult of hate. It is for the two strongest English-speaking nations to prove that Christendom is still not unworthy of its Faith by guiding the other two Faiths which share its Arabian cradle into the paths of peace.

NOTE.—The Government informed Parliament before the two Houses rose for the summer recess that the British and American official delegations conferring in London had agreed upon proposals for establishing a federal government in Palestine which would be responsible for finance, plans of development, foreign relations, defence and law and order. Local government with representative institutions would be entrusted to an Arab and a Jewish province whose boundaries were not defined; two districts, a Jerusalem enclave and the Negeb or Southern Desert, to be reserved for direct administration by the Central Government. The two Houses were informed that the British Government had approved these proposals as a basis of discussion to be submitted to a round-table conference representing the Arab peoples and world Jewry, but that the President of the United States had reserved his decision pending further consideration. Both Houses in debate expressed a general approval in principle of the proposals as a basis of discussion. They have now adjourned till the first week of October.

* *The Historical Geography of the Holy Land*, by George Adam Smith, p. 59.

THE B.B.C. MARKS TIME

DEFERRED ISSUES OF BROADCASTING POLICY

BRITISH broadcasting began in 1922 under a commercial undertaking, the British Broadcasting Company, sponsored by the principal radio manufacturers. An enquiry into the various aspects of broadcasting was held in 1923 by the Sykes Committee (Cmd. 1951), and again in 1925 by the Crawford Committee (Cmd. 2599). The Crawford Committee recommended that broadcasting should not be a commercial enterprise. Nor, at the other extreme, should it be directly under government control. It should be in charge of a public corporation acting as trustee for the national interest, with status and duties corresponding to those of a public service, and with the maximum freedom which Parliament would allow. The Government accepted the substance of these recommendations, and so the B.B.C. was born, with a Royal Charter for ten years from New Year's Day, 1927.

In April 1935, well before the end of the first Charter, another Committee of Enquiry was set up, under the chairmanship of Lord Ullswater. In general it endorsed existing principles (Cmd. 5091), and recommended that the Charter, with a few modifications, should be renewed for a further ten years. The Government acted accordingly, and the B.B.C. began its second decade on New Year's Day, 1937. In less than three years the country, and broadcasting with it, was at war.

"The war record of the B.B.C. was nothing short of heroic. The way all those who loved freedom in Europe turned to the B.B.C. as the Mohammedan does to Mecca when nightly he sends up his prayers, was a remarkable thing. Here indeed was a lighthouse that shone through all the storms of Europe, giving succour and inspiration to the oppressed and hope for the future."

So said Lord Brabazon in the House of Lords on June 26. And no fair-minded critic is likely to dispute this verdict. Most listeners, whatever their allegiance, would admit that the B.B.C. in war-time did well.

But what of the future? Is this instrument, which proved its efficiency in war, necessarily the best or even a good instrument for peace? No gratitude to the B.B.C. for services rendered, no sense of the prestige which it has deservedly won, should be allowed to obscure the issue. The future of the B.B.C. or of any other chosen instrument matters little. What matters is the future of British broadcasting.

So far the present Government in Britain has shown itself curiously impervious to what is at stake. On February 19 the Prime Minister informed the House of Commons that he saw no need for an independent investigation before the Charter was renewed. The press of the left as well as the centre and the right urged an enquiry. In the House of Commons on April 9, in a debate on Scottish broadcasting, members of all parties emphasized the need for certain changes. On June 20 Mr. Churchill tabled a motion, which soon received over 200 signatures, asking for the appointment of a Joint

Select Committee of both Houses. In the House of Lords on June 26 a dozen peers renewed the plea for an enquiry and none spoke against it, except, of course, the Postmaster-General. All this may have influenced the Government to some slight extent. At any rate, when its White Paper on Broadcasting Policy at last appeared on July 2 (Cmd. 6852), it was found that the Charter was to be renewed for five years, not ten, and that, instead of holding an enquiry unnecessary, the Government now proposed "to consider well in advance of the expiry of this period, the desirability of appointing an independent committee to advise on future broadcasting policy".

But by July 16, when the White Paper was discussed in the Commons, the whips were on. In the debate the Lord President (Mr. Morrison) improved a little on the White Paper by promising that, "unless anything unforeseen happens", an enquiry by an independent body would be held well before 1951. A motion to reduce the broadcasting vote by £100 divided the House on party lines, and was lost by 271 to 137.

DECISIONS IN CAMERA

ONE element in the present position is particularly disturbing, and that is the secrecy in which matters of this kind are still shrouded, twelve months and more after the end of the war. Here is broadcasting, a great public service, which for good or evil intimately affects the lives of millions. What should its future be? Not merely is an open impartial enquiry denied to the public for the present, in spite of the widespread demand for it. The Cabinet Committee which did consider this question was, according to common report, the Committee on the Machinery of Government! Closed doors. Nameless witnesses. Decisions secretly arrived at. They ordered these things better thirty years ago. Then, though 1917 was dark enough, the Government of the day appointed an open Committee on the Machinery of Government, the Haldane Committee, whose report published in 1918 (Cmd. 9230) is still admired by every serious student of affairs. To-day, apparently, the governed are expected to take what comes to them, but not to ask to share in its making. First the liquidation of the Ministry of Information and the new arrangements for foreign publicity; then the British Council; now broadcasting. All of them are services which vitally concern the public. All of them are being given their post-war shape by Government while the public at large has no chance of discussing them. Even the wireless licence was raised from 10s. to £1 by Government *fiat* overnight.

We live in a controlled age, whatever the party label of any Government in power. And the important question is this: is it the things of the body which are being controlled for us, or the things of the mind? In certain physical matters—food, clothes, housing, fuel, and many more—controls are obviously inevitable and right. But in things of the mind and the spirit, controls of any sort should be watched with very jealous eyes. They should be constantly re-examined in the light of full and free public discussion. The burden of proof should always be made to lie squarely on the controllers.

The opposite of control is freedom. And freedom in things of the mind means freedom for the individual to choose. In Britain we are free to choose

between different kinds of religion, different publishers, different newspapers, different theatres, different film companies. If tendencies to monopoly appear in any of these fields, strong forces come into play at once to strike them down. And broadcasting? Here we are met by the astonishing paradox that this freedom-loving country, alone among the democracies of the world, continues under a system which, by being a monopoly, inevitably violates the chief principles of freedom at every turn. It denies freedom of choice to listeners, who must take B.B.C. programmes or none. It denies freedom of employment to broadcasters and would-be broadcasters, who must find their opening in the B.B.C. or nowhere. It vests an enormous patronage, affecting the fame and fortune of all broadcasting writers, speakers, musicians, actors, in single hands. It deprives the B.B.C. itself of the stimulus of rival standards.

THE QUESTION OF MONOPOLY

WHY then has monopoly been tolerated for so long? One reason is that, on all the evidence, the executive staff of the B.B.C. have done their day-to-day work as efficiently as the system has allowed. It is their misfortune, not their fault, that they, like the public, are caught in the toils of monopoly. Another reason may be that the present system suits the Government of the day—Labour, Conservative, Coalition—admirably. The B.B.C. is "independent". Yet, by the existing Charter and Licence, it can be controlled at will. It can be ordered by Government to broadcast "any announcement or other matter". And it can be ordered by Government to "refrain from sending any broadcast matter (either particular or general)"; broadcast matter being defined as "music, lectures, speeches, addresses, appeals, weather reports, news, information, entertainments of any kind or description, images and any other matter transmissible by wireless telegraphy". When Governments find a particular system of broadcasting so congenial, let the people beware!

But the persistence of monopoly is mainly due to the confused thinking which lingers on, not least in high places, as between monopoly and public service on the one hand, and as between competitive and commercial or "sponsored" broadcasting on the other.

The new White Paper on Broadcasting Policy says that the Ullswater Committee of 1935 endorsed the general principles of British broadcasting "after a thorough investigation". In fact the principal question, the question of monopoly, was never investigated at all. As one of its members, Lord Elton, pointed out in the House of Lords on June 26:

"On the Ullswater Committee we failed, I think, to see the wood for the trees. We examined almost every question except the great question, the fundamental question: is a Government monopoly of broadcasting justified? We went meticulously through detail after detail, but we took for granted the principle that there should be a Government monopoly in what is after all—whether intentionally or not—a factory of opinion."

"A necessary consequence of the conception of broadcasting as a public service is that it must remain a monopoly." So wrote *The Times* in a leading article on July 3, with resplendent *non sequitur*. Public service and monopoly have, of course, no necessary connexion whatever. Even in the physical field,

monopoly has become less fashionable than it was. There are now three British Overseas Airways Corporations, not one. In gas, the Heyworth Committee has recommended that there should be ten public bodies, not one. If the railways are to be nationalized, the case for having four corporations is at least as strong as the case for one. Outworn aphorisms about monopoly are of no interest. The question to-day is: granted a public service, what is the most suitable size and type of unit *or units* for it?

For British broadcasting, the broad answer is clear: one public body for the engineering side and several independent public bodies for programmes. Let the Post Office run the transmitters and other technical facilities, leasing them for programme purposes to a number of separate and competing corporations. Let there be two or more programme services with all-over national coverage, one of them being the B.B.C.'s, and half a dozen services with local coverage—one for Scotland, one for Wales, one for Northern Ireland and three or four for England. Wavelengths, equipment and executive staff are there already, sufficient for a start. And money is there also. To begin with, each of the new public bodies could share the total of wireless licence fees according to existing proportions of expenditure within the B.B.C. The Post Office would get so much for the costs of engineering. The B.B.C. and the other one or two national bodies would get so much each for programme output. And Scotland, Wales, Northern Ireland and the English regions would get so much each.

The history of British broadcasting is strewn with tributes to the importance of the regions.

"Both the Government and the Corporation are fully alive to the advantages to be derived from the spirit of competition in broadcasting, and in order to encourage this, the Corporation is actively pursuing a policy of enhancing the status of its individual regional organizations, and fostering a spirit of emulation throughout the service, with the object of developing a number of vigorous regional bodies, each with a staff drawn largely from the region which it serves and each with a distinctive programme policy in keeping with the character of the region and the needs and wishes of its people. The Government welcomes this policy of regional devolution. The general standard of broadcasting cannot fail to be enriched by the encouragement of the cultural and entertainment resources of the several regions."

These sentences, echoing so many similar utterances from past years, come from the White Paper on Broadcasting Policy. No doubt they are meant sincerely, and not as a smokescreen for the plain fact that the Government is about to reduce the number of regions from six to five, by merging the West and the Midland regions. For all that, such phrases amount to little. No exhortations, no paraphernalia of Regional Advisory Councils—nothing alters the naked fact that London is still to be master.

What is competition worth without power, or emulation without responsibility? "Regional devolution" will remain a sorry sham until Scotland, Wales, Northern Ireland and the English regions become masters in their own homes. Happily there are signs of revolt at last. In Wales the movement for an independent Welsh Broadcasting Corporation has been growing apace. In Scotland a similar movement is led by the Saltire Society, and has received

support from the General Assembly of the Church and other bodies. And there are stirrings of freedom elsewhere. Good luck to them!

COMMERCIAL PROGRAMMES

BESIDES this confusion between the public service and monopoly, with the false assumption that the one necessarily involves the other, there is also a common confusion between competition and commercial or sponsored programmes. Competition? Ah, business. Soap, pills and all those horrid radio advertisements. No, thank you. Not here. "The Corporation has shown no desire to use sponsored programmes (!), and any attempt to do so, they consider, would be resented by a large body of public opinion." The White Paper on Broadcasting Policy follows up this singularly naïve admission with the statement that "such programmes would also be out of keeping with the responsibilities of the Corporation as the trustee of a Public Service". And it goes on to say that we are to be "protected" (the word is the Postmaster-General's in the House of Lords debate on June 26) against this un-British thing. "The Government intend to take all steps within their power, and to use their influence with the authorities concerned, to prevent the direction of commercial broadcasts to this country from abroad."

If it were not so serious, it would be laughable that a responsible Government in this year of grace should be at once so ostrich and so evidently uninformed about commercial broadcasting. Sponsoring can produce the worst programmes in the world, and it can lead to political and other abuses of a shocking kind. Let anyone in doubt of this read *Radio's Second Chance*, by Mr. C. A. Siepmann, who has exceptionally intimate experience of both British and American broadcasting. But it is also, in Mr. Siepmann's view, and the view of many other competent judges, unquestionably the best system, and produces many of the finest programmes of all.

If sponsoring were to be introduced into British broadcasting, two absolute conditions should apply to it. First, it should be confined to programmes of entertainment and excluded altogether from programmes of opinion. Religion, education, talks—broadcasting time for these should never be on sale, on tap to the highest bidder. And, secondly, there should be strict regulations regarding the balance of programmes as a whole, and the ethics and artistry of advertising. What fraction of total hours should be made available for sponsoring, and at what listening times? Which products should, and which should not, be advertised on the air? Where within a programme should the advertisement be and for how long? The public interest calls for enquiry into the whole question of sponsoring—for enquiry, not "protection". Broadcasting, after all, belongs to the people, not to the B.B.C. or the Government. And only after full and open enquiry into monopoly, sponsoring and other matters will the British people be able to decide for themselves which system or combination of systems is the best.

OVERSEAS SERVICES

BRITISH broadcasting to listeners overseas is in two main groups, the Empire service and services to foreign countries. The development of these services

has been remarkable. The Empire service began with ten hours daily in December 1932, rose to eighteen hours in 1939, and on the outbreak of war became a world service enabling listeners to hear the voice of Britain in all parts of the globe. The services to foreign countries began later and more hesitantly. Broadcasting to listeners in their own languages—this was the sort of thing the Germans did. Ought we to really? The foreign language services opened early in 1938 with Arabic broadcasts to the Near East and with programmes in Spanish and Portuguese for Latin America. Services for Europe began during the Munich crisis, in French, German and Italian, and developed fast, especially after the outbreak of war. They reached a peak in the summer of 1944 when the European services amounted to 37 programme hours a day in 24 languages. The total volume of overseas broadcasting at that time was over 130 hours a day in 46 languages.

The important part played by British overseas broadcasts during the war is, as the White Paper says, "universally recognized". And everyone will applaud the Government's decision that the Empire service and many of the foreign language services should continue, financed in future by direct Grants in Aid. As regards control, the White Paper lays it down that the B.B.C. "should remain independent in the preparation of programmes for overseas audiences, though it should obtain from the Government Departments concerned such information about conditions in those countries and the policies of His Majesty's Government towards them as will permit it to plan its programmes in the national interest".

It may well be disputed whether the B.B.C., as constituted at present, is the body best suited to undertake responsibility for overseas broadcasts. That question should be part of the coming enquiry into broadcasting as a whole. But there is no doubt that, in the foreign language field, some such arrangement as the Government propose is right. "It would be unthinkable", as Mr. Morrison said in the House of Commons on July 16, "for Broadcasting House to be broadcasting to Europe, at the taxpayer's expense, doctrines hopelessly at variance with the foreign policy of His Majesty's Government. But . . . it appeared to the Government to be equally undesirable that the Foreign Office should themselves become responsible for the foreign services."

For home programmes there should be several independent public corporations, national and regional. For overseas programmes there should be one corporation or, better, two—one for the Empire, with part of its staff regularly drawn from the Dominions and Colonies, and a second for foreign countries; the technical side, for overseas as for home, being in the hands of the Post Office. But in overseas programmes, particularly in the Empire service, the objective, as at home, should always be the maximum of freedom. And one of the essential ingredients of freedom is the system of agreed free trade in programmes. This system prevailed all over western Europe before the war. No charge was made for programmes from country to country except the costs of transit. If a concert which was being broadcast in Manchester was asked for by France, the engineers in the two countries hooked up, and France relayed the concert to French listeners on payment of transit charges only.

It looks unhappily as if some of those politically responsible for broadcasting in this country were ignorant of this system of international free trade in programmes. And worse than that, it looks as if some of them, in defence of their monopoly, would wish to erect tariff walls within these islands. Replying to the plea made by Scottish and other M.P.s on April 9 for an independent Scottish Broadcasting Corporation, the Assistant Postmaster-General said: "Extra services in regard to great public events, sporting events and such items as 'The Week in Westminster' and 'To-day in Parliament' all come to Scotland free of charge, and they could not be provided if Scotland attempted to be self-supporting from the financial point of view." And again, "It would be wrong to expect to receive, without payment, the programmes from other parts of the country which are so generally accepted and widely enjoyed by Scottish people."

The answer is threefold. London programmes do not come to Scotland "free of charge" or "without payment". Scottish listeners pay their £1 into the London pool like anyone else. Secondly, if London is to play dog-in-the-manger to the regional systems, London must not expect to continue to be fed from outside itself. And, thirdly, a Scottish corporation would, of course, be independent for programmes only. No one in his senses would suggest competing systems on the technical side. Wireless licence fees paid by Scottish listeners would be divided on the same principles as at present: so much for operation (to the Post Office), so much for national programmes (to the B.B.C. and other all-over net-works), and so much for regional programmes (to the Scottish Broadcasting Corporation).

TECHNIQUE OF THE FUTURE

IN a very few years from now, British broadcasting, for all except country listeners, is likely to be based in the main not on wireless but on wire. Already in many parts of London, Hull, Southampton and other towns listeners have the new system installed. The advantages it offers over ordinary broadcasting are many. The range of programmes can easily be enlarged to three, four, five or more channels. There is no atmospheric disturbance. The volume of sound can be centrally regulated according to the nature of the building and its neighbours. Wired wireless and frequency modulation will soon make ordinary broadcasting seem remote. How strange that the only reference which the new White Paper on Broadcasting Policy makes to wire broadcasting should be in a small-print appendix!

Television from Alexandra Palace began again on June 7, after a suspension of nearly seven years since the outbreak of war. Plans are in train for extending it by cable or wireless link to Birmingham and other provincial centres. The same general principle should hold for television as for broadcasting in sound: one concern for technical operation, and competition in programmes. This was the view strongly held by the late Mr. J. L. Baird, inventor of television and one of the ablest men of our times. He urged it before the Hankey Committee on Television in 1943. But that Committee, like the Ullswater Committee before it, apparently missed the wood for the trees. The fundamental problem, monopoly, plays no part in its report.

ATOMIC ENERGY

THE PROSPECTS FOR WORLD CONTROL

THE Atomic Energy Commission of the United Nations has reached the end of the first main phase of its discussions, which will now continue in greater detail in a number of technical sub-committees. The general "second-reading" debate which has already taken place both in the Commission itself and in the various alternative forms into which it has resolved itself (the working committee, sub-committee No. 1 and so on) has revealed two main theses, the American and the Russian. Between these there is at certain points a fundamental opposition, which will need careful handling if it is not to lead to deadlock. There is in fact at present no sign of any basis for agreement. On the one side there is the Russian proposal for an international convention under which the parties would agree not to produce or possess atomic weapons; and—more important still—to destroy those they have within three months of the coming into force of the convention. Deceptively simple, it recalls in some ways M. Litvinov's famous proposals in the Disarmament Conference. On the face of it nothing could be more logical and straightforward; and yet it so obviously ignores the realities of the problem that it is difficult to resist the thought that its purpose may be largely tactical.

On the other side there is the American thesis, which is not merely American, since it finds support in all the public declarations already made by Governments, both at Washington, at Moscow and in the General Assembly. On each occasion it has been urged that international control of this new force depends essentially for its possibility on confidence; that confidence can only be built up gradually; and that no nation can be expected to surrender any advantages it now possesses, whether in stocks of bombs or in technical knowledge, until it can feel sure that the system of control will prove a reality. Here again there is perhaps some resemblance to the French insistence between the wars that disarmament must be preceded by effective guarantees of security.

The first main antithesis, therefore, between the American and Russian points of view concerns a question of timing and procedure. On this it is by no means impossible, if the will to find a solution exists on both sides, that a compromise may be found.

But there is a further disagreement about the nature of control itself. A highly important part of the Baruch proposals—not derived from anything in the Lilienthal Report—was the demand for sanctions against any nation violating the system of control, and the insistence that the operation of such sanctions must be unrestricted by any veto procedure. The veto is a subject on which, as is well known, the Russians have always felt strongly. At the same time it is difficult to see how the United States can depart very far from the position they have taken up. There are too many examples still fresh in

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our minds of the way in which the veto can be used to obstruct and delay decisions at every turn. Here therefore is a rock on which the discussions may well founder without a more than ordinary measure of skill and good fortune.

LIMITATIONS OF THE LILIENTHAL PLAN

LET us look, however, a little more closely at the first of these two possible points of conflict. The Americans are unwilling to surrender their present lead in knowledge and production except by degrees and as confidence in control grows. It is not hard to see the justification. The Baruch proposals, which were based in most of their essentials on the Acheson-Lilienthal Report, are remarkable for their boldness. But there is no precedent for them, and until they have been tested by experience many uncertainties will remain. The outlines of the plan are well known. A new type of international authority is to be set up, which alone will have the right to carry on those activities (such as the mining of uranium or thorium and the production of the active materials plutonium and U. 235) which can be used for warlike as well as for peaceful purposes. "Dangerous" activities such as these must be controlled by entrusting them to an international monopoly.

The Lilienthal Committee held that there was a further range of activities which might be treated as "safe" in the sense that they might be carried on by individual nations, under international supervision. This distinction between "safe" and "dangerous" activities was based upon the possibility of "denaturing" fissile material, that is, of treating it in such a way that it is no longer suitable for use as an explosive.

If this can be done the whole problem of control is greatly simplified. A fundamental difficulty in atomic disarmament lies in the fact that so many of the processes required to make use of atomic energy can serve either a peaceful or a warlike purpose. This is a difficulty which runs through all discussions on disarmament. We have long ago come to the conclusion that to abolish military aviation would be impossible. It is notorious that the first stage of the German rearmament in the air was the vigorous development, with government assistance and encouragement, of the German civil air services. The tractor plants at Stalingrad, brought into being under a five-year plan for peaceful industrial development, equipped the armoured divisions which turned back the tide of German invasion. The line is even harder to draw in the field of atomic energy. Here is a discovery which may lead in time to a new industrial revolution. The scientists indeed compare it with the discovery of fire. Already it can be used to produce weapons of appalling power. It can serve either purpose.

How is the world to be protected against the dangers without being denied the benefits? It has been suggested that the answer lies in a system of inspection. Each government, so it is argued, must agree to use atomic energy only for peaceful purposes; and a corps of international inspectors must roam the length and breadth of every country, however vast, however thinly populated, to see that this undertaking is being carried out.

The Lilienthal Committee thought that to do this would be quite clearly impracticable. To survey the whole industry of a country, to sift out and separate the lawful from the unlawful, might well seem a task more formidable even than the separation of isotopes. It would be necessary to know not only what people were doing, but why they were doing it. If a plant is found in which fissile material is being made, that in itself reveals nothing. The material might be intended for the production of power no less than for the filling of a bomb. The strictest accounting and the most detailed supervision would be necessary therefore in every process and at every stage in order to determine the use made of every pound of material.

But if the active material can be denatured, produced, that is, in a form in which it is useful only for the production of power, then the whole matter becomes much simpler. Denatured material would be produced by the international authority and distributed to individual governments for industrial use. It would be only necessary then to consider what people are doing and not why they are doing it. The inspectorate must watch for an attempt by a nation itself to produce fissile material, or to treat the denatured material which it has received in such a way that it can once more serve a dangerous purpose. If such an activity is detected it will give at once a clear and unambiguous warning of evil intentions.

The three main foundations therefore on which the Lilienthal plan rested were:

- (1) An international authority to which would be entrusted a monopoly of all dangerous activities.
- (2) A modified and simpler form of inspection, sufficient to ensure that the monopoly really was a monopoly and that no nation was carrying on dangerous activities.
- (3) The widespread development through national agencies, but under international supervision, of "safe" activities based upon the use of denatured material.

The Lilienthal Committee were cautious in the claims which they made for denaturing as a safeguard. They pointed out that the purpose of denaturing might be defeated if steps could be taken to remove the denaturant, or if more ingenious methods could be developed in the field of atomic explosives which would enable denatured material to be used in a weapon. In public discussion of the Lilienthal Report these qualifications tended to be ignored, and the State Department later found it necessary to issue a press release underlining the difficulties. Two paragraphs may be quoted from this statement:

"In every case denaturing is accomplished by adding to the explosive an isotope which has the same chemical properties. These isotopes cannot be separated by ordinary chemical means. The separation requires plants of the same general type as our plants at Oak Ridge, though not of the same magnitude. Construction of such plants and the use of such plants to process enough material for a significant number of atomic bombs would probably require not less than one, nor more than three, years. Even if such plants are in existence and ready to operate, some months

must elapse before bomb production is significant, but unless there is a reasonable assurance that such plants do not exist, it would be unwise to rely on denaturing to ensure an interval of as much as a year.

"For the various atomic explosives the denaturant has a different effect on the explosive properties of the materials. In some cases denaturing will not entirely preclude making atomic weapons, but will reduce their effectiveness by a large factor. The effect of the denaturant is also different in the peaceful applications of the materials. Further technical information will be required, as will also much more complete experience of the peacetime use of atomic energy and its economics, before precise estimates of the value of denaturing can be formulated, but it seems to us most probable that, within the framework of the proposals advanced in the State Department report, denaturing will play a helpful part."

The statement ended with the conclusion that denaturing, though valuable in adding to the flexibility of a system of controls, could not of itself eliminate the dangers of atomic warfare.

Finally, Mr. Baruch, in bringing the American proposals before the International Commission, said that denaturing seemed to have been overestimated by the public as a safety measure, and that the use of denatured materials would always require suitable safeguards.

It is clear, therefore, that the category of activities which may really be classed as "safe" is much smaller than was at first supposed, and must, in fact, be limited to scientific research (including such things as the operation of low-energy piles and the use of radio-active material as tracers) in which the quantities of active material used are so small as not to be dangerous. But if atomic energy is to be developed on a large scale as a source of industrial power, some fairly close system of supervision by the international authority will be required to make certain that the denatured material which it has supplied for these economic uses is not being "renatured" so as to make it suitable for use in a bomb. To provide for this will not be easy.

What is to be said of the method by which, under the American proposals, those activities which are undoubtedly dangerous are to be controlled? These, it will be remembered, include all prospecting, mining and refining of uranium and thorium, the production of any fissile material (U. 235 or plutonium) and research and development in atomic explosives.

One cannot help being struck first by the formidable extent of the task which will face the new authority. They are to have a monopoly of all raw materials, as well as of production plants. Their first duty, therefore, is to assure themselves that they really do possess that monopoly. For this they require knowledge as complete as can be achieved of the distribution throughout the earth's crust of uranium and thorium, the two principal materials on which the use of atomic energy can at present be based. It is a mistake to suppose that the deposits of these materials are well known, concentrated and few in number. If we include low-grade deposits, which, given sufficient effort, could be exploited, there are few countries of which it could be said with confidence that they contained no source of these materials. But they do not necessarily occur by themselves. They will very frequently be found as by-products of such minerals as gold, copper and vanadium. To survey the

whole field and to ensure that no misuse will occur of any significant part of these supplies is a task which will not be easily or quickly mastered.

Let us consider next the method by which these and other functions of control are to be carried out. It is proposed to entrust them to an international authority. We must be clear what this means. We may be convinced, as leading men on both sides of the House of Commons have declared themselves,* that only by the development of some form of world government can the curse of war be eradicated. But this will only be possible when national sovereignties have in large part been merged in some wider allegiance. To-day the first loyalty of the citizens of every country is to their own Government, and the only form of international organization which we know is an association of independent sovereign States loosely knit together under the terms and for the purposes defined in the Charter. In speaking of such a body the phrase "international monopoly" is a contradiction in terms. To entrust something to an international authority of this sort is not to raise it above the level of individual Governments; it is merely to ensure that they all share in it. The Lilienthal Report, and to some extent the Baruch proposals, speak as if there was an antithesis between the international authority and the Governments that compose it. In fact, they are identical. Thus, to say that only the international authority may engage in research into atomic explosives seems to mean no more than that the results of such research must be common to all. Again, in the case of plants for producing fissile material, there is no international territory or "no-man's-land" where they can be situated. The Lilienthal Committee were forced, therefore, to fall back on the principle of "strategic balance", which appears to mean that the new authority must build plants in every important country. If every nation represented on the authority had an equal contribution to make in knowledge and experience, no one of them would need to feel that such a form of co-operation would carry with it any sacrifice. As matters stand to-day, the United States is entitled to consider that in making these proposals it has made a generous gesture.

Nevertheless, if a plan of this sort could be put into operation we should certainly have taken a long step towards the building up of an effective system of world government, such as everyone must desire; and it may be argued that it is through a "functional approach" of this kind, by developing the practice of international co-operation, without seeking to define too closely or too absolutely its constitutional forms, that the best hope of progress lies. But it is as well to realize that this is a different conception from that of the Lilienthal Report. The international authority which we should create would be no supra-national body, exempt from individual jealousies and suspicions and beyond the reach of controversy, which could safely be trusted with any responsibilities and would be capable of imposing its will without challenge on any nation. It would be a particularly delicate piece of machinery, a joint undertaking in which governments would pool their resources to develop the use of atomic energy in every country, in the belief

* See *Five Speeches on World Government*, THE ROUND TABLE, No. 142, March 1946, pp. 117-26.

that by this means they could best ensure that it would be used for peaceful and not for destructive purposes.

A POSSIBLE COMPROMISE

WE have tried to show above something of the uncertainties which must surround the working of the plan for international control. The United States Government are surely entitled to urge that such a plan cannot be put into force in a day, that it can only succeed in an atmosphere of confidence and that that confidence must be built up gradually. Until that confidence exists and until the system is seen to be working effectively, it would be unreasonable to expect them to destroy their existing stock of weapons.

On the other side, the Russians may reasonably claim that so long as the United States retains her freedom to produce or possess bombs, other countries cannot be bound not to produce them. To expect otherwise is to ask the world to agree to prolong, for some uncertain period, an American monopoly.

But a solution might perhaps be found if it could be agreed that the machinery of the new authority should be set up first, its powers defined, and some of its preliminary tasks first discharged. The "appointed day" on which the production of bombs would become illegal for any nation could be placed fairly late in the programme of action.

But even this hope will fail if all nations are not equally prepared to throw open their frontiers and permit full liberty of access and full freedom of operation to the international authority. Up to the present the Russian attitude on this point has not been fully revealed. But the violent attacks in *Pravda* on the Baruch plan have been followed by the open rejection by M. Gromyko of the American proposals "as they are presented now" both as a whole and in their separate parts. If the Russian Government is really determined to maintain the strict secrecy which it has, for some time past, imposed on all developments—economic as well as military—then there can be small hope of any successful outcome of the Commission's work. The Russian proposals would then be seen as no more than a tactical device under which, by putting forward proposals which they must know to be unacceptable, they might hope to place upon others the onus of refusal and the responsibility for a breakdown in the negotiations. Let us hope that such fears will be falsified by events.

Nevertheless, if the Commission fails to reach agreement, if the Russians insist on retaining the veto or continue to demand that all bombs shall be destroyed as a preliminary to any further discussion; if the Americans, for their part, feel that the uncertainties of control are too great for them to give up at one stroke and without effective safeguards the means of self-defence which they now possess—what is the outlook? Must mankind, like the lemmings, continue to move, driven by some mysterious urge, towards inevitable self-destruction? The answer may prove to be that the proposals at present before the Commission are too ambitious and that an alternative line of approach must be sought. What that line might be can be seen from Professor Woodward's very able pamphlet *Some Political Consequences of the*

*Atomic Bomb.** To abolish or limit the production of certain categories of weapons while the possibility of war still persists is a baffling problem. Unless the strict enforcement of the undertaking can be guaranteed, each nation will be haunted by the fear that, while they observe, others will evade the provisions of the agreement. It may be found a simpler and more practicable task not to try to ensure that no nation makes atomic bombs, but to try to see that no nation will dare to use them. The probable consequences of retaliation by the victim are already serious enough. If retaliation, immediate and concerted, by every nation that possessed atomic bombs could be assured, the deterrent effect of such a threat might be overwhelming. Such a proposal is admittedly a second best and would provide no more than a precarious assurance of safety. But it may be worth trying if agreement cannot be reached on the more ambitious proposals hitherto discussed by the Commission.

* Oxford University Press, 1945. Price 2s.

A FIFTH PROVINCE OF THE UNION?

THE FUTURE OF SOUTH-WEST AFRICA

DURING the parliamentary session just ended in South Africa, the Nationalist member for Beaufort West, Mr. Eric Louw, who, when his party was in power, represented South Africa in the U.S.A., moved a motion asking for the immediate inclusion of South-West Africa in the Union as a fifth province. He argued that the League of Nations, which had ceased to exist, had no right to transfer its powers in respect of mandated territories to any Power or group of Powers, and the United Nations Organization had no right accordingly to determine the fate of South-West Africa. Taking part in the debate the Prime Minister expressed his confidence that he would be able to present to the United Nations Organization a particularly strong case for the inclusion of South-West Africa in the Union. If he were unsuccessful, however, he was willing to allow the Union's relationship with South-West Africa to revert to the *status quo*, that is, the Union would continue to administer South-West Africa, but would submit reports on the territory to U.N.O.—in the same way as reports had been submitted in the past to the League of Nations. General Smuts was of the opinion that whether the Union obtained the inclusion of South-West Africa, or continued under present arrangements, it would shortly be necessary to give representation to the people of South-West Africa in the Union Parliament.

The alacrity with which Great Britain and Australia have accepted the new Trustee system in place of that of Mandates may appear to reflect on the Union of South Africa, which rejects its application to South-West Africa, the more so since her policy in this regard will at first sight seem to conflict with her Prime Minister's pronouncements on a new world order, in the framing of which he has had no small part. But for correct judgment of the situation and South African sentiments thereon it must be realized that the relationship here is entirely unlike that existing elsewhere between any Mandatory Power and its Mandated Territories. For it is not, as in other regions, a question of territory remote from the Mandatory State, as for example Palestine or Tanganyika Territory, a difference recognized when South-West Africa was placed under a "C" Mandate. No space and no natural boundary line separates the Union from South-West Africa, no physical or ethnological demarcation distinguishes the one from the other. The two countries are contiguous, the one merely a geographical projection of the other, and the excision of the one from the other is mutilating to the whole body of sub-tropical Africa, much as would be the separation of Wales from the United Kingdom.

The claims of the Union are by no means of recent origin. Except for two landings by Portuguese voyagers in the fifteenth and sixteenth centuries and later periodic visits by whalers, the whole thousand-mile coast of South-West

Africa remained untenanted until Walvis Bay was annexed by the Cape Colony in 1878; and the 318,000 square miles of its hinterland was unknown till it was penetrated, explored and opened to Europeans by South Africans about the turn of the eighteenth to nineteenth centuries. No other claimants to this vast area came forward, and until late in the eighteen-eighties it could have been joined without challenge of right to the Cape Colony, would, in fact, have passed into its possession but for inexplicable vacillation on the part of the United Kingdom and Cape Governments. Bismarck himself expressly acknowledged it as properly belonging to Britain, even urged it upon the British Government. Yet it was allowed to fall to the Germans, who had never set foot there nor had a shadow of claim thereto. And when finally, after thirty years of misrule, the country was wrested from Germany, it was done by Union arms; and it was as though the Dominion had but retrieved that which rightfully belonged to her.

Thus by every natural right and normal usage this region should then at last have been constituted an integral part of the Union of South Africa. To that situation there is no parallel in the distribution of ex-enemy colonies. Nor has the Union been failing in its trust. The Mandated Territory, never in the past self-supporting, has been generously financed by her and thereby been brought to prosperity unprecedented in its history. Union nationals have settled there and now form the bulk of the white population, and they have developed its resources in hard toil and through years of vicissitudes. At its own expense, the Union has linked the territory's railways to its own system, thereby giving access to markets and ports without which South-West Africa would altogether lack adequate outlets and facilities for development. No other country could have given like effective aid; and without it South-West Africa would have remained largely undeveloped.

Moreover, this association is to mutual benefit. If the Union can help South-West African production and exportation, South-West Africa offers a market for Union manufactures and supplies, while its mineral wealth is complementary to that of the Union. Above all South-West Africa is strategically important to the Union, a bridgehead that in enemy hands would be—as in truth it was—a standing menace to her security; and on the other hand the defence of South-West Africa can be effectually secured only from the Union. Thus Union tenure of South-West Africa is a vital necessity to both countries and, whereas the transfer of any other mandated territory can be envisaged, it is out of the question that South-West Africa could be affiliated to any other Power but the Union of South Africa. The welfare and destiny of the territory rests with the Union, and it will not be better served by interposing a third factor or restricting Union interest in the land.

In the years of world-wide Nazi intrigue the Europeans of South-West Africa were made acutely aware of the menace of alien influence in their midst, and they are alive to the need for strengthening their national foundations. To the articulate and responsible section of the community Trusteeship savours too much of intrusion by foreign elements that can have no genuine part or interest in their concerns. What they demand is that they shall no longer be virtually stateless internationals and their

country a pawn to be shuffled for the sake of the big pieces on the international chessboard.

NATIVE INTERESTS

THUS far the claim of the Union to South-West Africa appears to be founded in justice. But judged by that merit alone there will be seen another aspect of the case which will figure prominently in international councils. Undoubtedly the Mandate system was originally conceived largely as a device to safeguard the interests of indigenous peoples who, in South-West Africa as elsewhere, form the mass of inhabitants; and the Trusteeship system is evidently designed to further that objective. It would be idle to ignore the fact that this consideration will be weighed against the claims of the Union, and recent events in South Africa may from this point of view have unfortunate repercussions. If the truth must be told it is fundamentally the same cause that makes transfer of the British Protectorates in southern Africa unacceptable to their native inhabitants, who otherwise have much to gain by incorporation in the Union. Thus when the question of South-West Africa comes up for decision the Union's native policy will, no doubt, be responsible for a disinclination in sundry quarters to entrust other native populations to her care.

In fairness, however, it must be said that to the Europeans of South Africa the crux of the issue is the threat of ultimate domination by the overwhelming numerical preponderance of the native African peoples. Be it remembered that the Union is among the youngest of nations, still immature, but having a long memory of bitter struggle for survival waged against savage peoples whose descendants outnumber them by four to one. But a fresh outlook and a new spirit is undoubtedly emerging that stands for equity, and at the same time economic necessity is pointing to the expediency of utilizing more effectively South Africa's whole man-power of whatever colour. Thinking men must realize that sooner or later colour bars are doomed; but the champions of the coloured cause are apt to talk glibly, unmindful of the inescapable time-factor in human progress. Admittedly, the present conditions of the detribalized Union native working on farms or in the big urban centres leave a great deal to be desired. But the Union's administration of her own native territories has in recent years had a record of sound progress that is not sufficiently known or recognized by outside opinion. And in South-West Africa, in particular, the large native territory of Ovamboland has under the Union Mandate been conspicuously well administered under the system of indirect rule.

Taking everything into account, it is logical to believe that the Union has more to contribute to the development of South-West Africa than can be conferred by any international body, and those who desire its welfare will avoid tampering with the ties, historical, regional, and material, which afford the only sound basis for South-West Africa's future.

INDIA'S TASK

THE CHALLENGE OF THE MUSLIM LEAGUE

ON July 29 the Muslim League in full conference reversed by unanimous vote its Working Committee's earlier acceptance of the Cabinet Mission's plan for an Indian Constituent Assembly. The grounds given for this decision were that the Muslims had been betrayed by the Mission and the Viceroy, through the failure to form a Cabinet under Muslim League leadership after the League had accepted but the Congress refused the invitation of June 16 to form an interim Government of India; and by the Congress through the speeches by Pandit Nehru and others implying that the Congress regarded itself as bound by no conditions in entering the Constituent Assembly, whereas, of course, the conditions meant everything to the League.

It is right to say that the negotiations for an interim Government appear from London to have been mishandled. When the Congress insisted on nominating one of the five Muslim members, the Viceroy replied that he had undertaken otherwise to Mr. Jinnah. When the Congress then said that they would give one of their own places to an additional Muslim, sacrificing a Hindu member, Lord Wavell might, it seems, have said that that was their business, and left Mr. Jinnah with the responsibility of causing a breakdown. Rightly or wrongly, he upheld Mr. Jinnah's point against the Congress, who then rejected the invitation to enter the Government. Not only the Muslim League, but British observers also, then expected a Government to be formed with Mr. Jinnah at its head. That seemed the obvious consequence of acceptance by one party and rejection by the other. For a fresh attempt to form an interim Government on the same basis was bound, it would seem, to lead to the same result, whereas if the basis were altered in favour of the Congress, and if the Congress then accepted while the League declined, the precedent created would give substance to the charge of a breach of faith, should a Congress Government without the League then be accepted. The Muslim League certainly had a grievance, which the somewhat involved and formal explanation given by the Secretary of State in Parliament on July 18 did nothing to allay. Pandit Nehru's approach to Mr. Jinnah in August, following the Congress resolution acknowledging the conditions of the Constituent Assembly, was a statesmanlike act, but the harm had been done. At the time of writing, early Muslim participation in the interim Government appears unlikely.

A grievance over the interim Government, however, was no sound reason, by standards of statesmanship, for throwing over the long-term constitutional plan. Nor was the other excuse given by the League. The Congress leaders had spoken provocatively and with all the accumulated unwisdom of irresponsibility about the Constituent Assembly. But the right place to challenge them was the Constituent Assembly itself. Sounder Muslim statesmanship would have put the issue to the test.

The true reason for the League's action must be sought in tactics and party interest. Mr. Jinnah compromised with the Mission over Pakistan because he feared that, if he did not, the solidarity of the Muslims might break, and the curve of his political power, which had risen steadily since 1937, might begin to decline. The elections to the Constituent Assembly, and the adherence of certain prominent non-League Muslims to the League cause, showed that the curve was still rising. He and his henchmen felt that they could do even better for their cause by holding out than by compromising. It is the tactical situation which the Congress and the Viceroy, emulating Mr. Jinnah himself, will watch for every opportunity to undo the damage and pull India back from the brink of civil war, over which she has gazed in August 1946.

The whole work of the Cabinet Mission appears at first sight to have been undone. Certainly the situation is very grave. But time will show that permanent achievements have been gained. The sincerity of the British Government, despite the Muslim League's charges over the interim Government, has been proved to India and the world as it was not proved even by the Cripps Mission of 1942. And a tentative solution of the constitutional problem was accepted by the two main parties for the first time. What can be done once can be done again. Just as the Cripps offer was the starting-point of the negotiations of 1946, so the Cabinet Mission's plan will be the starting-point for all future efforts to form a new constitutional structure for India. Whether or not the League co-operates, it is the agenda for the Constituent Assembly to begin this autumn.

THE CONSTITUTIONAL PLAN

THE plan was both ingenious and statesmanlike. Although in its presentation it began with the proposed Indian Union, its basis was essentially the autonomy of the provinces. This device, advocated by THE ROUND TABLE six months ago,* seemed to have squared the circle of Pakistan by giving the Muslims the chance of a national home, having full social and economic powers, but within an Indian Union confined to the minimum of necessarily central subjects. In the Constituent Assembly the representatives of British India would come as representatives of their respective provinces, elected by their provincial legislatures. The first operative stage of the Assembly's work would be the drafting, not of the Union Constitution, but of the Constitutions of the provinces, whose representatives would be assembled for that purpose in groups; and the groups themselves might, if their constituent provinces so chose, form group constitutions for such purposes as those provinces chose to pool. Only then would the Constituent Assembly get down to the task of framing a Union Constitution of all India—and this Union, it was conceded in advance, would be confined to three fields of power only, foreign affairs, defence and communications, unless the major communities jointly and severally agreed otherwise. All this is the tantamount to saying that sovereign powers of government reside in the provinces, but that as the condition of practical exercise of those powers

* See THE ROUND TABLE, No. 142, March, 1946, pp. 156-8.

they agree in advance to grant to a Centre the minimum of functions of all-India concern. THE ROUND TABLE may be excused for saying "I told you so".

The Mission themselves emphasized in their statement of May 16 that the new constitutional structure of India was not for them but for Indians to decide. The Congress, however, no less than the Muslim League, pledged themselves to the rule that resolutions in the Constituent Assembly varying the Mission's main proposals or raising a major communal issue should require a majority of the representatives of each of the two major communities. The communal veto, in other words, would not operate from a *nil* starting-point, but from that of the Mission's proposals. The proposals in question comprise:

1. An all-India Union dealing with foreign affairs, defence and communications and having power to raise the necessary finance for those purposes, but leaving all other subjects, including residuary powers, to the provinces;
2. A veto in the Union legislature for each of the two major communities on questions raising a major communal issue;
3. Participation of the States in the Union to the extent of such powers as they choose to cede;
4. Freedom of provinces to league together in certain groups;
5. Right of provinces to call for revision of the Union and group constitutions at ten-yearly intervals.

One of the consequences of the acute scarcity of newsprint in Britain has been the lack of space in the press for serious discussion of such vital but not urgently topical subjects as the future Indian Constitution. Had it been otherwise, enlightened British opinion might have been directed, not only to the revolutionary contrast between what is proposed and previous constitutional tradition, but also to the important bearing that it has upon other constitutional problems facing the British Commonwealth and the world.

Never before has there been a "three-decker" constitution, with federations within a federation. Never before has a constitution provided that decisions of a certain type should require separate majorities of two religious communities. Never before has a national federation been confined to such a restricted field of powers, excluding the whole range of economic and social legislation and administration. Never before has it been sought to federate parliamentary democracies with monarchies only partially limited by constitutional law and usage.

THE FUTURE OF THE STATES

THE last innovation, though repugnant to many democrats in India and elsewhere, is really not very remarkable. We contemplate an Indian Union with an executive answerable in some way to the legislature—probably not representative only of the majority of the legislators as in the British system, for that would not suit and has not suited the Indian communal and caste position, but deriving its ability to govern in the last resort from the legislature's support. A one-man executive directly chosen by the people, as in the United

States, is hardly likely to be acceptable to India's diverse communities. The legislature is therefore the key to the whole governmental system; and as members of the legislature there will sit, presumably, representatives of the Provinces, directly or indirectly elected, and representatives of the States, some of them nominated by their Rulers. Is there anything more than formal objection to this? It can affect neither parliamentary rights nor procedure. The Indian Union legislature may in certain respects be like the House of Commons before the Reform Act of 1832, when tribunes of the people voted and hobbled with nominees of the pocket-borough owners—on both sides of the House. But there are worse characteristics in which the Indian legislature might parallel the unreformed House of Commons, as indeed some fear that it may.

Moreover, it is clear as daylight, to the Indian Princes no less than the rest of the world, that only constitutional limitation of their powers in favour of elected spokesmen of their people can save them for long in the new India. To what extent the support and favour of the British Crown has saved many of them hitherto, if not from extinction, at least from surrender of autocratic power, may be a matter of debate; but, for the future, as soon as British authority is transferred to a fully self-governing Indian Union the point will be put to the test. For the British Government has made plain that under that new régime it will have no capacity to interfere in the affairs of India or therefore to carry out its side of the Crown's engagements with the Princes—to defend their States and uphold their dynasties, subject to various provisos written or unwritten. Hence the engagements must lapse, paramountcy—which cannot be transferred to an Indian Government—must disappear, and the States must be left on their own to sink or swim.

The constitutional position of the States, large and small, in the new India is as yet an unsolved riddle. They are scarcely international entities; for they have never, at any material time, exercised any external jurisdiction, nor been recognized as external "Powers" by anyone—even their Princely neighbours, the Political Department having discouraged diplomacy among States. Can they now assume external powers that they have not previously possessed? That depends, to some extent, on their own administrative and military strength, but also on recognition by others, which will not be readily forthcoming either from the Indian Union or from foreign Powers. Clearly only the very largest and strongest of the States could aspire to international status with any hope of success. All but one or two of the first half-dozen States have no sea-board and therefore no means of intercourse with the outside world save by grace of their Indian neighbours.

Conceivably there might be exceptions, but for the Indian States as a whole only three possible courses are open: to join the Union as separate member units; to merge or sub-federate with neighbouring States so as to form possible member units of the Union; to join with a neighbouring province or provincial group and participate in the Union in that indirect way. The alternatives correspond broadly with three classes of States, according to their financial and administrative resources. The greater number of the States—by far the majority by count being small and poor—will have to

link themselves with the provinces. It is unlikely that they will be able to do so without surrendering a large portion of their independent authority, especially in the economic and fiscal field. The provinces may also make a democratic limitation of the remaining Princely powers on condition of taking such States under their wing. Many States will refuse such terms, and some will succeed in holding out for a long while; but every advance in communications and in general economic standards strengthens the whip-hand of the Provinces. In the end the alternative to submission for the small States is extinction.

Is the same true of the States that are large enough, rich enough and well enough managed to join the Union either severally or in regional groups? Their power of independent survival is stronger, and so is the interest of what is now British India in securing their willing participation in the Union. The terms of such participation may be expected, therefore, to be more favourable to the preservation of the Princes' sovereign powers. But restriction of those powers both by curtailment of their range and by constitutional limitation of monarchy is inevitable for all.

The Union will have power to raise the finances necessary for the conduct of its own range of powers, which include the expensive item of defence. Even if a levy on the States, raised by their own fiscal and administrative machinery, is acceptable as their contribution, the financial power implies a right of interference to enforce the levy, by the raising of revenue or by the limitation of their expenditure. The defence power implies, too, a power to suppress internal disorders which are dangerous to external security, and this power, which was inherent in paramountcy, in turn implies a limitation of State sovereignty. Social and political forces are bound to lead to a more democratic order within the States. Their leading Princes have already recognized that this is the condition of their survival. Much of the new democracy in the States may be superficial, but it will take root. At the same time, the tradition of personal rule is deep-seated in India, and the people of the States themselves may well prove to be its chief defenders if its exponents march with the times. It has an immense value of its own in Indian conditions, especially in face of communal rivalries.

The presence of the States must greatly complicate an already involved constitutional system. The three decks may each include various levels. A big State may be found surrendering its powers in defence, foreign policy and communications—and the necessary finance—to the Union, and its powers in customs, currency and certain other economic matters beyond its scope to a group of provinces, while retaining other economic powers, such as company law, industrial promotion and social services, which would be exercised by the group for its provincial members, as well as still others like agricultural policy which would be exercised by the provinces themselves.

Obviously, if a system so complex is to work it must be infinitely flexible. The pattern of the older and more homogeneous federations will not do. What is wanted is a series of administrative organs, specialized to different functions, each with its own miniature Government in the shape of an execu-

tive committee, ministerial powers being exercised by its chairman, and the chairmen (and perhaps deputy chairmen) together forming the Government proper. A device of that kind may help, too, in solving the problem of the Indian Union itself, for which the ideal system of government certainly does not seem to be a Cabinet-and-Parliament model. It should be noted that the three subjects of foreign policy, defence and communications are characteristically matters of expert administration rather than amateur legislation. The true rôle of the Union legislature is clearly that of approving the executive in the first place, voting finance, and acting as an occasional court of reference on matters of major communal concern, when the Muslim and Hindu veto operates. The veto could paralyse government if it were not kept well in the background. But if members of the legislature are not to be tempted to assert themselves factiously over against the executive, they must be more closely associated with administration than they are, for instance, at Westminster, let alone Washington. The example of the Donoughmore Constitution in Ceylon is not, it is true, encouraging, but the circumstances of the Indian Union will be entirely different.

SOVEREIGN PROVINCES

THE limitation of the Central field of power to foreign affairs, defence and communications (by which is obviously meant external and through communications by sea, air, rail and road, excluding local communications and transport) is perhaps the most startling of all the Mission's proposals. It was necessary to secure the adherence of the Muslim League, but it raises some extraordinary problems. The provinces or provincial groups will have power to control, not only their own industrial and social policy generally, but such matters as customs and currency which have been regarded hitherto by constitutionalists as part of the irreducible minimum of central powers. It follows that the provinces or groups must have their own international relations in the economic field. They must severally become parties to such multilateral instruments as International Labour Conventions. They must sign their own treaties of commerce with foreign countries, must separately participate in the organs set up by Bretton Woods. It is with them that His Majesty's Government must treat for the future safeguarding of British commercial interests (except in communications) and the position of United Kingdom subjects in India. All this is true whether or not India remains in the British Commonwealth; it is even possible that parts of India might wish to remain in the Commonwealth for purposes of preference and economic collaboration generally, while the Union Government wished to sever the British connexion. Does it not follow, furthermore, that the Indian provinces, or provincial groups, rather than the Union should be represented on the Economic and Social Council of the United Nations?

Here are strange anomalies and hard problems. But the fact is, that if the present proposals go through, a new phenomenon will have appeared upon the world scene. The Indian provinces—let us omit the groups for the sake of simplicity—will, as we have noted, be in effect sovereign Powers, having pooled their sovereign rights for certain purposes, subject to a communal

veto and to a right of revision after ten years. Basically it is they who will be nation States comparable with other sovereign States of the world; the difference will be that they will have appointed a Union Government to represent them in the world at large for certain matters, primarily security.

They will be, in short, virtually in the position of countries accepting the doctrines which will be for ever honourably linked with the name of Mr. Lionel Curtis. The essence of those doctrines is a warning to sovereign States that if they are not to perish in another holocaust they must unite in an organic union, directly representative of their people, for the limited purpose of security—with the financial powers and resources necessary therefor. Such precisely will be the Indian Union, having authority also in the closely linked field of long-range communications. Perhaps the most formidable argument against this doctrine is that such a limited union will not work. If India can show that it does work, she will have rendered an immense service to the whole world. The scale is small enough for experiment without disastrous repercussions, and the shelter of the British Commonwealth can ensure a fair trial despite occasional error.

That is one reason why much more than the future of India herself hangs upon the work of the Indian constitution-making body. There are other reasons besides. A successful solution of the problem of "national homes" within an international Union will have vital lessons for other countries with plural communities which face the problems inherent in replacing imperial tutelage by democratic self-government: for Palestine, for East Africa, for Malaysia, for Indo-China, and for many other parts of the world.

THE CONSTITUENT ASSEMBLY

If and when the Indian Constituent Assembly meets will therefore be watched by a world-wide audience. It will have a great responsibility. One thing is quite clear. It will be abortive at once if it proceeds by methods of open debate and formal vote. That way lies the certainty, not only of deadlock through the use of the communal veto, but also of crystallizing the opposition of smaller minorities on specific points which will remain a perpetual grievance. The methods must be those of negotiation and compromise, to be backed by as nearly as possible a unanimous vote when the whole scheme, or such sections of it as stand on their own, are completed. The task is an essay in tact and statesmanship rather than numerical strengths, debating skill or tactical manoeuvre. Those are not, unhappily, conspicuous qualities among India's political leaders.

The mere mechanics of the job—the appointment of officers, the settlement of procedure, the nomination of committees, the framing of provincial and group constitutions, the back-references to party conferences, the negotiations with the Princes, the drafting of many complex clauses, the re-drafting after committee discussion and all the rest of it—mean that at least two long cold-weather sessions will be needed before a complete constitutional structure of provinces, States, groups and Union can emerge in final draft. That calculation excludes abnormal delays, arising from communal or party deadlocks or policies of non-co-operation. When we look upon the political

and communal temper of India, the long habit of opposition and non-co-operation of her political leaders and their inexperience in practical working of a political machine, we may well wonder whether, even if the Constituent Assembly opens in 1946, the gestative period of the new Constitution will not be very much longer.

It is certain that the constitution-making cannot achieve a reasonably swift success without two adjuncts. The first is the existence of a popular Indian Government, guiding the Constituent Assembly in the light of experience daily gained in communal co-operation and practical administration. Ships of state are not built on the open sea. Like other vessels, they are built on land, on the slipway of hard experience in government. The second condition is the aid, encouragement and guidance of British experience. They must be asked for, not pressed upon India, but they must never be stinted or refused.

BRITAIN AND INDIA

To secure the transfer of full power to Indian hands, by constitutional process and without breach of the rule of law, is Britain's first interest in India. All her other interests are subject to that. Until the process has gone farther it is but speculation to comment on the future relations of Britain with India in the two great fields of defence and commerce, which will be regulated by treaty. It is certain that those relations must be based upon the complete independence of India—whether within or beyond the British Commonwealth—and upon willing acceptance by India's leaders in her own interest. Those most concerned, the Service chiefs, the executives of British business interests in India, are undoubtedly proceeding upon that basis. The question whether India will remain in the Commonwealth will answer itself in time. It is a matter for Indians to decide when they have set up their new constitutional order. Nothing said or done in Britain should prejudice the issue or force it to a head.

The British Government are pledged to recommend to Parliament, when the Constituent Assembly has completed its labours, "such action as may be necessary for the cession of sovereignty to the Indian people". They make two provisos which they describe as non-controversial, and which it is remarkable not to find challenged by the Indian parties—such is the progress made in convincing them of British good faith. The first is adequate provision for the protection of minorities, and the other is willingness to sign a treaty to cover matters arising out of the transfer of power. We should be deceiving both ourselves and the intended beneficiaries if we laid too much weight on these provisos. Once sovereignty is transferred, the British Government will have even less power to intervene on behalf of Indian minorities than on behalf of the States. Their protection will depend on the character of the Constitution, the policy of the majority communities, and their own strength and leadership. It is the Constituent Assembly and the electorates rather than His Majesty's Government whom their spokesmen must now convince, and to whom their claims must now be addressed. Our implicit right to veto a Constitution which does not provide for adequate

protection of the minorities would be hard to implement if the major parties and communities were agreed upon it.

As for the treaty, the Mission persisted in the fallacy that a treaty can be negotiated with the Constituent Assembly. A Constituent Assembly has but one mandate, and is without power either to ratify a treaty in legislation or to implement it in action. A treaty can be negotiated only with a Government. In this case, treaties must be made with a dozen Governments, for the "matters arising out of transfer of power" fall some in the provincial, some in the central, field of powers. How, then, is the gap to be bridged between the present régime, when these matters fall under the ultimate authority of the British Government and Parliament, and the setting up of Indian Governments under the new Constitutions, when they can be regulated by treaty? The answer can be found only in agreement with an interim Government, representative of the main parties, upon a *modus vivendi* to cover the transitional period and to form the pattern, pledged in advance, of the subsequent treaties. That is one more reason why the early formation of such an interim Government is imperative if the whole constitutional process is to march forward.

GUERRILLA IN WASHINGTON

A TIME OF TROUBLED SUSPENSE

THE political shape of things in America is still somewhat disconcerting. The growing disparity between prices and wages threatens further industrial strife and unbalance. Americans are disturbed by Russian policy and worried over the prospects for peace. We are, it goes without saying, far less sure of ourselves or of the world than we were a year ago, or even six months ago.

It is probably snatching at straws to say that this post-war disillusionment came quickly, and that nobody is starry-eyed any more, which is no doubt a good thing. President Truman and Secretary Byrnes have become grim, half-bitter men. Now they know that they have very tough jobs on their hands at home and abroad. But they are determined men. And if there are plenty of tendencies to make America more isolationist, there is the general latent realization that isolation is actually impossible. There is the knowledge that the "secret" of the atomic bomb is a secret only until some qualified industrial nation gets into production. There is awareness that we are living on borrowed time, and that we face the challenge of the centuries in doing our part of helping mankind out of its present muddle.

The difficulty is that we do not know quite what to do. We are waiting. It is a moment of troubled suspense, and we are still only half awake. We are waiting for the voice of leadership, and it does not come—not from anywhere. Perhaps the people will realize that they must provide their own leadership, and that the answer for which we wait can only come from within ourselves.

And yet the momentum of American life and society is very great. One reaches the sober and dismal conclusions recorded above, and then one looks about at the evidences of virility and of inner and outer resources. We shall probably have by far the largest major grain yields in our experience. Bumper crops will bring food prices down, and help to relieve world famine.

We are actually in an unprecedented peace-time boom. The output of goods is at a record high level. The incomes of individuals are near a record. Farm production and income are remarkably large. Profits are rising for most industries.

And yet people are troubled and uncertain and pessimistic. It is a fact that as long as the cost of living, largely based on food prices, remains ahead of wages—and it will remain high until production has gone far enough ahead in relation to demand to bring them down—there is the constant threat of strikes. But another wave of strikes, just as the country is recuperating from the last succession of industrial disputes, would put organized labor into even greater unpopularity than it brought upon itself the last time. For that reason, it may be that labor will try to stick it out—will not put its political

and public standing to the test if production is actually going to bring prices down in a matter of months.

The major disparity in our economy, however, is not only in the gap between prices and wages. It is a disparity which will be intensified if wages are increased; it is the fact that while worker efficiency is little higher than it was in pre-war days, hourly wage rates are 82 per cent higher. Industry is paying 62.5 per cent more for the same amount of work. Raw materials used by industry cost double the pre-war price—205 per cent of the old level. But finished goods prices are only 39.4 per cent higher. Industry is thus paying twice as much for raw materials, about 80 per cent more for labor, and is getting back only about 40 per cent more for each unit of its product. Big volume production brings down costs somewhat, but not enough.

There is considerable hope, however, that these economic unbalances will be to some degree equalized in coming months. The outlook is in no sense stable, and there are plenty of dangerous potentialities. For example, farm prices which are running 222 per cent compared to pre-war, may break, and the effect of such a drop is often serious on the entire economy.

Nevertheless, the fact remains that we are going along in a tremendous boom, that the standard of living is much higher than ever before, that a vast and increasing amount of finished goods will be consumed and that in one way or another our transition to a peace-time economy is taking place.

Actually, this transition has not produced the unemployment that was expected, nor the idleness of productive capacity. It may be that some of the interruptions of production have even had their valuable side in spreading work over a longer period.

There are those, of course, who expect a recession much sooner than has usually been calculated. They base this conclusion in part upon Federal Reserve Board figures, which indicate that 10 per cent of all "spending units" hold 60 per cent of the liquid assets. By "spending unit" the Board means all persons living in the same dwelling or belonging to the same family. And, by contrast, 50 per cent of all spending units hold only about 3 per cent of liquid assets. These figures might indicate that demand for big consumer goods, like automobiles and refrigerators, may be less than anticipated and that a recession to normal buying may be relatively swift. If so, the Government will have to be ready with the "compensatory spending", to which it is committed, somewhat sooner than expected.

President Truman has just appointed a Council of Economic Advisers who are to go to work under the Employment Act of 1946 to prepare a plan to maintain maximum employment in the face of a threatened collapse. The problem expected when Congress and President Roosevelt first began to talk about "full employment" has been reversed. Instead of an immediate post-war deflation, we have had a boom. Today there is a shortage of skilled workers and materials; purchasing power is great. The present circumstances call for a minimum of governmental spending and a maximum of taxation.

But the Council of Economic Advisers will probably let the current boom take its course, and prepare a blueprint for Congress in its 1947 session to cushion the expected recession when present purchasing power is depleted

and farm prices drop. The problem, no doubt, will be to prevent this recession from becoming a collapse. Full employment in the United States is, of course, of paramount concern to Europeans; and it would be doubly unfortunate if our recession hit at about the time when European recuperation is beginning to make substantial progress—say at some time in 1947. Thus the preparations under the Employment Act of 1946 may well constitute one of our major contributions to world recovery and stability. The personnel of the Council of Economic Advisers is "middle-of-the-road". Two of its members are not tied to New Deal theories, and the third, a governmental economist, is no doctrinaire. The orientation of the Council is to support the private enterprise system to the fullest degree. At any rate, the United States has the mechanics of a full employment system now in existence. It remains to be seen whether the mechanics can or will work.

PROBABILITY OF A REPUBLICAN CONGRESS

THE American political situation is lamentably confused. Congress stands adjourned, and its members have scattered to their constituencies to fight their re-electoral campaigns. Already some of them have been retired through primary elections. Senator Burton K. Wheeler of Montana, one of the most bitter isolationists in public life, was decisively defeated for renomination. Senator Hendrik Shipstead of Minnesota, another extreme isolationist, was defeated in a campaign where Captain Harold L. Stassen's internationalist principles were a major issue. Former Senator Gerald P. Nye, another bitter isolationist, failed to recapture his seat in North Dakota.

But against these isolationist defeats, there have been a few victories. In general, it is still accurate to conclude that not world policy, but local and personal issues, determine most elections. Even in the reflected victory of Captain Stassen, his internationalism was made an issue on paper, but the defeat of Senator Shipstead was actually due chiefly to his personal shortcomings and the strong popularity of his opponent, Gov. Edward J. Thye.

The chances now are that reaction in favor of the Republicans will run high in the November elections. There is a real likelihood that they will capture the House of Representatives, and a distinct possibility of a majority in the Senate as well. And yet, President Truman is in office for two years more and then, if he wishes, is almost certain to be renominated to succeed himself. So we face—more imminently than ever—two years with the executive and legislative branches of government of different political parties. This situation, unthinkable in countries with the parliamentary form of government, is by no means rare in American political history. It is no less inconvenient.

However, already President Truman has shown his inability to hold in line the members of his own Democratic party. The situation would only be a degree worse with a Republican majority in Congress. Mr. Truman's failure to achieve Congressional support is all the more surprising because he went to the White House straight from a position of popularity in the Senate. He was a member of the club. He started off well. But then he ran

into waves of opposition which reached their height in the session of Congress that has just adjourned. Why?

First, perhaps, because President Truman so unequivocally committed himself to the continuation of Mr. Roosevelt's New Deal program. Reaction had long since set in against the New Deal. The first signs of revolt came as early as 1938, and but for the war with its supervening international issues, would have taken major shape much earlier. Now that the war is over, and domestic matters inevitably become dominantly controversial, the New Deal is extremely vulnerable. In the state of national prosperity which we now enjoy, the nation is not in the mood for economic reform legislation. Moreover, we had in the 'thirties such a substantial advance in reform legislation that the cycle is naturally turning in the other direction. This has been the regular history of American politics and government.

It was when President Truman was seeking to follow most closely the New Deal social and economic tenets that he suffered the most severe defeats at the hands of the present Congress. His adverse majorities were made up of a large part of the Republican representation and a substantial number of his own Democrats.

Most of the President's recommendations in foreign policy were honored by his party and by Congress. They included, of course, the loan to Britain, UNRRA appropriations, Bretton Woods. The civilian control of atomic energy, which the President supported, was approved. The second War Powers Act was extended. He had to accept a compromise on the extension of the draft.

But Mr. Truman was seriously defeated in the method by which price control was continued. He failed to get housing legislation. His full employment bill was greatly watered down. The President's proposals were defeated for unifying the armed services, for universal military training, for higher minimum-wage rates, for a permanent Fair Employment Practices Act seeking to prevent discriminatory practices against racial groups, for compulsory health insurance, for emergency strike control legislation, for extension of social security.

The basic situation is simply that both Republican and Democratic parties are divided internally, on almost the same issues, and to somewhat the same extent. There are substantial liberal and conservative wings in both parties. The division is over the relation of government to private enterprise—to social reform. The parties are likewise divided over the world issue of isolationism. Coalition of conservative Democrats and Republicans, as happened during this Congress, produced an actual conservative majority in American government. On world issues, the majority was in favour of co-operation. After November, the conservative majority is almost certain to be larger, although the isolationist group will probably be smaller.

This situation leaves the voter in a serious dilemma, well described by Roscoe Drummond in *The Christian Science Monitor*. Mr. Drummond writes:

"On the Democratic side, the dilemma of the voter arises from the fact that President Truman, in nearly all his recommendations to Congress, has followed

unswervingly a New Deal course, while in Congress enough Democrats have joined a Republican coalition to defeat the majority of his social and economic measures.

"The question is: If the voters want to support President Truman's program, how can they do it so long as the Democratic Party remains split and thereby impotent to carry out the program on which the President would have been elected?

"On the Republican side, the dilemma of the voter arises from the fact that a majority of the Republican Party in Congress has for the past six years opposed the main lines of domestic policy on which its presidential nominees, Wendell Willkie and Thomas E. Dewey, sought election in 1940 and 1944.

"The question is: So long as the Republican Party remains split between its progressive and conservative wings, what assurance has the voter that the campaign pledges of its presidential candidate will be honored by the party in Congress?"

THE FLUX OF PARTIES

ONCE more, therefore, we face a national election in which national issues will not be determinative. Party discipline will be next to non-existent. The voter who wishes to support President Truman may have only the choice of a Republican and a Democrat who equally oppose the President. Or the reverse might be true.

Rarely have the shortcomings of our system of divided powers and meaninglessness of party labels been so grievously apparent. We have just had a protracted and dangerous guerrilla campaign between President and Congress. We are almost certain to have two more years of the same.

Congressmen, naturally, have assumed that the voters shared their own reaction against the New Deal aspects of President Truman's program. There is much evidence that this estimate of popular feeling may be right. Those of them who have voted against the President's world policies have assumed the voters in their districts supported isolationism. Enough isolationist congressmen have been defeated to make this assumption rash. Therefore the President may be able to retain at least the measure of support on foreign policy he has thus far enjoyed. This support is strengthened by Secretary Byrnes' free use of Senator Vandenberg, the Republican leader, as a colleague, and the appointment of Republican Senator Austin as permanent American representative to the United Nations.

But if President Truman seeks to continue his domestic program, the only way he could obtain congressional support between 1946 and 1948 would be for the voters to defeat enough Democrats who have opposed it would be for the voters to defeat enough Democrats who have opposed it! And that is a tall order, because the Republican party is still naturally the party of opposition, looking toward recapture of the White House if possible in 1948. Not many Republicans are willing to support New Deal progressivism although some of them have their own brand.

This melancholy picture could be sketched in even greater—and possibly more confusing—detail. Enough has been said to show the certainty of political upheaval and stultification in the next two years. That is bad news for the world.

The only mitigating feature is the greater degree of support of an agreed world program. That is not likely to be overthrown. The Administration must, therefore, maintain a non-partisan foreign policy. That is certainly the Truman-Byrnes determination.

MR. TRUMAN IN THE DOLDRUMS

It is important to consider why Mr. Truman, who started so surprisingly well, has fallen to this low estate in domestic politics. The best answer is that he has been the victim of inevitable post-war reaction. Mr. Truman is in precisely the position Anthony Eden would be in if he had succeeded Mr. Churchill and the Labour party had not come into power. Except that Mr. Eden would have had the advantage of the parliamentary system, where the immense gulfs and party irresponsibilities of the separation-of-powers system do not exist. It is, perhaps, remarkable that Mr. Truman has survived as well as he has done.

The nation has a basic liking for Mr. Truman. Ordinary men and women everywhere recognize that he is a man of goodwill. And on balance, Mr. Truman's policies assay rather well. The social reform measures he has sought have been, in the main, anticipations of problems we must almost certainly face. There is nothing doctrinaire about his New Dealism. He is not a man of great stature, but he is an earnest and honest man, and a fearless man. Mr. Truman has made more than his share of mistakes, but the evidence is that he has sought to profit from them. In many respects, of course, he can be no stronger than the men in his team. Thus it is unfortunate that some of his appointments have been weak. But these have been improving.

The early, easy days of Mr. Truman's tenure have been succeeded by hard political times, and his occasional flippancy has been replaced by sobriety. He is learning the hard way. He has had to replace many friendly weaklings in his entourage with stronger men. He has lost some of his affectations—in the early days, most of his "off-the-record" speeches emphasized his disinclination to be President. Nevertheless, Mr. Truman remains a man without a great voice. His leadership is unavoidably impersonal. He may not rock the boat, but it is not evident that he is giving it much forward motion. And the people still wander in uncertainty, waiting for the voice and not yet furnishing it themselves.

Mr. Byrnes is as good a foreign minister as we could expect to have. He has learned a great deal in the past year, and is determined with all the patience and political acumen he possesses—which is not a little—to do his part in writing a workable peace. Mr. Byrnes has been subjected—like Ernest Bevin—to the full brunt of Russian stone-walling tactics. He still hopes to convince the Russians of two things: of his own goodwill, and of the need of reasonableness in world affairs. American opinion fully supports Mr. Byrnes' efforts. The nation has been increasingly disturbed at the difficulties of co-operating with the Soviet Union. And yet a great basic stratum of national opinion still wishes this co-operation, and does not join with the more violent voices raised in behalf of coercion. Sane public

opinion knows that coercion is a relative matter, and that the United States cannot force solutions in Poland or the Balkans.

Middle-road Americans are willing to accept the need for great-power unity, but they believe that unity must come on the basis of mutual concessions. They feel that the major share of concessions have come from the side of the democracies, thus far.

Alongside this sensible opinion there is a group—and it is much more than a fringe—which is violently anti-Soviet. Some powerful newspapers, one powerful church, and numerous politicians and publicists are in this group. Yet it is by no means dominant. Nor is it likely to become so, if the Soviet Union itself is prepared to follow policies of reasonable compromise. The ordinary American has great respect for Russia, as an entity in the world, and he wants to co-operate. He thinks there is something in common between Russia today and the United States during the last fifty years. He believes no effort should be spared to do just what Mr. Byrnes is seeking: to establish this fundamental good faith to the Russians.

American policy in China has run into profound discouragement. Madame Sun Yat-sen's injunction to withdraw our troops has struck a very responsive chord here. There is nothing most Americans would prefer to do more than to withdraw our troops from China. Yet it is recognized that withdrawal would give the Soviet Union a free hand. Nevertheless, we cannot long continue to give our present support to the Kuomintang if its conduct remains on the present levels of brutality and terrorism. Washington is almost desperate over Chinese policy. To withdraw means to abandon China to civil war and probably eventually to Communism. To stay means to ally American policy in a Chinese civil war with a faction which daily degenerates. To stay seems intolerable; to go means failure of an urgent experiment in the stability of Asia. It is a tragic dilemma.

THE DORMANT STRENGTH OF AMERICA

THUS Americans worry. This is the summer of our discontent. And yet more Americans are holiday-making than ever before, while our industrial output soars and bumper crops ripen and are harvested. Fundamentally, there is a great deal of stability in the country—stability to share with the rest of the world. There is strength here. The sort of strength that was beaten into unity under the fires of war. We could again become the integrated, forceful, purposeful entity which we were in 1943 and 1944. We could become that kind of force in the world after we realize that the war has not been won and that today's challenges are quite as grave as those of 1941. But our awakening has not yet come. This was the conclusion three months ago; it is the conclusion today.

United States of America,
August 1946.

A SERVICE IN TRANSITION

ADMINISTRATORS FOR A CHANGING EMPIRE

THE vocabulary of the English language is proverbially rich; but there are some words which are notably overworked, and one of the most overworked is the word "service". The expression "the Colonial Service" has meant different things at different times, and even now is used with more than one meaning, so that those who have not particularly studied the subject are apt to be misled.

A century and more ago, when the expression came into official use, it signified a body of governors and officials appointed by the Crown to discharge the functions of government in its oversea possessions. As time went on, the larger and more important of the "Colonies" evolved into self-governing Dominions. Their public services became the servants and agents of the local governments, and could no longer in any sense be regarded as parts of a Colonial Service. There remained the public services of the smaller of the old colonies, together with those of the new colonies, protectorates and, finally, mandated territories in Africa and elsewhere which came under the jurisdiction of the British Crown at various times. In the organization of these latter public services two somewhat inconsistent tendencies may be discerned.

With the evolution of the Dominions as the obvious signpost, no serious alternative has ever been put forward to the idea that the eventual destiny of the colonies (using this term to cover the variously described territories dealt with by the Colonial Office) is to achieve some form of self-government within the framework of the British Commonwealth. Opinions may differ as to the rate of progress or as to the exact form of constitution to be aimed at, but as to the ultimate objective there is no doubt. We can see the process to-day in its penultimate stage in the new constitution of Ceylon. The natural corollary of this idea is that, however it is made up, and from whatever source it may from time to time be recruited, the public service of each colony should be something belonging to that colony, the servant and agent of the local government, paid according to local standards and financial resources, and providing within itself a career for those who join it.

Although practice did not wholly conform to theory, this was in fact the accepted theory up to 1928. It was then recognized that on this theory the expression "the Colonial Service" was a misnomer. The expression was therefore officially abolished and the expression "the Colonial Services" substituted.

But, as sometimes happens in government departments, the Colonial Office was engaged in registering the arrival of the pendulum at one end of its track while the pendulum itself was well on the way to the other end. As observed above, practice already did not wholly correspond to theory. In practice, the Colonial Office recruited candidates for the colonies in

general, and maintained a more than formal control over appointments to the higher posts. It was the accepted principle that vacancies in such posts were reported to the Secretary of State, who made his selection from the whole field of the colonial public services. Thus there was a good deal of interchange, though it was carried out in a rather "British" and informal fashion and no officer could count on transfer as more than a problematical possibility.

The report of Sir Warren Fisher's Committee in 1930 showed that this divorce between theory and practice was having a bad effect on recruitment, especially where the smaller colonies and the specialized branches of the services were concerned. On the recommendation of the Committee the existence of a single Colonial Service was formally recognized, and recruits were promised the prospect of consideration for advancement within the service as a whole, without limitation to any one colony or area. As will have been gathered from the preceding paragraph, this did not involve much change in practice, but it involved a considerable change in theory. It also implied the putting of some pressure on the Colonial Governments to accept certain common standards of remuneration and conditions in order to facilitate interchange of staffs.

The difficulty about this "unification" scheme was that, unless carefully handled, it might set up a division (such had not existed in the past) between officers recruited or transferred by the Colonial Office to the service of a colony and those—often working side by side with them on the same job—who were inhabitants of the colony itself. The latter might be supposed to prefer service in their home country to service in other colonies, and apart from personal preference might in any case be expected to make their best contribution to the public good by serving and leading their own community. The idea of unification, therefore, would naturally be of little interest or value to them. Moreover, even if they were prepared to accept the liability to transfer which is the essence of "unification", the application to them of standards of pay and conditions designed to fit officers whose homes are not in the colonies themselves might well be unsuitable and needlessly expensive, and might tend to put their incomes out of scale with the general income level of the community where, as is often the case, this differs markedly from that of the countries (the United Kingdom and the Dominions) from which the externally recruited officers are normally drawn.

On the other hand, any suggestion that membership of the unified service confers a distinctive "cachet" must clearly and legitimately lead to pressure from the locally recruited officers to be recognized as members of that service, and to discontent and a sense of injustice if such recognition is denied.

NEW PLANS FOR RECRUITMENT AND TRAINING

THE plans recently issued by the Colonial Office for the organization of the Colonial Service (Col. No. 197) seek to provide a way of reconciling these divergent tendencies. The functional branches of the Colonial Service (Administrative, Medical, Educational, Agricultural, &c.) will in future comprise in their membership all officers of the colonial public services who possess

the appropriate qualifications. So far as membership confers a "cachet" it will be conferred on locally and externally recruited officers alike. Liability to transfer will be a bargain between the Secretary of State and the officer whom he selects, and will not be inherent in membership of the service. The Colonial Governments (which pay the officers and have the principal responsibility in fixing salaries and conditions of service) are recommended to adjust their salary schemes on the basis of equal pay for a given job, to which should be added expatriation pay for officers whose homes are not in the colonies.

Much thought has been given to the best way of using the provision made under the Colonial Development and Welfare Acts to improve the efficiency of the public services. At one time the idea of setting up a special fund to equalize salaries and conditions in the poorer and richer colonies was canvassed. Views have been expressed in favour of placing on United Kingdom funds the whole or part of the cost of salaries, passages, &c., for certain classes of civil servants.

These ideas have not in the final result been adopted. Instead, it has been decided to concentrate the use of the money (limited as it is both in amount and in the time for which it is available) at a decisive point, namely, the training of candidates for the service. £1,000,000 is allotted to the provision of scholarships to enable potential candidates from the colonies themselves to obtain the necessary academic or professional equipment for entry into the higher grades, and thus to promote the natural and healthy growth of an effective tradition and practice of public service in the colonial peoples, and to give them a satisfactory outlet for their desire to serve. £1,500,000 is allotted to assist in financing a broad and comprehensive scheme for giving selected candidates (whatever their origin), who have already obtained the basic qualifications, further training in the special background of work in the colonies and in the special techniques required in bringing their knowledge and experience to bear on colonial problems. The details of this training scheme are discussed in a separate report (Col. No. 198) which was published along with the main paper on organization, and in which the co-operation of Oxford, Cambridge and London Universities was freely sought and as freely given.

The Colonial Service is the last of all services to be amenable to any attempt to confine it to a stereotyped pattern. It must at any time be adapted to a great variety of different local conditions and it must always be moving with the times. It is a service in which there are unlimited opportunities both for the colonial peoples themselves and for the best type of men and women from Great Britain and the Dominions, who can do so much to co-operate with the colonial peoples in improving their economic prosperity and social well-being.

INDIA

RESULTS OF THE CABINET MISSION

PROBABLY nowhere else in the world do the chief political parties combine such rigidity of doctrine with so much instability of performance as in India, where these qualities have been depressingly in evidence since the departure of the Cabinet Mission on June 29. For at least one brief moment the negotiations which the Secretary of State and his two colleagues, Sir Stafford Cripps and Mr. A. V. Alexander, carried on for three and a half months were within an ace of complete success, just as there was more than one occasion on which they came perilously near to total failure. That by the end of June more of success than failure could apparently be written to the credit of the Mission was regarded by the Indian public at large as no small achievement. But subsequent events require that the results of the Mission shall be subjected to a much closer scrutiny than heretofore; for practically every undertaking on the part of the party leaders, apparently firm and unqualified at the time it was given, has since been so modified as to make it doubtful whether the language of acceptance employed by the Indian leaders while the Mission was here, and that which they have used since, mean even approximately the same thing. Not all the fault lies on the Indian side; the Cabinet Plan of May 16 contained more than one avoidable and not unimportant ambiguity. Subsequent ministerial attempts at explanation more often than not served to cloud rather than to clarify the original error. The Indian leaders were quick to take advantage of a situation in which the spotlight of criticism could be turned away from their own chronic inability to agree in the direction of defects in the drafting of the Plan. Hence the controversies which were so fruitfully exploited over such subjects as Provincial Grouping, the use of the European vote for the Constituent Assembly and the misunderstanding between the Mission and the Viceroy on the one hand, and the Moslems on the other, as to the precise meaning of paragraph 8 of Lord Wavell's invitation of June 16 to participate in an Interim Government. Had the Mission and the Viceroy succeeded in forming an Interim Government from the leaders of the two principal parties the outlook for the Constituent Assembly would undoubtedly be a good deal more promising than it appears at the time of writing. But the announcement on June 26 that the project had been temporarily abandoned, at least until after the elections for the Constituent Assembly, and that in the meantime a temporary caretaker administration, consisting of a Viceroy's Executive Council composed of officials, was to be set up, made it abundantly clear that much of the hard core of the problem which the Mission set out to resolve last March still remains.

Before leaving the country at the end of June the Ministers wisely made no attempt to capitalize their achievements in any kind of grandiloquent pronouncement, a modest valedictory communiqué declaring that the

Cabinet Mission and the Viceroy were glad that "constitution making can now proceed with the consent of the two major parties and of the States. They welcome the statement made to them by the leaders of the Congress and the Moslem League that it is their intention to try and work in the Constituent Assembly so as to make it a speedy and effective means of devising the new constitutional arrangements under which India can achieve her independence." Regret was expressed that it had not proved possible to form an Interim Coalition Government, and a promise was given that efforts to this end would be renewed in accordance with the statement of June 16, the hotly disputed paragraph 8 of which is discussed below. Within a few hours of the Cabinet Mission's final pronouncement Maulana Abul Kalam Azad, the retiring Congress President, issued what was described as a review of the previous three months' negotiations in which he declared that, throughout the discussions with the Viceroy and the Mission, the Congress Working Committee had been guided by one governing principle, namely, the achievement of Indian independence and the solution of all outstanding problems by peaceful methods. "Keeping in mind the method chosen", said the Maulana, "and the peculiar nature of our problems, dispassionate observers will be forced to admit that though all our hopes have not been fulfilled, the results mark a decisive step forward towards the attainment of our goal." Read in conjunction with the Cabinet statement, the Congress President's review looked like an invitation to everybody to be happy. But not all observers are dispassionate, and few Indian political leaders are prepared to leave the taking of their fences until they come to them.

INTERIM ADMINISTRATION

In a rather wordy resolution accepting the long-term proposals for the shaping of India's freedom through a Constituent Assembly, the Congress Working Committee entered more than one important *caveat*, but thought that, taking the proposals as a whole, there was scope for enlarging and strengthening the Central authority and for ensuring the right of a province to act according to its choice in regard to grouping. Therefore the Working Committee decided that "the Congress should join the proposed Constituent Assembly with a view to framing the constitution of a free, united and democratic India". The decision not to participate in an Interim Government was more forthright. If Congress was to join such a government, the latter must be given such power as would enable it to function in fact, if not in law, as an independent government "leading to full independence to come". In such a government Congressmen could only hold themselves responsible to the people and not to any external authority. More important, the Working Committee could "never give up the national character of the Congress or accept an artificial and unjust parity or agree to the veto of a communal group", which, in a sentence, is the very essence of the dispute between Congress and the Moslem League. Whether or not the League, which had previously intimated its willingness to join an Interim National Government, assessed the advantages of such a course in terms of a communal veto or an unjust parity, Mr. Jinnah's indignation at the decision to suspend the project

is understandable enough. The announcement of June 16 declared that it was "the intention of the Viceroy to proceed with the formation of an Interim Government which will be as representative as possible of those willing to accept the statement of May 16", i.e. the long-term plan for the Constituent Assembly. To Mr. Jinnah's angry protest that the Mission and the Viceroy had gone back on their pledged word, the latter replied that he was clearly bound to make an attempt to form a Government representative of both parties, since both had accepted the statement of May 16.

The affair furnished a most depressing epilogue to thirteen weeks of close negotiation in which, by common consent, the Viceroy and the Ministers had by scrupulous care and fairness avoided any kind of major misunderstanding. In this dispute between the Viceroy and Mr. Jinnah Indian opinion has not been prepared to concede that there might be room for an honest difference of opinion. Congress has taken no pains to conceal its satisfaction at what it regards as a snub for Mr. Jinnah and League ambitions; Moslem opinion is correspondingly embittered. The neutral view, in the few places where it finds expression, is that, whatever the Mission's intentions were, on the wording of the Viceroy's statement of June 16 the balance of logic lies with Mr. Jinnah. The probability is that had the statement been a little more cautiously worded an unfortunate situation would not have arisen. As a matter of practical politics it was clearly impossible for the Viceroy to form an Interim National Government on the promise of Moslem League support alone. The cry would have gone up, not only in India, but everywhere else (including the United States of America) where the Indian question is a live issue, that the British Government had allied itself with the Moslems for the purpose of suppressing the Hindus. But it is difficult to resist the conclusion that Mr. Jinnah's protest arose out of a conjunction of circumstances which might have been foreseen and provided against by the use of a little less definite language in the announcement of June 16, just as a little more foresight might have obviated the unenviable predicament in which the franchise provisions of the long-term plan for the Constituent Assembly subsequently placed the British commercial community.

THE NEW CONGRESS PRESIDENT

THE All-India Congress Committee began a two-day session in Bombay on July 6, the first business of the Committee being to elect Pundit Jawaharlal Nehru President of the Indian National Congress in place of Maulana Abul Kalam Azad who had occupied the office for a period of six years—probably the stormiest in its whole history. Vacating the chair, the Maulana told the Committee that when he assumed the office of President they were struggling for their freedom, but now on laying down the reins of office they had reached the threshold of their independence and only one further step was required for them to attain their final goal. The change of President is important not merely because of the difference in the personalities of the two men, which is considerable, but because Pandit Jawaharlal Nehru at 57 years of age is still regarded as the leader of young India, and undoubtedly possesses more international contacts than any other front-rank Indian politician. Though his

admiration for Soviet Russia has suffered some decline in recent years, he remains a professing Socialist, whose championship of collectivist theories will be a factor of some importance in the India of the future.

A fifteen-word resolution inviting the All-India Congress Committee to ratify the Working Committee's resolution of June 26 was proposed by the retiring President, Maulana Abul Kalam Azad. Mr. Gandhi spoke in support, an hour's exhortation to the Committee being prefaced by the usual apologia that he was not even a four-anna, or primary, member of Congress. None the less he called upon Congressmen to give a fair trial to the Constituent Assembly scheme and to make the best of it. There were, he said, defects in the scheme. The proposed Constituent Assembly was not a free assembly. It was a British-sponsored assembly, but the British declared they had put it forward without any reservation, to enable Indians to frame their own constitution for a free and independent India. The published reports of the proceedings are not entirely clear as to the sense in which Mr. Gandhi used the word "reservation"; for the Cabinet scheme was put forward on the basis of certain definite stipulations, which have since been confirmed by both Lord Pethick-Lawrence and Sir Stafford Cripps in Parliament. More ominously, Mr. Gandhi declared "we can fight the Constituent Assembly itself if we find the defects are unremediable", but on the whole the firm trend of his advice was in favour of acceptance of the long-term constitution-making provisions of the Plan. When the resolution was put to the vote 204 members of the All-India Congress Committee voted in favour of it and 51 against, the opposition being led by Mr. Jaiprakash Narain, a prominent figure in the 1942 uprising and leader of the Congress Socialist Party. Mr. Narain was assisted by his lieutenant Mr. Achut Patwardhan. Both took the line that the Cabinet Mission's endeavours had been almost wholly directed towards securing an accommodation between the Congress and the Moslem League, which organization they described as the friend and ally of the British, who merely sought, through such an arrangement, to perpetuate their own position in India. The Cabinet scheme, according to Mr. Patwardhan, has made sure that in the future there will be no lack of internal quarrels, from which the stranger within the gate will inevitably profit. The importance of this point of view is not so much its gross misrepresentation of British intentions, as that it provides a plausible and convenient bridgehead to the methods of direct action for those who desire to pursue them. Their numbers may well prove greater than some people are inclined to put them at the present moment.

NEHRU ON MINORITIES

ON July 10 Pandit Jawaharlal Nehru held a press conference, which was notable for the entirely new slant which the incoming Congress President gave to the All-India Congress Committee's acceptance of the Cabinet Plan three days earlier. He declared, quite rightly, that there were only two factors which could limit the sovereignty of the Constituent Assembly, viz. the provisions relating to the minorities and the Indo-British Treaty. But, he added, the minorities question was an Indian problem and the British could

have no say in the matter, a proposition which hardly squares with the limitation of the authority of the Constituent Assembly, which he previously recognized, or with the general intention of the Cabinet Ministers, who have repeatedly made it clear that His Majesty's Government will require to be satisfied that adequate provision has been made for the minorities before recommending to Parliament the final transfer of power from the Crown to a sovereign and independent Indian legislature. The Cabinet Mission statement of May 25, and the Secretary of State's speech in the House of Lords on July 18, make this abundantly clear; and Pandit Jawaharlal Nehru is more aware than most people that, to the extent indicated above, the problem of the minorities is not an exclusively Indian concern.

At the same press conference Pandit Nehru said that if there was to be a peaceful change-over in India it would be bound to result in some kind of treaty with Britain; and he added, with the touchiness which now characterizes so many of his pronouncements: "if they treat us as equals and come to terms, there will be a treaty, but if there is the slightest attempt at imposition we shall have no treaty". Any one of the many things, therefore, that may fail to measure up to the Nehru conception of equality is likely to imperil the treaty, but we may derive some comfort from the probability that, by the time the treaty comes to be negotiated, Pandit Nehru will have had enough first-hand experience of the business of government to be able to discriminate between pure abstractions and the practical advantages of a deal. But throughout the whole of this interview with the press the Congress President gave a most unfortunate impression of irresponsibility, which does not augur well for future constitution making. "We have agreed to go into the Constituent Assembly, and we have agreed to nothing else", said the Pandit, adding, "what we do there, we are entirely and absolutely free to determine . . . we have committed ourselves in no single matter to any body."

Referring to provincial grouping, the linch-pin of the whole Cabinet Plan, Nehru gave it as his opinion that there will be no grouping. No wonder the Moslem League has taken alarm, and that in the recent discussion in the House of Commons Sir Stafford Cripps found it necessary to tell the Indian parties that whilst the members of the Constituent Assembly would be at full liberty to advance their views on what should or should not be the basis of the future constitution, and would have discretion as to the conduct of its business, "having regard to the statement of May 16th, and the Constituent Assembly being elected in accordance with that statement, they cannot of course go outside the terms of what has been agreed to, as that would not be fair to the other parties who have come in". It remains to be seen whether Sir Stafford's words will have the effect of bringing Congress back to recognition of the terms upon which the Constituent Assembly will meet.

MOSLEM LEAGUE COUNCIL

MEANWHILE, the Council of the Moslem League has been summoned to Bombay on July 28 and 29, with the League Working Committee meeting one day earlier. The League Council consists of 475 members, and the general secretary of the party, Nawabzada Liaquat Ali Khan, announcing the Bombay

meeting, referred to serious developments which had taken place since the League acceptance of the Cabinet Plan on June 6, notably "the breaking of solemn pledges by the Cabinet Mission and the Viceroy over the Interim Government" and the action of Congress in now accepting the long-term plan only conditionally and with reservation. The general feeling of the rank and file of the League is that, though they accepted the Cabinet Mission's Plan as outlined in the statements of May 16 and 25, the unmistakable meaning of the recent All-India Congress Committee meeting is that Congress has merely agreed to enter the Constituent Assembly to work out a constitution of its own, quite irrespective of the Cabinet Mission's recommendations. They are not prepared to regard this as acceptance of Britain's long-term plan for India, whatever Cabinet Ministers may chose to call it in Parliament.

THE ELECTIONS

At the time of writing the elections to the Constituent Assembly are taking place, the Assembly being expected to hold its first session in New Delhi in September. The results of the elections are working out according to the Plan, as indeed they must by the exercise by members of the Provincial Assemblies of a single non-transferable vote for candidates mainly representative of only two classes of constituency, viz. Moslem and General. It is none the less a matter of some satisfaction that both the principal parties appear to have made some concession to the candidates of the minorities. Dr. Ambedkar, leader of the Federation of Scheduled Castes on a combination of Scheduled Caste and Moslem League votes in the Bengal Assembly, has secured a seat in Group C (Bengal and Assam) of the Constituent Assembly, as has the Anglo-Indian leader, Mr. Frank Anthony, who received the support of representatives of his own community, reinforced by the votes of Bengal Congress M.L.A.s. Neither of these, or other cases which might be cited, are the result of pure altruism, but they do illustrate the flexibility of the Cabinet Plan. The decision of the European non-official community not to exercise the franchise to which it was entitled under the scheme, and which would have given the community 6 or 7 seats out of a total of 385 (78 Muslim, 4 Sikhs, 210 General and 93 Indian States), was observed everywhere except in the United Provinces Assembly, where three European votes are understood to have been cast in favour of an Indian candidate. The participation of the non-official European element in the Constituent Assembly was obviously inherent in any scheme which employed the Provincial Assemblies as its electoral machine. On the other hand, the presence of six Europeans in Group C, which would have been the result if the European party in the Bengal and Assam Assemblies had used their vote, was clearly incompatible with the Cabinet Mission's provision that the Constituent Assembly should contain approximately one representative per million of the population and with His Majesty's Government's declared intention that the Constitution of a free and independent India should be framed by Indians for Indians.

Those were the objections in principle; there were others of a tactical character. In addition to being entirely disproportionate to the numbers of the community (but possibly not to its interests), the half-dozen seats which

would have gone to it in Bengal and Assam might well have been decisive for constitution-making in Group C. Congress raised the matter with the Cabinet Mission as a major issue; but the Mission, whether by accident or design, having put the Europeans into the scheme, were not apparently prepared either to assist them out of it or to direct them to remain in it. The Moslem interest in six European votes was that they immobilized six Congress votes in Group C, where the margin between the two principal parties may well become even narrower if the business of constitution-making is unduly prolonged.

In the circumstances the European non-official representatives took the only possible course by themselves withdrawing from the elections to the Constituent Assembly. Inevitably, their action caused offence to one or other of the parties. This time it was the Moslems who had a grievance, though it was one which could not be indiscriminately ventilated. No party relying on its nationalism (the Moslem League claims to be just as nationalist as Congress) would dare cry too loud or too long because a handful of non-Indians had decided to remove themselves from the business of constitution-making. Whatever resentment the League may have felt on this point has been kept strictly under control, the argument being that it accepted the scheme as it stood and in its entirety on May 16, and not with bits chopped off or substituted at will.

The first big obstacle the Constituent Assembly will have to overcome relates to the Grouping. Unless some fresh consideration emerges, the League would appear to be on firm ground in its assumption that the intention of the Cabinet Plan is that the grouping of Provinces is compulsory. Both the Viceroy and the Ministers have endeavoured to make the position clear, but Congress obstinately continues to maintain that the Provinces have the right to opt out of their Sections at the very beginning. It is an issue on which the Constituent Assembly might come to grief quite early in its career; on the other hand, if it surmounts it, success would be brought sensibly nearer, though not necessarily assured.

India,
July 1946

GREAT BRITAIN

LABOUR'S FIRST YEAR

THE Socialist Government have completed their first year in office with the power to put their policies into effect. What are the results? The jubilation of last July has naturally waned, although enough remained to provide a sparkling setting for the party conference in June, where Ministers exhibited pride and prowess before an enthusiastic audience eager to cheer, and Mr. Attlee parted the curtains a little to afford a glimpse of bright but vague vistas of congenial activity in prospect.

The Government's stock is still high in the country generally, and almost to the end of the parliamentary session it would have been said that a poll would have produced much the same result as the General Election. A series of three by-elections falling close together, however, disclosed the necessity of a more cautious assessment. In two of them, occurring in Labour strongholds, falls in the Government vote of 5,000 and 3,000 could not be accepted as the normal drop to be expected at by-elections, since in each case the Conservative vote remained steady. The third, at Bexley, though the first in sequence, gave the Government a sharp shock. They lost 9,912 votes, and held the seat only by 1,851. The Labour poll fell almost 5,000 from the General Election figure, and the Conservative received nearly 5,000 more than a year ago, when there was a Liberal vote of about that number. These figures, in a constituency typical of the floating vote that turned the Labour victory into a landslide in 1945, convey a plain warning to the Government that they must pay greater attention to practical needs and traditional liberties than their concentration on party doctrine operated by restrictive controls is permitting. Making allowance for the reaction against bread rationing and the effect of higher railway fares in a London dormitory suburb, the turnover of votes is an indication that the support that the middle classes gave to the Labour party was not unqualified and can be retained only by positive effort.

PROGRESS OF NATIONALIZATION

THE first Act of industrial nationalization, bringing the coal-mining industry under public control, is now law. So is the borrowing control Act, complementary to the nationalization of the Bank of England, ensuring to the Government direction of finance and investment. Public control of civil aviation has been achieved; and of the social service measures inherited from the Coalition, the national insurance Act and its associated measure concerned with industrial injuries have been completed. Increased old-age pensions, benefiting over 4,000,000 persons, are to be paid in October; for the contributory pensioner at 65, and the woman insured in her own right at 60, the amount will be increased from 10s. to 26s. a week, and other classes will also benefit. The increases involve a net additional cost of about £80,000,000 a

year. Payments under the Family Allowances Act, giving 5s. a week for each child after the first in a family, began in August. These are solid achievements, and afford just reason for pride. A year of freedom from labour troubles, except for minor outbreaks of local or post-war irritation, is also to be accounted to the Government's credit. With exports bounding beyond expectations, and the long-delayed American Loan at last promising some little easement of austerity, the record ought to have meant that the Labour members could leave Westminster for the summer recess with happy feelings of satisfaction after an arduous twelve months. Such delight has been denied them.

As the session approached its close, goods and services under Government direction increased in cost: coal, railway fares, utility clothing, all took deeper toll of every pocket, and other increases are imminent. The cost-of-living figure, which had been fairly steady at 103 for most of the year, rose to 105, and the Government, yielding to persistent pressure, reconstituted the advisory committee to scrutinize the index. The validity of an index based on calculations made in 1918 has often been challenged since. A revision in 1938 never became operative because of the war, and it is doubtful now whether the Government would introduce a new basis while the unsettlement of transition continues and foodstuffs remain so heavily subsidized.

BREAD RATIONING

THE last and severest blow has been the imposition of bread rationing. It is inconceivable that any Government would introduce this except under the direst necessity. More than once during the war, when the Atlantic pipeline was in jeopardy, such a scheme was contemplated and put aside as impracticable. Its introduction a year after VJ-day provoked immediate and vigorous protest. The supreme desire of every British family is for release or at any rate relief from the seven-years thralldom of the ration book, and their complaints were loud. To the shopkeepers (and roundsmen) it meant another heap of coupons and forms, and the master bakers carried their opposition to lengths which must have compelled any Government to threaten them with legal sanctions. To Mr. Strachey, who had the unhappy task of sounding the preliminary warning in his first speech as Minister of Food, the subsequent justification of its operation was probably the stiffest hurdle any new Minister has had to face. As Under-Secretary for Air, where he was on familiar ground, he was an outstanding success among the junior Ministers, and in his new post he showed a resolute front to formidable criticism. But he could not be wholly convincing; the Government's inexplicable reluctance to disclose the stock figures save under the strongest pressure from the Opposition left him vulnerable; and whatever effect a broadcast he made to the country might have had was destroyed by an exasperating sentence that we were eating only 7 per cent less than before the war.

The justification he gave for rationing was that stocks in hand and in transit were too low to ensure distribution if any one of three assumptions failed—that American supplies would continue without interruption, that

the Canadian harvest would be good and available in time, and that our own crops would suffer no damage before they were garnered. To gamble on any of these in the critical ten weeks before the harvest would be criminal; therefore rationing was to be adopted to permit reliable working on smaller margins—a safety measure. All this was set in the sombre background of a shortage in world production, famine in the Far East and sub-standard rations in large areas of western Europe. But the heavy emphasis placed on American acceptance of responsibility for supplying Europe, which had now drained Britain dry, left the impression that the necessity of convincing America that the British cupboard was really bare had at least equal importance to the need for safeguarding home distribution; and the question of Russian participation in supplying the western Zone remained unanswered. Indignant denials of any intention to reduce the allowances per head did not dispel the suspicion that the power to do so could be the only logical reason for this extreme method of saving only 5 to 10 per cent of wheat. Some modification of the original—and ample—scales reduced this potential saving to 7 per cent, on estimates which the Minister described as conservative, and the belief became firmer that the case was hardly so strong as so severe an imposition in peace time ought to require, and that greater foresight might have avoided it and closer co-operation with the milling and catering industries for voluntary economies could have produced equivalent saving.

Much more serious in their long-term effect were the drastic reductions in winter rations for livestock. These made inevitable a serious fall in meat, milk and egg production, and also threatened damage to farming economy which would take years to repair. The Minister of Agriculture himself described them as “tragic and almost disastrous”, and admitted that the position would be worse than in the hardest days of the war. Again the justification was that the scarcity of wheat which lay at the root of these cuts was due to world conditions from which there was no escape. The reductions imposed meant severe cuts of roughly 40 per cent in the rations for dairy herds, something like 50 to 60 per cent for commercial pigs and poultry—and in some cases 100 per cent; and domestic pigs and poultry also suffered. It was particularly unfortunate that this grave setback arrested in its first stage the return of British agriculture to a system suited to normal conditions after its rigorous direction to war-time needs.

ECONOMICS OF TRANSITION

THERE have been other achievements and other troubles for the Government. Inflation has been held in check. Mr. Dalton’s exuberant declaration to the party conference that the fear of inflation had “largely passed away” has since been qualified in the colder atmosphere of Westminster by the admission of his Under-Secretary that the danger still needed watching with the greatest care. Taxation reliefs amounting to over £500,000,000 have been distributed over almost the whole field, from the abolition of E.P.T. at the end of the year as a boon to industry to remissions of Purchase Tax amounting to £20,000,000 or so on domestic articles. The strong bias which the Chancellor of the Exchequer gave to direct reliefs on Income Tax is

in true accord with the country’s desire. Demobilization has proceeded smoothly, the estimated number to be discharged from the three Services in the last quarter of the year is 311,300, bringing the cumulative total since June 1945 to more than 4,250,000, and the turnover to peace-time production is making steady strides. There has been a steady rise in employment, both for home and for export, and the sharp and continuous expansion in exports is very heartening. At the same time imports have also been increasing, and there is a cautionary note in the expansion of the visible adverse balance in the second quarter of the year.

Continuing expansion of production rests on coal, and the prospects in this respect are depressing. The outlook for winter is grim. Output shows no sign of improving, and Mr. Shinwell’s estimate of total supplies for the current coal year of about 194,000,000 tons discloses a deficit of about 10,000,000 tons. Inland consumption at 188,000,000 tons is the highest on record, and there is virtually none for export. Stocks available at the beginning of winter will be below the danger line, and we shall only scrape through by a combination of good luck and the complete exhaustion of already attenuated reserves. Labour scarcity in the industry persists, and the attainment of the long-cherished ambition of nationalization has not provided the inducement to greater output that was claimed for it. Whether the further prospect of a five-day week, to which the Minister committed the National Coal Board before it assumed control, will be more effective remains to be seen.

The Government’s other chief worry at home is housing, in which progress creeps slowly along far behind the need. The record presented in the last debate in Parliament shows that, in round figures, just over 13,000 permanent houses have been completed, nearly 2,000 war-damaged houses rebuilt, and over 35,000 temporary houses occupied. The conversion of big houses to flats and the use of emergency huts in addition have provided accommodation for a total of well over 73,000 family units. At the same period there were 109,000 permanent houses and 26,000 temporary houses under construction, and 8,000 damaged houses being repaired—a total sufficient to house nearly 163,000 families. The Minister of Health admits that to achieve the completion of 200,000 by the end of the year would be “almost miraculous”—a statement which may be compared with the Coalition’s target of 220,000 permanent and 200,000 temporary houses completed, in addition to war-damage repairs, within the first two years after the end of the European war, when the concentration of effort against Japan was still expected.

AN INTOLERANT PARTY

UNDER the strain of rising criticism against bread rationing and other matters a latent weakness of the Labour party came to the surface. As a party they are impatient of criticism; to them, in much greater degree than to any others, the “other side” cannot be right on any issue. This attitude springs in part from the early years when extremes of language and action were the recognized methods of securing attention to the hardships of that section of the

community they particularly championed, and in part from habits developed in party conferences where repetitive argument is rigorously excluded to give scope for wider discussion. This formula may be suited to congested agenda papers, but it is inappropriate to parliamentary debate, where the clash of opposing views produces something approaching a common measure of assent and the weight of opinion for or against a proposed course can have as much influence in shaping decision as the force with which it is expressed. In the earlier part of the year this weakness was veiled by an arrogance born of the novel sense of power and the headstrong confidence of a young party. While some manifestations of this have been a little disturbing, the expectation of a gradual mellowing and a greater degree of temperate expression has been sufficient to allay doubt. Clearly, however, this maturing is some way off.

The sensitiveness to criticism affects seasoned politicians on the Treasury Bench as much as their supporters. Some of them have become very restive under adverse newspaper comment, and their anger has exploded into an attack on the press in which the Attorney-General, Sir Hartley Shawcross, has been enjoying himself with more freedom than responsibility. There has been a great deal of discussion about the future part the British Broadcasting Corporation is to play in relation to government information, especially abroad, and the control of its services at home. Hardly anyone advocates a commercialized service, but there is support for the establishment of a competitive organization. The Government refused a request, signed by a third of the members of the Commons, for an enquiry into the B.B.C. Charter before it is renewed at the end of the year. The reasons given were that time was too short for the enquiry to be completed, that future development must wait on the international allocation of wave-lengths and that technical progress during the war had not yet been related to the home services. These reasons have been rejected by most authorities as really inadequate, but the promise of an enquiry well before the end of the five years for which the Charter is to be renewed has stilled controversy.

Mr. Herbert Morrison, who put the Government's case, took the surprising course of turning the request for an enquiry into an excuse for threatening investigation into other media of publicity, and inveighed against the newspapers—particularly the combines—the “gramophone press” as he calls it—for reckless criticism of the Government. He found ready to his hand a motion signed by more than twenty Labour members asking for just such an enquiry. This excessive touchiness comes strangely from a party which boasted only a year ago of remarkable success at the polls in face of the united opposition of the newspapers which now arouse its anger. Mr. Morrison has this time thrust out his chin too far. There has been no support outside his own party for the proposal, which may well have been largely personal in origin and directed chiefly against some proprietors—Lord Beaverbrook, Lord Kemsley, and Lord Rothermere. It has aroused suspicion that it conceals a desire to fasten some control on the newspapers, which might curb criticism and check the free expression of opinion. Memories are still vivid of the early steps in European dictatorships. The

Cabinet have had second thoughts on the matter, and have deferred decision until autumn.

THE PARLIAMENTARY MACHINE

THE session has afforded the first trial of the system of sending major Bills for detailed examination by Standing Committees of the Commons. This adaptation of the former practice of retaining all the chief Bills on the floor of the House was introduced to meet the Labour desire for speedier procedure to cope with their ambitious programme. From the Administration's point of view it has worked adequately. Every Bill has been returned to the House on time. One of the consequences has been heavier work for the House, and sittings frequently prolonged into the early hours of the morning. Minor alterations and improvements have been made in them, but the Bills have emerged substantially unchanged, and in the final stage the Opposition has generally recorded its dissatisfaction in the division lobbies.

Another consequence of the generally unyielding attitude of Ministers and the indifference to argument of their supporters has been the renewal of controversy on the more important points in the House of Lords. The slender Government team there has been strengthened by the creation of a small number of new peers, among whom two academics, Lord Lindsay, the Master of Balliol, and Lord Pakenham, Student of Christ Church, have been prominent. Lord Addison, drawing on a long experience, has conducted the work of this small group—and of the House of which he is the Leader—with skill, and has been greatly assisted by the helpful and forbearing attitude of Lord Cranborne and the Conservative peers. They have exercised a commendable restraint, and have deliberately avoided any attempt to use their big numerical majority for purely party ends. The old cry of “Lords versus the people” has been latent all through the year, and will continue so throughout this Parliament. Now and again a querulous voice has given expression to it, but the Lords have conspicuously refrained from giving any provocation, or of seeking offence in the comments of others—not even when Mr. Shinwell returned their constructive work on his coal Bill with splenetic utterances attuned to the partisan vehemence of a miners' gala. They have so far followed the wise course of accepting all the implications of the General Election verdict and, while expressing their profound disagreement with Socialist policy, have directed their endeavours to remedying the greater faults in the Bills sent up to them and seeking to ensure that ministerial control does not run outside reasonable limits. In this effort the Liberal peers led by Lord Samuel have shared, and the result—in a House whose active members speak with expert authority on many subjects—has been of advantage to the Government, which has to make its own laws work, and to the country, which has to live under them. In the process there has been an unusual number of Government defeats; none has been of real moment, and all have been resolved without incident. The relations between the two Houses have not been damaged. It is mere prejudice which rails against the Upper House for supposed interference and ignores the considerable use which the Government have made of it to write into measures which the

Commons have passed amendments of their own that have been numerous enough to cause comment.

PERSONALIA

IF Mr. Morrison's reputation has fallen because of an over-masterful direction of the House and an ill-concealed enjoyment of authority, that of the Prime Minister has risen. He has not been much in the limelight, but the confidence evident in his early speeches has grown and toughened. The troubles in Palestine brought him up against the first challenge from his own party when some forty of them, contrary to his desire, forced an immediate discussion on the British action against the Jewish Agency leaders. Then, and on other occasions, he made evident his belief that the duty to govern includes the governing of his own followers. Mr. Bevin, too, has been little on the stage at home of late. He enjoys the full confidence of all except a handful of extremists who have consistently shrilled the Moscow descant above the tune of party policy, and in spite of an inability so far to prove the election claim that relations with Russia would be much easier for a Government of the Left than of the Right, his untiring efforts to build the new structure of Europe on a firm economic foundation have earned general acclaim. He has been hoeing a very rough row, and there is sincere regret that the effects on his health kept him out of the early part of the Paris Conference.

The three Ministers who spent hot and weary months in India have reported on their achievements, which were more limited than their aspirations, and have been praised for the zeal and devotion with which they sought to help India to find a new unity in the difficult task of forming a new constitution. The renewed outbreak of communal antagonism is a disappointment to the whole House.

The dominant figure of the House of Commons is still Mr. Churchill. Given the subject and the occasion he has no peer, and his mastery of language and statesmanship is overcoming the first bitter hostility which the Labour members displayed towards him. They were certainly at fault in their efforts to underrate him. The Opposition which he leads is finding a greater cohesion and strength, and is settling down to effective work after the early months in the enervating freedom from responsibility. It will become still more effective if the Conservative party at its conference this autumn can produce the framework of a policy which will enable it to expand the traditional duty to oppose, which it has to perform, into a more positive force for construction.

Great Britain,
July 1946.

IRELAND

DAIL, COMMONWEALTH AND UNITED NATIONS

IN Ireland as elsewhere new policies are now taking shape and new problems arising. The position of the Irish Government in relation not only to the Commonwealth but to the United Nations has been further clarified by recent declarations in the Dail.

During the debate on the estimates for the Department of External Affairs on June 19 Mr. James Dillon referred to a rather silly speech made by the President, Mr. Sean T. O'Kelly, when receiving the freedom of Wexford, in which he declared that this honour was bestowed on him by virtue of his position as President of the Irish Republic. Mr. Dillon read the Letters of Credence issued in the name of His Majesty the King by Mr. de Valera as Minister for External Affairs and enquired whether the time had not come for us to decide whether we were going to be an independent republic or a self-governing member of the Commonwealth. During the subsequent debate Mr. de Valera declared that the association of a republic with the Commonwealth was quite consistent and the British Government had never questioned it. He added that he would be quite satisfied with the present arrangement if it included the whole of Ireland and did not propose to make any change. The reservation is of course merely mental. This declaration is significant because it makes clear his Government's full acceptance of Commonwealth status. The question whether our form of government is republican or not would therefore seem to be largely academic.

As regards the United Nations Mr. de Valera made an interesting statement when he proposed a motion in the Dail on June 26 for the payment of two years' contributions due to the League of Nations. He said a small nation which entered a security organization might be faced with the prospect of having to declare war against an overwhelmingly powerful neighbour, with the certainty of being overwhelmed itself at the first onslaught. Such a state of affairs would exist for us if Great Britain were declared an aggressor. Although Ireland would like to play its part in any collective system that promised a degree of security he expressed the opinion that the United Nations organization was not so satisfactory from the point of view of small nations as the League. The very serious question whether we should or should not apply for membership would not have to be considered till the peace treaties were signed. We were losing nothing by the delay. In the main, he added, that was the attitude taken up by the other neutral States, none of which, so far as he knew, had yet applied for membership.

On July 24, however, Mr. de Valera, having apparently changed his mind, requested the Dail to authorize the Government to apply for admission to the United Nations, a request which, after a full debate, was unanimously granted. He indicated that, although he was not by any means satisfied with the United Nations Charter, he feared that if we did not apply we might be

the only European nation, except Spain, outside that organization. He paid a tribute to the correct and friendly attitude of the British Government, who, he said, had intimated that they would naturally support our application.

TREATMENT OF POLITICAL PRISONERS

WHILE Mr. de Valera's attitude on these external questions raised little controversy, a violent political storm arose in May on an internal issue regarding the treatment of political prisoners. The immediate cause of this disturbance was the death on May 11 of Sean McCaughey, who had been on hunger strike since April 16 in Maryboro Jail. McCaughey, a leading member of the Irish Republican Army, was convicted by a military court in September 1941 of beating and torturing Stephen Hayes, another member of that illegal organization, who was wrongly suspected of being a government agent.* McCaughey was sentenced to death, but the sentence was reduced to penal servitude for life. Having refused to wear prison clothing or obey the prison regulations on the grounds that he was a political prisoner, he was in solitary confinement without clothes or exercise for nearly two years. On April 16 he notified the prison governor that unless he was released in three days he would go on hunger strike, and accordingly did so. On May 8 the matter was raised in the Dail and Mr. de Valera made it perfectly clear that the Government would not alter the decision they had come to in July 1943 not to permit prisoners to secure release by hunger strike. At the inquest on McCaughey, Mr. Sean MacBride, S.C., who appeared for the relatives of the deceased, sought to enquire into the causes which led to McCaughey's conduct; but the Coroner refused to permit him. Under cross-examination the prison doctor, however, admitted that he would not keep a dog in the same conditions as McCaughey, and the jury added a rider to their verdict to the effect that "the conditions existing in the prison were not all that could be desired."

The matter was again raised in the Dail on May 29, when Mr. Donnellan, a member of the Farmers party, moved for the appointment of a Select Committee to enquire into the various allegations concerning McCaughey's treatment. Speaking in the subsequent debate Mr. de Valera frankly admitted that he now realized that Mr. Cosgrave's Government were right in the measures they took against the I.R.A. in 1931, and that a terrorist organization of this kind could not be dealt with by the ordinary courts. It was, of course, largely on this issue that Mr. Cosgrave was defeated in the general election of 1932. It is the weakness of Mr. de Valera's present position that before, and even after, he came into office he consistently pandered to these fanatics, that up to 1926 he himself posed as President of the Irish Republic, and that even after he had entered the Dail he questioned the authority of the legally elected government. He is now, therefore, in the position of poacher turned gamekeeper and naturally realizes where the shoe pinches. As he plaintively remarked during this debate, when his Government let the I.R.A. prisoners out the latter reorganized, shot police and eventually had to be executed. Yet every intelligent political observer in Ireland knew that this result was inevitable. During the debate Mr. Boland, the Minister for

* See THE ROUND TABLE, No. 125, December, 1941, pp. 105-7.

Justice, had little difficulty in proving that prison conditions here for prisoners who obey the regulations are no worse than elsewhere, and that McCaughey and his colleagues were themselves responsible for the treatment they received.

These events had regrettable repercussions. During the Dail debate Mr. Boland, the Minister for Justice, availed himself of his parliamentary privilege to make a violent attack on Mr. Sean MacBride, S.C. Mr. Boland described Mr. MacBride as "one of the most dangerous men in the country", and alleged that the campaign in connexion with the political prisoners had been engineered by him. Mr. MacBride, who is the son of the late Major John MacBride, famous for his activities against the British during the Boer War and subsequently executed for his complicity in the Rebellion of 1916, and of Madame Maude Gonne MacBride, a prominent figure in extreme Irish circles for half a century, is himself almost perforce an extreme politician and was at one time undoubtedly identified with the I.R.A. In a dignified letter to the press he was able, however, to show that the Minister's charges were unjustified and that in the McCaughey case he had done no more than his professional duty. Shortly afterwards it was announced that the Government had taken steps to penalize Mr. Noel Hartnett, B.L., who had appeared at the inquest as junior counsel with Mr. MacBride. Mr. Hartnett has been for some time employed by the Irish Tourist Association to act as *compère* of "Question Time", a popular feature broadcast each Sunday night from different Irish towns. Mr. Little, the Minister for Posts and Telegraphs, now vetoed his further employment in that capacity on the grounds that he had "taken part in every vehement and dangerous political controversy". It may be added that while an active member of the national executive of the Government party organization Mr. Hartnett, during 1936 and 1937, acted as senior announcer of Radio Eireann, the State-controlled broadcasting station, and while so acting addressed political meetings without objection. It is quite clear that as an ordinary paid artist, and not a civil servant, he was fully entitled to express his opinions concerning the political prisoners and to appear professionally at the inquest; and whatever one may think about his views there can be only one opinion about the injustice of this attempt to intimidate him and others from speaking their minds.

THE CORK BY-ELECTION

AT the end of May a by-election took place in Cork City, consequent on the resignation of Mr. William Dwyer, a prominent manufacturer who was elected as an Independent and resigned because of his political impotence. Mr. de Valera naturally seized this excellent opportunity to appeal to the electors for their verdict on the Government's attitude towards the I.R.A. prisoners. Speaking at Cork on May 26 he said the Government's authority, which was in fact that of the people, was being challenged by a relatively small group who set themselves above the people and were not prepared to accept their judgment. They claimed some inherent right to constitute themselves a government, to dictate national policy, to maintain a private army, to make war upon the security of the State and to involve the whole com-

munity in war, not only without their consent, but in spite of their expressed decision. They had done their best to involve us in the recent world war. The Government had to make it clear that the time had come when no toleration could be shown to those guilty of such acts of violence, and would meet with all the resources at its command any attempt to challenge its authority by force. Those found guilty of crimes of violence would not be allowed to force their release by hunger strike. The State could not acknowledge the right of such people to special treatment or segregate crimes of violence into two categories.

The electorate could only answer this astute appeal in one way; and the Government candidate, Mr. P. McGrath, a local blacksmith, was returned by a majority of 4,567 over the Fine Gael candidate, Mr. Michael O'Driscoll, S.C. The other two candidates, a Socialist and an I.R.A. ex-leader, both forfeited their deposits. Since the election a new party, Clann na Poblachta (Republican Party), has been formed by Mr. Sean MacBride and his friends "to work for the achievement of republican ideals by purely political means". As Mr. James Dillon recently pointed out, there is, however, no chance of unseating the present Government unless the various Opposition parties unite, of which there seems little hope. This new "splinter" group has therefore little chance of success; but if it means that a large section of the I.R.A. is now prepared to take constitutional action and repudiate terrorism it is all to the good.

A GOOD BUDGET

THE Budget which Mr. Aiken, the Minister for Finance, introduced on May 8 contained some pleasant surprises for the taxpayer and no doubt influenced the Cork electors also. He announced the reduction of income tax by 1s. in the £ to 6s. 6d., the abolition of the duty on sugar of 1d. per lb., a reduction of 6d. per gallon on petrol and 10s. per ton on turf, and the abolition of Excess sur-tax and Excess Corporation Profits tax as from the end of the year. In addition he stated that £1,000,000 is to be provided for the further relief of rates on agricultural land and for a temporary subsidy on agricultural labour. After allowing for these concessions he forecast a surplus of £7,000. Against these boons he announced some slight increases in the duties on spirits and wines, about which no one can complain. Taken as a whole it is a budget which will reduce the cost of living and of transport and should stimulate commerce, industry and agriculture. The total revenue for the current year is estimated at £56,470,000. The Minister also outlined a long-term programme of national development, which will necessitate considerable borrowing. This programme includes expenditure on drainage, farm improvements, turf production, rural electrification, public buildings, housing, sewage, water schemes, reafforestation, roads, harbours, airports and research. It is also proposed to establish a Transitional Development Fund which will operate during the next two years in order to meet expenses of State and public authorities induced by high prices during the period of post-war transition. To meet these commitments the Minister proposes to issue a long-term loan at 2½ per cent and to borrow through the Post Office and Trustee Savings Banks.

A political sensation of the first order was created on June 7 when Mr. de Valera informed the Dail that he had received a letter from Dr. Patrick McCarvil, an ex-deputy, making serious allegations against Dr. F. C. Ward, the Parliamentary Secretary to the Minister for Local Government and Public Health, and that the Government proposed to set up a Tribunal to investigate and report on the matter. This was agreed to by the Dail; and a Tribunal of three judges, presided over by Mr. Justice O'Byrne of the High Court, investigated the matters of complaint. The proceedings lasted for over a week and were reported verbatim in the press. No political event since the establishment of the Irish State has aroused such interest. The allegations made against Dr. Ward were that as managing director of a bacon-curing factory in Monaghan he had wrongfully dismissed Dr. McCarvil's brother and another employee, and that he had been party to a system by which the directors did not disclose certain cash sales of the company, which were hidden from the auditors, the Bacon Control Board and the revenue authorities and divided amongst the directors personally; that while Parliamentary Secretary he came to improper arrangements with medical men who were acting as substitutes on his behalf as medical officer in the Monaghan dispensary; and that the funds of a local building society were improperly used to erect a hall for the Government party on land belonging to him.

The Tribunal found that the charge against Dr. Ward and his fellow directors of not disclosing certain cash sales of the bacon company was proved, and refused to accept their evidence that these sales were limited to damaged bacon and that the money resulting therefrom, totalling £4,739, would be brought into account at a later date. They also found that the other allegations were without foundation. On the publication of the Tribunal's report Dr. Ward tendered his resignation to Mr. de Valera and, after an acrimonious debate in the Dail, it was accepted.

This unpleasant case raises serious questions concerning the desirability of allowing members of the Government to hold other posts, whether public or private; and the public is both uneasy and dismayed by the whole sorry business. Public comment has also been directed to the fact that Mrs. Sean T. O'Kelly, the wife of the President, is Public Analyst to some twenty county councils and that she has been granted indefinite leave of absence so that she may retain these positions. This is to say the least of it undesirable.

OTHER PROBLEMS

OTHER problems of a less sensational but more serious nature have been raised by the approaching end of war controls. Early in the war the Government, by means of an Emergency Powers Order, imposed a ban on any general increase of wages or salaries in order to prevent inflation. Nothing, however, could prevent a rise in prices, and to meet this difficulty the Government sanctioned a system of bonuses, based on the cost of living, which did not legally form part of the worker's wage. This system cannot of course be continued indefinitely; and the Government has therefore

introduced an Industrial Relations Bill, which proposes to stabilize the existing bonuses for the moment and creates new machinery for stabilizing and adjusting future labour conditions. A Labour Court of three permanent salaried members is to be established, whose principal task will be to register wage agreements in each industry. Such agreements when registered will be binding on both parties and reduction of wages or strikes will be alike illegal during an agreement's life. The Court will also have power to fix wages for unorganized workers and to settle trade disputes. Owing to the dispute between the Government and the primary teachers the Labour Party desires to extend the scope of the Bill to include government employees; but the Government insists that this must be dealt with independently.

The teachers' dispute concerns wages, pensions, sex discrimination, marriage and rent allowances. As the Government refused to meet their demands the teachers in Dublin, with the support of their colleagues throughout the country, have been on strike for the last six months; and as a result some 25,000 children are since deprived of schooling and control. Although the Catholic Archbishop of Dublin, Dr. MacQuaid, was prepared to mediate in the matter the Government, having made what they regard as a fair offer of settlement, refused to budge, on the grounds that the State cannot be coerced in such a matter. It is clear that some way must be found out of this impasse or educational chaos will result. The unfortunate parents concerned may well say "a plague o' both your houses".

ANGLO-IRISH RELATIONS

It is pleasant to record that Anglo-Irish relations continue to improve. Speaking in the Dail on June 19 Mr. de Valera paid tribute to the way in which the British people have denied themselves in order to relieve European distress, and expressed the desire of his Government to help in every way possible. That desire has already found practical expression in the recent negotiations concerning the improvement of food supplies to Great Britain. Owing to conditions of regulated trade and dictated prices, Irish food exports to Great Britain have fallen since the outbreak of war by one-half. The remedy seems clear: if Britain desires Irish food she must pay the same economic prices as she does to her own producers, and provide us with fertilizers and agricultural machinery.

In other respects also progress has been made. A large and welcome invasion of British tourists have discovered this year, many for the first time, the charms of Ireland. Some of the wealthier class plan to remain here permanently and are buying property. An invasion of another kind occurred when a British naval flotilla recently visited Cork and received a warm official and popular welcome. The Government has purchased six British corvettes, and British naval assistance will be necessary in the future. The time has come for a clear understanding with Britain on defence problems. This should be based on the predominant question of security. Ireland can no longer ignore the portents without, and is beginning to realize that she must fulfil the obligations which history and geography alike impose upon her.

Ireland,

August 1946.

CANADA

DOMINION-PROVINCIAL RELATIONS

CANADIAN plans for social and economic reconstruction include safeguards against the danger of mass unemployment and provision for comprehensive social-security legislation. In putting these plans into effect the Government of Canada has less freedom of action than a unitary State would enjoy. Legislative power is distributed between the federal and the provincial legislatures, and it is not easy to secure concerted action between them. This does not mean that the basic difficulties are constitutional. If Canada has chosen to have a federal constitution it is because of the wide diversity of outlook between the Provinces. This diversity is as great as ever. One Province, Alberta, is committed to the doctrines of social credit. Another, Saskatchewan, has elected a Socialist Government. A third, Quebec, has, as it has always had, its own peculiar attitude towards social legislation.

But there are constitutional difficulties. The agreement embodied in the British North America Act was reached at a time when no one contemplated such a thing as modern social-security legislation. It is characteristic of the period that the Act assigns to the provincial legislatures exclusive power to make laws in relation to "the establishment, maintenance and management of Hospitals, Asylums, Charities and Eleemosynary Institutions in and for the Province". The financial resources of the Provinces were deliberately limited in the hope of making extravagance unlikely even in this limited sphere. Apart from the national domain, licence fees and subsidies from the Federal Government, their main source of revenue lies in direct taxation. In 1867 direct taxes had a bad name, and it was expected that any Government which resorted to them would soon be compelled to be more frugal in its expenditure.

In practice the Provinces have not done badly. Their subsidies have been increased, their people have become resigned to personal income taxes, corporate income taxes and succession duties, and the provincial legislatures have been astute to find ways of converting taxes on commodities into direct taxes by prescribing special methods of collection. The real limit to the taxing powers of the Provinces has come from the action of the Government of Canada. Although entitled to impose any taxes it chooses, the Canadian Government refrained from using the chief direct taxes until its hand was forced by the cost of the first world war. It is easier "to press a giant into the service" than to muster him out and, in spite of its professed intentions, the Government of Canada has continued to levy personal and corporate income taxes. In the recent war it has imposed succession duties as well.

There are two cogent reasons for conceding to the Federal Government the exclusive use of the three main direct taxes. They are a staple source of revenue, just as the tariff was in 1867; and the largest returns can be obtained

from them with the lowest cost of collection if there is a single collecting authority and rates are uniform throughout Canada. The Provinces have become very unequal in *per capita* income; and if all are to enjoy advanced social legislation, taxpayers in the richer Provinces must come to the help of those in the poorer. This result would have been achieved as a matter of course had the general scheme of federation allowed the Government of Canada to undertake the social services. It has in effect been achieved in the case of old-age pensions and family allowances, since three-quarters of the cost of the former and the whole cost of the latter are paid by the federal treasury.

The difficulties occasioned by the inability of some of the Provincial Governments to perform adequately the tasks which public opinion expected them to undertake came to a head as a result of the great depression. In 1937 a Royal Commission on Dominion-Provincial Relations was appointed with very wide terms of reference. It presented a unanimous report in the spring of 1940. The chief financial recommendation was that the Government of Canada should alone make use of the taxes on personal and corporate incomes and on successions. To compensate the Provincial Governments for their loss of revenue it was to take over the provincial debts. In addition, it was to replace the subsidies paid to the Provinces by adjustment grants based on their fiscal needs. These grants were to be revised from time to time and so kept at amounts which would enable each provincial legislature, if it chose, to maintain its social services on the same scale as those of the other Provinces and meet the general expenses of government without resorting to exceptionally heavy taxation. It might, if it desired, increase its taxes and improve its social services or reduce the scale of services and make its taxes lighter. In either case it would get the same grant. In short, the recommendations aimed at making provincial autonomy a reality by guaranteeing an adequate income to each Province and leaving its legislature free to decide on the relative importance of its needs.

A Dominion-Provincial Conference was convened to consider the Report of the Commission. The Provincial Governments had been apt to resent the assumption of superiority by the Government of Canada. They were as conscious of its shortcomings as it was of theirs. A lecture on frugality sounded to them like Satan rebuking sin. They looked on the Report as a preliminary to the "horse-trading" which must be the basis of any agreement. No Provincial Government likes to make a final agreement, since it can always be denounced by the Opposition for not having got better terms. To part with taxing power involves loss of prestige. Ontario would have had to relinquish large revenues and it might be argued that its taxpayers would be paying an unfair share of the adjustment grants. It is small wonder that no agreement was reached; but even sceptical observers were somewhat surprised by the tone of the criticisms of the Premiers of British Columbia and Ontario. The Premier of Quebec was scrupulously polite but non-committal.

Canada's part in the war had to be financed, and for this purpose the concentration of taxing power recommended by the Commission was a necessity.

The Government of Canada succeeded in reaching an agreement with the Provincial Governments, by which they suspended the use of the personal and corporate income taxes for the duration of the war and one year thereafter in exchange for annual payments based on the revenues they had been receiving from them, or, if a Province preferred, on the cost of its debt service. The Government of Canada also imposed succession duties in addition to those collected by the Provinces. The terms of the bargain were generous, and the Canadian Government promised that when the agreement ended it would reduce the tax on corporate income by 10 per cent of that income.

THE DOMINION PLAN

BEFORE the war ended the Government of Canada prepared a comprehensive plan for consideration by the Provinces. Its "Proposals" differed in several important respects from the recommendations which the Royal Commission had made five years earlier. It was natural that they should. Conditions had changed during the war. The financial position of the Provinces had improved with wartime prosperity. Effect had already been given by an amendment to the B.N.A. Act to the recommendation that the Parliament of Canada should have exclusive power to legislate on unemployment insurance. The Marsh Report had outlined a plan for comprehensive social insurance on lines somewhat similar to those of the Beveridge Report in Britain. The Canadian Government had established a system of family allowances. The Royal Commission had had no mandate to recommend what form social policy should take and had confined itself to enabling the Provinces to implement whatever policies they might severally adopt. The same was true of measures designed to prevent or relieve unemployment; the Commission had recommended a clear assignment of responsibilities, but had proposed no specific plan. The Canadian Government was, therefore, able to break new ground by combining with its financial proposals comprehensive plans for social security and for the maintenance of a high level of employment.

The new plan called for the exclusive use by the Federal Government of taxes on personal and corporate incomes and on successions. An exception was made of taxes on enterprises that deplete natural resources. In return for relinquishing the right to impose these three taxes, the Provinces were to receive in lieu of their former subsidies an annual payment of \$12 per head. This would be increased in proportion to any increase in the national income above its level in 1941. In the course of the negotiations the Government of Canada raised this offer to \$15 per head, but this amount was to be increased only to keep pace with any increase in the national income above the 1942 level. The revised offer was not much more attractive than the original one to those who expected a rising dollar income, but it guaranteed a higher minimum and provided a hedge against deflation. Obviously some Provinces would gain and some lose by exchanging the revenue which they might receive from the three main direct taxes, levied at such rates as reductions in the federal taxes might permit, for an annuity of \$15 per head. The other terms of the offer were, therefore, significant.

The Canadian Government indicated that control over the three great direct taxes would enable it to deal boldly with any falling-off in employment. A prime cause of unemployment has been the failure of overseas markets to take, at remunerative prices, the usual quantities of Canadian primary products. The Government proposes to offer alternative employment in such cases by undertaking projects designed to improve the long-term efficiency of the industries in question. By this action a fall in consumers' incomes and a consequent reduction in domestic consumption can be avoided, so that there will be no derivative unemployment. The construction industry would be assisted, if need arose, by a programme of public works. The Provinces and Municipalities would be invited to prepare projects in advance, choosing works which though useful were not urgently needed. If the plans were approved, the Canadian Government would contribute one-fifth of the cost, provided that the works would not be begun before it gave the signal. Finally, unemployment insurance would be extended to include practically all persons who are in employment; and the Canadian Government would undertake, as the Royal Commission has recommended, to meet the full cost of unemployment assistance, that is to say, of maintaining employable persons who are out of work but not entitled to insurance benefits. The Provinces would remain responsible for the relief of persons who are unemployable. Financially all the proposed measures are important to the Provinces. The maintenance of employment would maintain their revenues. Provision for unemployed employables would lift a heavy contingent liability from their shoulders. But in their optimistic moments Provinces and Municipalities expect to get these benefits without having to forgo revenues in return.

The other social-security measures comprise old-age pensions and health insurance. At present the Government of Canada bears three-quarters of the cost of old-age pensions, which are administered by the Provinces and paid, on the basis of a means test, to persons over 70. The normal rate is \$25 a month. If a Province pays less the federal contribution is reduced in proportion; if it pays more, it must bear the extra cost itself. The proposals provide for the payment of pensions of \$30 a month to all persons over 70 regardless of their means. The Government of Canada would pay the whole cost and would administer the plan. In addition it would pay half the cost of pensions, not exceeding \$30 per month, which the Provinces might arrange to pay to persons over 65 who could satisfy a simple means test.

The health-insurance plan is more complicated. It provides for medical attention, hospital service, nursing and dental care for everyone. It does not provide for income maintenance during illness. The proposed benefits are to be introduced by stages in accordance with a time-table. As a Province introduces each stage the Government of Canada will pay one-fifth of what it has estimated the cost to be per head of the population. In addition it will pay half of the actual additional cost, provided that its estimate is not exceeded. If the estimates which have been prepared are correct the Canadian Government will have to provide about \$150,000,000 a year and the Provinces will have to find \$100,000,000. If the plan costs more in any Province the difference will have to be found by the Province concerned. The

Canadian Government will help with the plans and its technical services will be available for consultation.

The Dominion-Provincial Conference which considered these proposals discussed them amicably but did not reach agreement. The Provinces were reluctant to think that the Government of Canada had made a final offer. Six Provinces were ready to accept the proposals in their main outline. The position of the other three requires some explanation.

THREE DISSENTING PROVINCES

BRITISH COLUMBIA was not hostile to the general tenor of the proposals but hoped for a better bargain. Owing partly to its relatively high *per capita* income, and partly to its general economic structure, which is very different from that of an agricultural province, the yield of the three direct taxes is exceptionally high in proportion to the population. The Province had imposed the taxes at high rates and had provided for expensive development undertakings and for generous social services. The price of \$15 per head seemed too low for the taxes which it was asked to forgo. To accept it would be to place a ceiling on its future revenues, which would then rise only in proportion to the national income of Canada. British Columbia is very reluctant to give up projects and dreams based on a faith in continued economic expansion which is still characteristic of the West. What Government could deny its faith and sell the Province short? And yet depressions have not been unknown.

Ontario is the largest and richest of the Provinces. In whatever form assistance is extended to the poorer Provinces or to their citizens the taxpayers of Ontario will have to foot the bill. To do them justice they accept this hard fact with a resignation unknown in British Columbia. Even in their wildest moments they never talk of secession. But they do not want to pay the piper and let the Government of Canada call the tune. The tune called by a Liberal Government at Ottawa might be very distasteful to a Conservative Government at Toronto. No gratitude and indeed no recognition can be expected from other Provinces in response to any sacrifice Ontario might make. Grudging acceptance of it by Quebec would be galling. Under these circumstances Ontario made a counter-offer suggesting a clear-cut division of sources of revenue, which would avoid duplication in taxation and would leave to the Provinces the exclusive use of a number of minor taxes and of succession duties. The response was discouraging. Any Province might retain its succession duties as a matter of prestige but would have to deduct its receipts from that source from the payment to be made by the Government of Canada. Other sources of revenue might be rearranged, provided the federal revenues were left unimpaired in amount.

Quebec took a different line and refused to treat the question as primarily one of dollars and cents. If the Government of Canada were financially embarrassed as a result of its wars, certain taxes might no doubt be leased to it on equitable terms. But there was no occasion to disparage the competence of the Provinces to provide their own social security legislation. There was a suggestion that the Canadian Government had ideas of grandeur.

Quebec's position was not illogical. Those who know that Province best say that it must never be hurried. It will not stand in the way of the other Provinces' doing what they please. It is quite likely, in its own good time, to follow their example, as it did in the case of old-age pensions. But it will not bargain away its constitutional rights.

The failure of the Conference to reach an agreement has been followed by the introduction of a federal budget designed to make it possible for the Federal Government to negotiate with the Provinces separately. The terms of the tax-agreement are carried out by reducing the tax on corporate incomes from 40 per cent to 30 per cent, leaving the Provinces free to impose their own taxes. But the personal income tax has been maintained at levels which will leave Provincial Governments little stomach for imposing personal income taxes of their own. The succession duties have been doubled, but taxpayers will be allowed an exemption for such provincial succession duties as they may have paid, provided that these do not exceed half the new federal duties. The result is that succession duties will be substantially uniform throughout Canada and that any Province can discontinue its own succession duties without disturbing the uniformity.

The significance of the budget is twofold. It makes it possible to deal separately with each Province, and it shows unmistakably that the Government of Canada means business and is ready to be tough. Each Province will be offered a tax agreement for five years. But, of course, any arrangement that may be made will be very difficult to reverse later. For the time being at least the plans for old-age pensions and health insurance are in abeyance, and the Canadian Government is not committed to helping with the cost of public works or to paying unemployment assistance. The immediate problem before each Province is to compare its position with and without an agreement. It must decide whether the revenue which it can get by using the three direct taxes concurrently with their use by the Federal Government, *plus* its existing subsidies, can or cannot be made to exceed \$15 *per capita*. If it imposes too great a burden on its taxpayers it will do so at its peril. Several Provinces have indicated that they will accept the terms offered; and it is expected that seven will do so.

Will Quebec and Ontario accept? Their Governments may feel financially strong enough to wait and see and politically strong enough to try conclusions with the Liberal Government at the elections. Yet in a sense they are on the spot. The social-security legislation for the whole of Canada may appear to depend on their action, and there may be a strong popular demand for old-age pensions, health insurance and protection against unemployment.

It would be rash to predict what choice these two Governments will make. It may well be that the Opposition at Ottawa will offer to enact the social-security legislation without exacting a tax agreement as its price. In that event the issue to be settled would be clearly defined as that of provincial rights against national integration. Essentially this issue underlies the whole controversy. To outsiders it may seem strange that it should not be frankly faced.

One explanation is that frankness might destroy the unity which it was hoped to strengthen. Another is that the present Government has shrunk in an almost morbid way from presenting any of its policies to the public in terms of moral decisions capable of arousing moral enthusiasm, and has preferred to defend them on the safer, if lower, grounds of expediency. Humane treatment of Japanese in Canada was justified by pointing to the dangers of retaliation; contributions of food by saying that it pays to keep our customers alive; export credits as a means of maintaining employment. It may have been thought that idealists would support the policies in any case and that waverers were more likely to be won over by arguments which could not be held up to scorn as humanitarian. This political technique is not to be despised and it is not unlikely that, in accordance with it, the future character of Canadian federalism may be determined in no small degree by the votes of old men and women anxious to obtain pensions without a means test.

Canada,
July 1946.

AUSTRALIA

TWO FOUNDERS OF THE ROUND TABLE

SIR JOHN PEDEN died in Sydney on May 31 at the age of 75. He was one of the original members of *THE ROUND TABLE* in Australia when it was established by Lionel Curtis in 1910; and he remained one of its strongest supporters. For many years he was honorary secretary of the Sydney Group, and an active member of the Australian editorial committee when it was located in Sydney.

After a distinguished record as a student in Arts and Law at the University of Sydney, and some years of successful practice at the Bar, he became, in 1910, the second occupant of the Challis Professorship of Law; and for some thirty years until his retirement in 1941 he was Dean of the Faculty. He took a prominent part in academic administration (being for many years Chairman of the Professorial Board); he was a leading Anglican layman (in particular, drafting the Constitution of the Church of England in Australia); and, as Chairman of the Commonwealth Constitution Commission, he drew up a report on the working of the Constitution which has proved to be of lasting value to students.

Having been appointed to the New South Wales Legislative Council in 1910, he became its President in 1927—retiring only this year, a week or two before his death. He was closely associated in *ROUND TABLE* work with his colleagues T. R. Bavin (afterwards Sir Thomas, and State Premier) and H. S. (now the Hon. Mr. Justice) Nicholas; and with them he did much politico-legal work of great value to New South Wales and to Australia (framing, in particular, the ingenious clause of the New South Wales Constitution which prevents abolition of the Legislative Council—or of that clause itself—without the will of the people, expressed by referendum).

In things little or big it could be said of him that he comprehended his trust and to the same kept faithful with singleness of aim. And the few who knew him really well found in him exceptional capacity for friendship and loyalty.

THOMAS HOWELL LABY, Sc.D. (Camb.), F.R.S., died on June 21, at the age of 66, after a serious illness of about three months' duration. He was an original member of *THE ROUND TABLE*, having been invited by Lionel Curtis to join, in 1910, when he was Professor of Physics at Victoria College, Wellington, in the University of New Zealand. And he remained, until the end of his life, one of the staunchest and most active of its leaders.

With S. A. ("Arnold") Atkinson, he was the driving force of *ROUND TABLE* work in New Zealand in its initial stages; and, together, they very soon established a record circulation—relative to population—for *THE ROUND TABLE* quarterly. Supported by men like A. R. ("Arthur") Atkinson (cousin of S. A.), they set a very high standard for the work in New Zealand.

Coming to the Chair of Natural Philosophy in the University of Melbourne, in 1915, Laby was transferred to the Melbourne Group—which had a very distinguished original membership. In due course he became its honorary secretary (after Eggleston); and he made an important contribution to the work of the editorial committee: not himself writing *ROUND TABLE* articles, but so organizing and systematizing the work—locally, and between the Australian Groups, and in relation to the London Group—that (under the Chairmanship of Harrison Moore) it became a kind of model of how such work should be done (and, incidentally, an experience of great value to members). He used to remark, with pride, on the place taken by *ROUND TABLE* men (not as such, of course) in the public life of Australia, both at home and abroad. He kept close personal touch with the *ROUND TABLE* leaders in England, and regularly renewed his contact and his friendship with them on periodical visits to the Homeland.

Laby was a great physicist and a great British Commonwealth patriot, who applied to all his varied activities the originality, the principles, and the methods, and the insight and imaginative powers, which won him an international reputation in his own science. It need only be added here that his (widely acknowledged) devoted and unremitting scientific labours in the Allied cause appreciably shortened his life.

AUSTRALIAN FOREIGN RELATIONS

THE origin of much of Australia's political thought is traceable to the nineteenth century, when the Australian colonies were under the protection of the world's greatest naval power. At this time the basic principles of her Immigration and Tariff Policies were formulated. Remote and protected, Australia tended to develop a somewhat narrow outlook on international affairs—insular in many respects and conscious mainly of its interest in the British connexion.

In the early twentieth century the approach of national maturity and the increasing intensity of the struggle between the Great Powers brought realization of the duties as well as the privileges of the British association. Great Britain nevertheless continued to be in practice the real arbiter of the international policy of the British Commonwealth. The 1914 war showed Australia ready to meet the obligations of the Commonwealth, but the cost in blood and money was so great that it became clear to the ordinary Australian that his own country must have some share not only in meeting the consequences of policy but in formulating it. The part played by Mr. W. M. Hughes at Versailles and the status of the British Dominions in the League of Nations were signs of this new attitude. This growing desire for some independence of status on the part of Australia and the other Dominions brought with it the problem of reconciling such independence with common action by the British Commonwealth as a whole. The world saw the paradox of a group of nations united yet separate—and neither the world nor the members of the group have yet resolved the paradox.

Under the pressure of war common action had been comparatively easy, but in peace the centrifugal forces were relatively much stronger. In the realm of constitutional theory the declaration of the 1926 Conference and the

Statute of Westminster were attempts at definitions to which Australia was party (although the Australian Parliament did not adopt the Statute at the time). Not much more progress was made with the more practical question of machinery for achieving coherence in the policy of the parts of the Commonwealth. The somewhat limited methods of consultation between conferences, such as that through the High Commissioner in London and later through the direct liaison between the British Foreign Office and the Australian Department of External Affairs, represented all that was done. Nevertheless, there continued to exist that degree of community of interest and sentiment which was capable of producing on occasions—usually under heavy outside pressure—some community of action. The Ottawa Policy, whatever its merits may have been from the point of view of world economic welfare, was an example of the British Commonwealth in action.

Within Australia, the attitude of the ordinary politician and the ordinary voter was in many respects an illustration of the maxim that the average man is fifty years behind in his politics. The policy of one of the major parties, Labour, was a relic of nineteenth-century isolation, tintured with an adolescent desire for independence proper to the early nineteen hundreds. It was a policy of no overseas commitments, of the defence of Australia from Australia, and of criticism of those who were allegedly "tied to the apron strings of Downing Street". On the other hand, there were many in the non-Labour parties who were open to Labour criticism of dependence on the policy of Great Britain without any real say in the formulation of that policy, and who did not realize that Australia's interest in that policy was as direct as events of the 1939 war proved it to be.

The policy of each of the parties was weakened by an ignorance and lack of interest in overseas affairs, which was itself a relic of nineteenth-century isolation.

The machinery for co-operation between the parts of the British Commonwealth was in any event probably unable to cope with the demands of a real common policy, and in fact Australia did little more in the inter-war period than follow Britain along the road which led to September 1939. Under the shock of war, however, the community of interest of the British Commonwealth was again paramount when the very existence of all parts of it became threatened. When the British ultimatum to Germany expired on September 3, 1939, Australia was at war no less than Britain herself. The rapidity with which Australia's participation developed may have been increased by the fact that the party in office was the United Australia party with its consistent policy of Empire solidarity; but, be that as it may, as early as October 11, 1939, the Prime Minister, Mr. R. G. Menzies, announced that Australia would join in the Empire Air Training Scheme; compulsory military training was instituted later in the month, and before the end of the year an Australian Expeditionary Force was being formed.

For the time being, however, the war remained something geographically remote, and, even in the crisis of the fall of France and the Battle for Britain, Australia, however close her sympathy and interest in the fate of Britain, was too far removed to take part in the tremendous decisions which had to

be taken in a moment of time as events moved from climax to climax. She could not be an initiator of policy. Again, when the course of events took another drastic turn with the German invasion of Russia, Australia could but follow, however willingly, the declaration made by Mr. Churchill. The very fact of the supreme ability of Mr. Churchill as a war leader contributed to keep Australia still merely a follower in British Commonwealth policy.

FOREIGN POLICY OF THE LABOUR PARTY

FROM the day of Pearl Harbour, December 7, 1941, the whole situation changed. "In the past we Australians had thought of war as an expedition; as a campaign in which Australians fought thousands of miles away from home. In 1942, with surprise and dismay we came for the first time to think of war as an invasion; as an immediate danger to our homes."*

The shock of realizing that Australian isolation was an illusion made a fundamental change in the pattern of Australian political thought. The shock almost coincided with the accession to power of the Labour party. Labour, under the leadership of Mr. John Curtin, had given real support to the Menzies Government's war policy, but none the less its political thought was shot through with isolationism. The history of the next two years is the story of the change and development of Labour policy in the stress of the Pacific crisis, a change which was itself an expression of the change in the thought of the ordinary citizen. The development took place under the guidance of the Prime Minister, Mr. Curtin, and the Minister for External Affairs, Dr. Evatt. It was characterized by stronger assertions of Australia's independent status and by insistence on the vital importance of the war in the Pacific. The first was exemplified by the form of the declaration of war on Japan (a declaration by the Governor-General on the advice of the Australian Ministry), by the adoption in October 1942 of the Statute of Westminster, and by the exchange of Ministers between Australia and the U.S.S.R. The second was instanced by the several missions abroad of Dr. Evatt, with the objective of securing the diversion of greater military and naval forces by the United States and Britain to the Pacific area; the advocacy of a Pacific War Council with Australian participation therein; and the withdrawal of Australia's own forces from Egypt for operations in the islands to the north of the continent.

So desperate was the struggle of the British Commonwealth, and so little was the direct help which Britain herself could give to Australia, that at times it seemed as if the British connexion was losing its significance. Australian dependence on the United States was so obvious that there was a body of opinion, represented by Mr. Curtin's own statement on December 27, 1941 (three weeks after Pearl Harbour), that "without pangs and inhibitions" Australia realized herself as looking more towards the United States than to Britain in the Pacific crisis. Mr. Curtin's remarks, however, were made before his own mind had settled down after the early disasters of the Pacific war.

A stage of the development in the policy of the Australian Labour party under the pressure of war was the party crisis over compulsory military

* *Foreign Policy of Australia* (Evatt). Introduction by W. Macmahon Ball, p. vi.

service. Compulsion for service overseas had been anathema to pre-1939 Labour; but after much heart searching in January 1943 the party decided in favour of extending compulsion to service in a wide area limited in the north by the Equator.

During the two years after Pearl Harbour Australia's policy was mainly concerned with the desperate danger of national extinction. As the tide of war flowed back from Australia itself and victory for the Allies became first a probability and then a certainty more attention came to be given to the problems of the post-war world. It is here that the paradox of the British Commonwealth reappears.

The principles of Australian policy which took shape then and which remain the basis of present action were in many respects similar to those which were formulated in Britain and elsewhere in the British Commonwealth. Broadly, the main features are support for the principles of the Atlantic Charter; participation in the effort to build a system of world security; support for the International Labour Organization; and furtherance of a new world order of peace and democracy. In many matters of detail, however, and in some of major policy, differences have appeared. This divergence of Australian policy from that of Britain was revealed in the stress at the I.L.O. Conference upon full employment—an emphasis which was not acceptable to Great Britain (or to the United States)—and in the campaign undertaken by Dr. Evatt at San Francisco and elsewhere to increase in the United Nations the status of the small Powers and to reduce the authority of the Great Powers as represented by such rights as that of veto.

There has at the same time been the insistence on the participation of Australia in the negotiations relating to the peace settlement and in the administration of Japan since the armistice. The first is exemplified by Dr. Evatt's statements concerning the Potsdam Conference, and the second by his activity in connexion with the Far Eastern Commission and the Allied Far Eastern Council. An Australian, Mr. W. Macmahon Ball, is the representative of the British Commonwealth on the Council. In emphasizing the claims of Australia to a voice in the conduct of affairs, Dr. Evatt in many respects acts as the spokesman of the smaller Powers against the domination of the Great Powers. This rôle is not always easy to reconcile with participation in a British Commonwealth group.

Dr. Evatt has also insisted on the forms of independence, as seen in his concern that Australia should sign separately the Armistice with Japan. A further recent instance of this concern is the raising of the status of the representative exchanged with the United States to that of Ambassador.

A part of the Government's plans which attracts less attention than some other features but which is not less important is to expand the External Affairs Department and improve the training of its staff. This is indeed merely carrying on a process initiated by earlier Governments.

DR. EVATT AND HIS CRITICS

THE Evatt policy has been subject to strong criticism from within Australia. In a statement to the House of Representatives of March 13, 1946,

Dr. Evatt said: "I think it is now recognized that during this period" (since VJ-Day) "the status and prestige of Australia in international affairs have been dramatically increased." His opponents say that there is too much emphasis on the drama and not enough on more substantial achievements. Mr. Menzies, for instance, has put it that much of the Australian Government's policy is basically unreal, in that it disregards Lippman's principle that the foreign policy of a nation consists of bringing into balance the nation's obligations and the nation's powers and that when the nation enters into obligations greater than its resources it is bankrupt. He gave as an example the Anzac Pact, which is discussed below.

There is criticism also of some of the technique of handling international controversies, including those between members of the British Commonwealth. It has been remarked that Dr. Evatt, when he differs from the Governments of Great Britain or the United States, is prone to advise the newspapers. An instance of this was his statement to the press of November 1, 1945, on the Japanese position.

Finally, it is said that the policy is that of Dr. Evatt rather than that of the Australian Government, and certainly rather than that of the Australian Parliament and people; that Dr. Evatt consults no one, and that he gives small opportunity for discussion of foreign politics by Parliament and does little more than make statements to Parliament which are not debated. This criticism has some truth in it, although it is in part a reflection of the ignorance and lack of interest of other members of his party, of members of Parliament as a whole, and of the public.

Most of the Government's critics agree that the Evatt policy has much in it that is sound. The so-called Anzac Pact between Australia and New Zealand of January 1944 was an instance of both the good and bad qualities of it. On the one hand, the desire for closer relations with New Zealand as a near neighbour and a fellow member of the British Commonwealth, and the setting up of the machinery for achieving that co-operation, is not open to real criticism. Similarly, the attempt to preserve Australian and New Zealand interests in the South-West Pacific was understandable. On the other hand, the somewhat naïve language of some parts of the agreement, which gave the impression of two very small nations attempting to "tell the world", invited the misunderstanding and resentment which was felt in some quarters and tended to make the whole arrangement appear slightly ridiculous. Probably, after the effect of its form of expression has worn off, the pact will be of real value.

Nevertheless, while the present Government has laid stress on Australia's independence, it would be inaccurate to overlook its attempts to attack the problem of British Commonwealth relationships. While before the war the Labour party had been suspicious of the Imperial connexion, it was Mr. Curtin who, at the London Conference of May 1944, unsuccessfully attempted to strengthen the machinery of co-operation by his proposals for more regular conferences between the Governments and the senior officers of the Governments—proposals which were described as involving the setting up of an Imperial secretariat.

The end of the war finds Australia in the position of a comparatively small Power which, like many other Powers, great and small, is seeking security and scope for development in an anxious world. Until the first use of atomic weapons, all the evidence showed that a nation of the size of Australia in warfare of the modern scale was incapable of defending itself without outside assistance against a major Power. Atomic weapons seem to be even more the preserve of the great industrial nations, and it is too early yet to be sure whether the further development of knowledge has already altered or will alter this condition.

THE END OF ISOLATION

AUSTRALIA's isolation has gone. She has just barely survived the attack of one great Asiatic Power, and she has on her doorstep the enormous restless populations of the "Near North". All parties are agreed on the continuance of a policy designed to preserve the continent from the consequences of internal conflicts between groups differing in racial characteristics and economic and social standards, although there is some criticism of the rigidity of the present methods of exclusion as likely to offend Asiatic neighbours and wrong in principle. It is recognized that if the white group of Western European origin now in possession is to remain unchallenged, it must increase its numbers from the same source; but really effective methods of doing so have not yet been devised.

As an isolated Power, therefore, Australia's position would be precarious. A fundamental of policy is consequently support for the nascent organizations of world security represented by the United Nations. Not only did Australia under Dr. Evatt's leadership take an active part in the discussions which framed the Charter of the United Nations, but it has since been elected to the Security Council, and its representative, Mr. Makin, was in the chair in the first vital meetings. Subsequently, Australia has taken an active part in the Council debates over Persia and Spain, and its representative was Chairman of the investigating committee on Spain.

Yet, in the uncertainty which attends the early stages of the United Nations' growth, Australia cannot rely solely or even mainly on that organization for protection. It must depend on its association with some other source of power. The association with the British Commonwealth remains the vital one. Furthermore, with the decline in the resources of Britain herself in relation to those of the U.S.A. and the U.S.S.R., and the somewhat shaky foundations upon which her earlier strongholds now stand in India, Ceylon, Malaya, and China, the significance to the British Commonwealth of Australia as a bastion in the Pacific is materially increased.

The machinery by which that association may be operated, however, is functioning with lessening rather than growing efficiency. This is evidenced by the latest Prime Ministers' Conference. At no time were all the Prime Ministers together, and while very little was made public it seems that no real progress was made in achieving common policy on major matters. It seems clear, for example, that the decision of the British Government to withdraw from Egypt was taken on the responsibility of the British Government

alone, and that the Dominions, although informed, did not really participate in the formulation of the underlying policy. In the field of defence there were apparently discussions at the conference; Lord Alanbrooke made a short visit to the Commonwealth; a team of British experts in scientific warfare spent a longer time here; and Lord Montgomery is also reported to be coming. It is still far from certain that there is any real common defence policy—an uncertainty which may be the result of necessary military secrecy, but which is itself another instance of the lack of information which contributes to the doubts of the reality of Imperial co-operation. India, and even Indonesia, are problems which are left for Britain to handle, and Australia and the other Dominions are in substance little more than spectators watching, albeit with interest, the results of British policy.

Australia therefore, like Britain herself and her fellow Dominions, has not succeeded in reconciling the two inconsistent tendencies—one to promote the unity of the British Commonwealth as a single Great Power, and the other to assert a degree of individual independence severely limiting common action and mutual protection.

The other association which might afford protection to Australia is that with the United States. Machinery for such an association existed in times of war with the co-operation, necessitated by the conflict itself, in military and naval matters and in economic relations such as Lend Lease. With the end of hostilities most of this machinery has ceased to operate, and while there is a large degree of community of interest, in that the United States is likely to be the principal guarantor of the post-war *status quo* in the Pacific, and Australia may be able to give assistance in the task, yet there is no formal association and it has not so far been possible to work out even an agreement for United States bases in Australian territories. Any common policy which may be evolved seems more likely to arise through association of the United States with Great Britain and through her with the rest of the British Commonwealth.

In the economic sphere the picture of Australian policy is obscure. Since the early years of the century Australia's objective has been to encourage, by tariffs and otherwise, the industrial development of the nation. Coupled with this has been the system of Imperial preference, with its stimulus to trade within the Empire. Ottawa, where Australia joined in an attempt to promote trade within the Empire at the cost of trade outside it, was the farthest point this preference policy reached. Now Australia is faced with the alternatives of clinging to the partially closed Imperial system or of plunging into the uncertain sea of multilateral trade and freer world economic relationships. Under the pressure of war, Australia followed Britain in accepting the indefinite responsibilities of the Atlantic Charter and Article VII of the Mutual Aid Agreements. Under the no less severe pressure of her post-war economic straits Britain has now committed herself still farther by accepting the Bretton Woods proposal and the U.S. loan. Australia is one of the countries that have not yet accepted Bretton Woods—probably because of reluctance to give up any measure of financial autonomy (which may be useful for achieving party objectives) as the price of furthering world trade,

partly because of fundamental uncertainty as to the future economic interests of the country, and—probably—partly because of the hope of securing a better bargain.

Since the United States has now ratified the loan arrangements, the ensuing conference on the U.S. proposals for international trade may compel a clearer determination of Australia's attitude to the post-war economic world.

One other consideration affecting Australia's foreign policy calls for mention—the fact that the Government is sometimes faced with action on the part of its own followers which has a direct bearing on relations with other States and which the Government cannot or at least does not restrain. The tendency is for some of the more militant sections of the industrial labour movement to take industrial action for the purpose of giving effect to ideas of their own concerning international affairs. The outstanding example of this is the refusal of waterside workers to handle Dutch ships or other ships intended to proceed to ports in the Netherlands East Indies—with the announced intention of preventing the re-establishment of what they regard as Dutch imperialism and of assisting the Indonesian nationalists. It is doubtful whether this action has deeply affected any major issues of policy; but it has certainly embarrassed the Government in the conduct of foreign relations.

Australia,
July 1946.

SOUTH AFRICA

REVIEW OF THE SESSION

IN order that a certain amount of business may be put through in January, 1947, before the official opening by Their Majesties in the following month, the third session of the Union's ninth Parliament was merely prorogued on June 20. But it had already established itself as the longest session in parliamentary history. It was also for members, and particularly for ministers handling difficult legislation, a most strenuous session, in circumstances which rendered one of the measures peculiarly appropriate, namely the raising of ministers' and members' salaries:

Prime Minister £3,000 to £3,500 per annum

Ministers £2,500 to £3,000 per annum

Members £700 to £1,000 per annum.

In addition the Leader of Opposition was voted a special allowance of £1,000 per annum, a grant which Dr. Malan gracefully accepted on the ground that General Smuts would shortly be receiving it!

Before Parliament assembled in January last the coalition which existed during the war years between the United party, the Labour party and the Dominion party had been broken, and the United party stood alone as the Government party, with, however, a comfortable majority of 24 seats over all others.

With a heavy programme ahead there was, fortunately, excellent collaboration between the party whips, and it was in this spirit that Parliament set to work and succeeded in passing social, agricultural and economic legislation of far-reaching importance. In keeping with its social-security undertakings, the Government introduced during the session a number of Bills increasing disability and old-age pensions, and war pensions, and establishing the necessary machinery for paying unemployment insurance. The Bills were on the whole well received by all parties in the House. The chief criticism was that the rates of pensions, although increased, were still too low. The Minister of Finance frequently emphasized, in reply to this criticism, that we are compelled to cut our coat according to our cloth, but he assured the House that he accepted on principle that rates of pensions should be increased as soon as the total national income permitted.

Another general criticism of the Government's social-security measures was that they should not have been introduced by some half-dozen Bills, but in one consolidating Bill. The Government was said to be tackling the Union's social problems in "piece-meal fashion". Replying to this criticism, the Minister of Social Welfare told the House that the Government had decided at an early stage that social security would be dealt with as a Cabinet matter, and not by any one Department of State. The Prime Minister himself had established the necessary co-ordinating machinery between the various

departments involved. He had also laid down that it would be the function of the Social Welfare Department to convene meetings from time to time in order to ensure that there was uniformity of practice among the various departments.

Closely allied to the social-security measures were the Government's Silicosis and Public Health Bills. The Silicosis Bill, of vital importance to the Witwatersrand's 30,000 European and 300,000 native miners, makes improvements in the method and amount of compensation paid to sufferers from silicosis. A most important feature of the new Act is that it extends compensation to all mines where it is possible to contract diseases from mineral dust. The Public Health Amendment Act establishes a National Health Council, with functions similar to those of the Central Health Services Council established in Great Britain by the Labour Government's National Health Services Bill.

Three Acts of great importance to the future of agriculture were passed. The Soil Conservation Act establishes a representative statutory body, the Soil Conservation Board, with power to advise and assist the Minister of Agriculture and Forestry on all matters relating to soil conservation. This measure reflects the growing public apprehension in regard to the menace of soil erosion now threatening the Union as a result of generations of wasteful farming methods. One of the functions of the Board will be to ensure the proper co-ordination of soil-conservation measures between the various State departments, the farming community, and other bodies which may be concerned. The Act further contains machinery by which in certain circumstances the individual farmer's right to use his land as he pleases may be curtailed in the interests of soil preservation; and it was on this account that the whole-hearted support which the Act received from the Nationalist party, which draws its principal supporters from among the farmers, was particularly gratifying.

It may be remembered that in 1937 a Marketing Act was passed containing provisions very similar to marketing legislation already in existence in Great Britain. During the last session the Government introduced substantial amendments to this Act, which gave rise to considerable opposition from commercial and industrial circles, on the ground that it paved the way for still further drastic restraints on private enterprise in the marketing of agricultural products. Several protests were made from the Government's own benches, but the opposition to some extent subsided on an assurance from the Minister of Agriculture that the whole matter of marketing control, with particular reference to its effects upon private enterprise, would be submitted to the consideration of a special select committee early next session.

Finally, the Wool Act, which found support on all sides of the House, gave effect to the agreement entered into by the Union Government with the United Kingdom Government and other Dominion Governments at the Wool Conference, held in London in 1945. The agreement concerns the disposal of accumulated wool stocks, and also the disposal of future wool clips. The Act sets up a statutory wool board and aims at bringing about a reasonable price stability on a long-term basis. It also aims at establishing an orderly system of marketing.

The Government introduced one Bill which led to debates similar to those which took place at the outbreak of war, when the Nationalists insisted that South Africa should not be "dragged into another of England's wars". They expressed at this time a great deal of sympathy for "poor Germany". The Aliens' Affairs Act, by which the Government is given power to send back to Germany those Germans of South-West Africa and the Union who are recommended by a special commission for deportation, again caused the Nationalists to criticize the treatment that was being meted out to "members of a nation, whose only crime was that they lost a war". Before its passage this Act gave rise to some of the most bitter speeches of the session and afforded Dr. Malan a further opportunity of proclaiming his belief that the Russians and Communism, and not the Germans, are the real danger to Christian civilization and to South Africa. Whatever may be the private conviction of its members, officially the Nationalist party remains unconvinced—even by the evidence of the concentration camps—that the stamping out of Nazism is an essential preliminary to the restoration of the western world.

A private members' motion which gave rise to interesting discussion was that of one of the Native Representatives, Mrs. Ballinger, urging the Government to create a Ministry of Food. She argued that in no circumstances, and particularly during the present food crisis, could the interests of consumers be properly looked after by a Food Control organization operating under the Minister of Agriculture, whose primary concern is the producer. It is true that bad crops and difficulties of importation have brought about a scarcity of maize and wheat, which is bound to affect fairly seriously the natives and the poor, but by comparison with the United Kingdom and other European countries we are undoubtedly well off. The Government rejected a plea for a Ministry of Food, but at a later stage, following a report of Sir Henry French, who visited this country by arrangement with the United Kingdom Government, some concession was made to the popular views expressed by Mrs. Ballinger by the appointment of a Director of Food Supplies with wider powers than those previously exercised by the Food Controller.

While the House was in committee of supply on the Minister of the Interior's vote the question of immigration was raised, and Senator Clarkson replying to criticism from members of the Dominion and United party that the Government had no immigration policy, or that if it had it was afraid to declare it, said that the Government would welcome all immigrants of the "right type", and that no difficulties would be placed in the way of private concerns that wished to import skilled labour for the development of the Union's industries; but the Government would not embark on any major immigration policy until all South Africans had been found employment, nor would there be any large-scale immigration while the present scarcity of food and housing existed in the Union.

FORTUNES OF THE PARTIES

WHEN the House rose the state of the parties was: United party 88 seats, Nationalists 46, Labour party 9, Dominion party 6; and three Native Representatives. The Labour party began the session with ten seats, but owing to

the party's split over the Asiatic Land Tenure and Indian Representation Bill the Labour member for Krugersdorp, Mr. M. J. van den Berg, joined the ranks of the Nationalists.

With a general election drawing nearer there is a good deal of speculation as to whether or not General Smuts's party is losing ground. It suffers, of course, from the natural tendency of public opinion to swing away from a party which has held office for a long time—especially when during most of that time the Government has been obliged to tax heavily and wield autocratic powers. The United party is also handicapped by the fact that it contains within its ranks many diverse and conflicting elements. A considerable distance separates its right and left wings on economic matters—illustrated during the session by the debate on the Marketing Act Amendment Bill—while whenever non-European policy is in issue a cleavage on liberal versus reactionary lines is revealed. But the truth of the matter is that, as long as the principal division in political life is on racial lines, no party can hold power unless it can combine English and Afrikaner elements on a basis of racial co-operation which involves compromise on both economic and social questions. The Nationalists gave no evidence during the session that they could ever become a party of this character. Nor did their criticisms of the Government's achievements in post-war reconstruction give any indication of their capacity to deal with present problems in a more effective fashion.

For the Labour party the session was disastrous. The franchise clauses of the Asiatic Land Tenure and Representation Bill revealed that members of the party differed fundamentally on non-European matters. The party's leader, Mr. Walter Madeley, saw in the Government's plan to give a limited franchise to Indians on a communal basis a danger to European civilization in South Africa. Two other members of his party, both Afrikaans speaking, supported him, but the seven other members would not accept this narrow attitude and voted against their leader's amendment, which called for the deletion of the entire chapter granting the franchise. By the end of the session the party had not recovered from this catastrophe and Mr. Madeley had resigned the parliamentary leadership. Under Mr. John Christie, who succeeded him, the party's course was a little steadier, but its opinions did not seem to carry much weight in the House.

The Dominion party—the session demonstrated clearly—appears to be a dying force, and it is doubtful whether it can serve any useful purpose in South African politics to-day.

The result is that the United party continues to derive a good deal of its strength from the weakness of its opponents—not a very healthy state of affairs, but one which is likely to continue until racial animosities, fanned once again into flame by the war, give way to differences of a more politically natural character.

South Africa,
July 1946.

NEW ZEALAND

THE COMING GENERAL ELECTION

IN June New Zealand welcomed her new Governor General, Sir Bernard Freyberg. He is the first New Zealander to hold this high office, and men of all parties have hailed the appointment as a happy one. His achievement in the two World Wars needs no elaboration, for he has earned a reputation both for outstanding valour in the field and for unfailing care for the welfare of his troops. Moreover, in his own phrase, he is "a local boy come home". Not only was his schooling and upbringing in New Zealand, but New Zealanders remember his high achievements in those fields of sport and personal endurance which have always been held in special honour in this country. In him New Zealanders could salute not only the King's representative but one who summed up in his own person certain of the outstanding physical and moral qualities that have gone to the making of New Zealand.

One of the first official acts of the new Governor General was to open Parliament with full peace-time ceremonial, and to present a speech from the throne which was one of the first shots in a strenuous political campaign. The approaching general election inevitably dominates the political scene, and the air is already thick with the dust of preliminary controversy; and while it is still too early to ask for details of the two election programmes, certain broad lines of policy have been made clear. The Opposition, the National party, it appears, will take the same general stand as in 1938 and 1943. It is pledged to provide for the community the same material benefits as the Labour Government: social services, housing, high wages, protection from slumps, and so forth. These benefits will, however, be combined with heavy cuts in taxation, and will be accompanied by a revolution in the aims of government and its relations with the people. In the view taken by Mr. W. J. Sim, K.C., President of the party, in his address to the annual conference in June, New Zealand has passed through a ten-year Socialist repression. The result has been stagnant apathy, worst enemy to persistent hard work on which national prosperity rests. Interpreting rightly the still sound instincts of the people, a National-party Government would with all possible speed remove State-imposed shackles, restore the principle of private ownership to a position of inviolable respect, and re-establish incentives to hard work. Thus in Mr. Sim's view there would be attained such a general release of the energies of the community that prosperity and abundant employment for all must follow.

For its part the Labour party still builds upon the contrast between the experiences of the slump—"the unemployment, poverty and attendant evils of Tory government"—and the relatively good times that followed. In June the annual conference of the Federation of Labour and of the Labour party surveyed the work of the last ten years and pronounced it good both in its broad sweep and in its immediate methods. Labour is therefore to go to the

polls on a continuation of its policies of recent years: exchange control and import licensing, the further extension of nationalization of industry, more social security benefits, and extensive public works elaborated in an ambitious ten-year plan for national development. In principle then the two parties are sharply divided: the one sees the mainspring of society in private enterprise, the other in community effort under State leadership and control. In practice, however, both parties promise to the ordinary man the same material benefits. Since the notorious Walsh report of March 1946,* moreover, the leaders of both have vied with each other in emphasizing that a people's living standard is ultimately governed by the amount of goods and services at its command. Production is the key to the future, supplemented by the flow of commerce to supply goods which cannot be satisfactorily produced locally: on this there is agreement broken only by some suspicion among trade unionists that such arguments have been used in the past to extract greater efforts from workers for the advantage of the boss. Nevertheless, on the details of industrial and commercial policy there is sharp dispute.

EXTERNAL RELATIONS: ECONOMIC, POLITICAL, STRATEGIC

THE Government for its part is deeply pledged to a continuance of import licensing and the fostering of secondary industries. Big land-development schemes are in mind, including the settlement of some 8,000 ex-servicemen at a cost of £50,000,000; but the Government view is that New Zealanders cannot enjoy adequate standards of life through primary production alone. This, it is argued, need not cause any fall in the total volume of overseas commerce. On the contrary, all effort should be made to keep up New Zealand's spending power by improving the quality and quantity of export produce and by seeking new markets. It does mean, however, that New Zealand should buy abroad only those things which cannot be efficiently produced locally. This is a concept which the Opposition has vigorously challenged in the name of freedom of enterprise. Bankers and business men have always protested against the system of exchange control, on the ground that it places vital decisions in the hands of government officials instead of leaving them where they belong: in the hands of men carrying on trade and bearing the responsibility for mistakes. Manufacturers have more than a trace of sympathy for a policy which would give them an absolutely assured market; but uneconomic secondary industries that raise their costs are anathema to the organized farmers. To them New Zealand is essentially a primary producing country, with the prosperity of the rest of the community supported exclusively by the great exporting industries. Farmers must therefore be given the greater freedom, and the presumably decreased costs, that would follow from the relaxation of government control over external trade. It should be added that the policy of import licensing may be hard to reconcile with New Zealand's international obligations; and that it is doubtful whether either party has fully worked out the implications for New Zealand of the policy of full employment to which she is also committed.

It is true that New Zealand has not yet made up her mind on the Bretton

* See THE ROUND TABLE, June 1946, p. 298.

Woods agreement and the institutions springing therefrom. Early this year the Government announced that it had not been possible for a decision to be reached in time for New Zealand to take part in the foundation ceremonies of the International Monetary Fund and the Bank of Reconstruction—one great cause of delay in reaching a decision was the fact that the British and American Governments had not yet completed and ratified their financial negotiations. In the meantime a pledge was given that the whole matter would be discussed in Parliament before New Zealand was committed; and that is still the position. Though there is some difference of opinion on the wisdom of Bretton Woods, however, there is no doubt of New Zealand's determination to take her full share in the co-operative international institutions of the post-war world. She has been represented, and her delegates have spoken their minds, at meetings connected with UNESCO, UNRRA, and the Food and Agriculture Organization. Sir Carl Berendsen, N.Z. Minister to Washington, has been an active member of the Far Eastern Commission and chairman of its Steering Committee, and has continued to give characteristically forthright expression to New Zealand foreign policy. New Zealand has also taken an active interest in the re-establishment of civil airways in the South Pacific. In February an Empire conference on the subject met in Wellington and planned a jointly controlled service across the Pacific: preliminary arrangements are now said to be virtually complete, and regular flights between Australia, New Zealand, and North America should soon begin under the control of British Commonwealth Pacific Airways Limited. An American service is also in view.

Meanwhile, following the return of the Prime Minister, Mr. Fraser, from the Assembly of the United Nations Organization, Mr. Nash, Minister of Finance and Deputy Prime Minister, voyaged to London to take part in the discussions among British Commonwealth Premiers and to conduct trade and financial negotiations in London and Washington. As to the course of the discussions only general information is available at the time of writing. Mr. Nash, it is clear, expressed opinions vigorously on the wide range of subjects considered. Supporting the British policy, he held, for instance, that dismemberment was not the final solution to the German problem, and said that the Italian colonies should be handed over to United Nations trusteeship. Faced with indefinite postponement of the Peace Conference owing to dissensions among the Big Four, he urged the rights of small nations as Mr. Fraser had done at San Francisco. "Twenty-one nations should be determining the peace, not four", he said. According to preliminary reports, however, New Zealand took most interest in questions bearing on the Pacific, such as the proposal for a South Seas Regional Commission, as set out in the Canberra Pact, and the problem of island bases. On this last point New Zealand reiterated her previously expressed point of view: that bases should not be simply handed over to U.S.A., but that defence should be planned on an international basis with joint control and mutual use of facilities.

In general terms the discussions were said by Mr. Nash to have been most valuable. New Zealand evidently went a long way towards meeting the British viewpoint that the burden of Commonwealth defence should be

shared by the Dominions more fully in the future than in the past. We have not been told, however, whether any systematic attempt has been made to take up the suggestion made bluntly by the London *Times* when the discussions began: that, though the members of the Commonwealth taken singly were no longer in a position to defend the world's peace they could still stand in the first rank by planning their strategy jointly. As far as New Zealand is concerned, she has expressed contentment with the general lines of British policy, including the vexed case of Egypt, and with the degree of consultation accorded to her representatives. For the rest, information is lacking. There was some criticism in the press on the ground that Mr. Nash had no right to speak for New Zealand without prior discussion, preferably in Parliament. In particular, there was some uneasiness about Egypt, which in two wars has been a key point in British Commonwealth communications, and defended with Dominion blood. In general, however, it must be confessed that the attitude adopted by New Zealand Governments in international affairs, though generally approved by opinion, is rarely the result of widespread public discussion of the issues involved. And the Government, up to the time of writing, has not given full information about recent happenings or any vigorous impulse towards their systematic consideration.

BUTTER FOR AMERICA

AN interesting sidelight on this apparently habitual lack of full information was provided in July by the sale of New Zealand butter to U.S.A. In addition to our existing rationing system, during recent months there has been a wide campaign to save further meat and butter for Britain by the systematic voluntary surrender of ration coupons, and it was a considerable shock to opinion to learn from a casual announcement in Britain that 10,000,000 lb. of New Zealand butter were being sent to U.S.A. for the use of American troops, on the understanding that equivalent foodstuffs would be supplied by America to Britain. New Zealand opinion demanded assurance that the transaction was really desired by Britain; that it would not be at her expense either as regards price or quantity of food; and that the butter saved by self-denial in New Zealand would actually go to the British housewife, not to America. Faced with a bombardment of such questions the Prime Minister increased uneasiness by letting it be believed that the whole arrangement had been distasteful to him, and by failing to produce on the spot the exact details that were asked of him. At this point the Waterside Workers took action. It may be recalled that their union, with the Waterside Workers of Australia, have recently taken a strong stand on one issue of foreign policy. By refusing to service Dutch ships or allow the shipment of goods from these Dominions for the Dutch East Indies they have given good ground for the charge that Australian and New Zealand policy on the Indonesian issue is framed, not by the Governments concerned, but by one organized section of the community. In this case the Waterside Workers refused to load the butter for America till satisfactory assurances were forthcoming.

In the end they agreed to load the butter; but the incident was doubly significant. When analysed, the whole transaction appeared to be in order.

The butter concerned was actually the property of the British Government according to existing agreements, and was being disposed of on its owners' instructions. At the New Zealand end the trouble arose essentially from lack of information in good time from official sources. On the other hand, it was noteworthy that such drastic action should be taken by one section of the community; and press comment was divided between unwonted praise of a union for demanding information on a crucial matter and blame of their precipitancy in taking the law into their own hands. It was interesting, too, that the union not only sought assurances from its own Government, but cabled to the British Mine Workers' Union for confirmation.

PUBLIC ACCOUNTS

IN the domestic field the greatest interest attaches to the "election-winning" budget promised by Mr. Nash and due for presentation in August. This will define both the immediate programme of public works and the amount of the concession to be made to the taxpayer. Last year the war ended while the budget was being considered, but the country learnt with astonishment that the end of the war would actually bring a large increase in expenditure. During the year, indeed, the national security tax on all incomes was reduced by 6d. in the £—a concession of £7 million—while universal child endowment added an estimated £12 million to the State's expenditure. But the demand is insistent that the tax burden be further reduced.

Detailed plans are, of course, Mr. Nash's secret, but some of the main factors in New Zealand's economic life are public property. The public accounts for the year ending March 31 were published in June, when the Consolidated Fund showed a surplus of £1½ million after contributing £7 million to the Social Security Fund. Total expenditure followed the estimates closely, and was £4½ million above the preceding year. Social Security expenditure was £23 million, an increase of £2½ million due to increased benefits during the year. War expenditure was £134½ million—an increase of £4½ million over 1944-45. Looking at these figures broadly, the main hope for reduction is in the War Expenses Account, for this contains many items that are non-recurring. £22½ million, for instance, covers payment of war debt to Britain. This debt has now been wiped out, a sharp contrast to the state of affairs at the end of World War I and an important factor in the Dominion's financial position. A further £18 million in the War Expenses Account represents the total amount of war gratuities payable to ex-service-men. Rehabilitation expenditure will, of course, continue and increase; but in spite of the expenses of the force in Japan and of New Zealand's commitments in Imperial defence and to the United Nations, it will be surprising to the public if the three armed forces require a figure approaching the £62 million which they spent in 1945-46. In short, taxation in recent years has been at a level to provide more than half of the cost of the war, and the Government apparently agrees that substantial relief is due. The whole taxation position is being reviewed to that end, and the sales tax (which was doubled for war purposes) has been officially mentioned as likely to be cut. Unofficial Labour speakers go far in promising tax reductions.

In the broad field of economic policy the Government has gone a long way in removing controls which originated in war conditions. All the manpower controls have been swept away, for instance, and all but six of a comprehensive system of industrial controls. Petrol rationing has gone, too, though the total amount available to retailers is still fixed. As far as internal policy goes the principal remainder of war-time economics is the policy of stabilization. This policy, involving the use of subsidies to keep down the prices of necessities, was endorsed by the Federation of Labour in June, in spite of the criticism that subsidies propped up inefficient capitalist enterprises at the public expense. Stabilization in a peace-time "flexible" form to allow for changes in industry and for the encouragement of production is, then, a prominent part of government policy. Though not attacked by the Opposition it seems at least to be less warmly endorsed in Nationalist quarters, and has been directly criticized in the well-known bulletin of the Canterbury Chamber of Commerce. "The abandonment of stabilization is essential", said the bulletin in May, "if economic activity is to recover the efficiency which only freedom can give."

Such differences of judgment and the warmth of debate surrounding the general election should not be allowed to obscure the fact that much thought is being given to fundamental and long-term problems in New Zealand economy. Increasing attention is being paid to such problems as erosion, and methods of preventing the deterioration of the hill country and of marginal lands in general. Again, Mr. Nash's recent visits overseas had an economic as well as a political purpose: the discussion of long-term marketing arrangements with the United Kingdom, for instance, and relations with the United States. Maybe some announcement on the former will be made during the present session of Parliament: it is of vital importance to New Zealand to find where she will stand in the post-war world.

Meantime, however, it is pleasant to record that a full and generous settlement was reached with the United States on questions arising out of lend-lease and mutual aid. Speaking broadly, war-time exchanges have been written off. Total lend-lease aid received by New Zealand was put at £104,570,000, while she provided reciprocal aid estimated at £78,250,000; but it was noted that "relative sacrifice cannot be measured in monetary terms alone". Apart from the sums thus written off, however, New Zealand agreed to purchase a quantity of surplus American war-property in the Pacific area. The price fixed was 5,500,000 dollars or £1,700,000; and this will be spent by the United States in New Zealand for the "construction of American government buildings and for the furtherance of cultural relations of mutual benefit to the two countries". The Acting Minister of Finance rightly claimed that the agreement was a "satisfactory ending to an interesting, just, and successful experiment in war-time international finance, and is a further illustration of the whole-hearted co-operation between the two countries which was manifested during the war period".

New Zealand,
July 1946.

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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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PARTNERSHIP AND POLICY

IN an article published on the morrow of the German surrender THE ROUND TABLE wrote: "The United Nations find themselves masters of Europe . . . and in a little while they will be masters of the world." These confident words have an ironic ring to-day. At the end of a year in which diplomatists have wrangled in a sense of ever-increasing frustration, while the machine of production and supply, by which peoples live, has been losing velocity in the most prosperous countries and in the less fortunate has seemed about to run down, the one thing that is clear is that Europe and the world are masterless still. For there is no mastery where there is not a common purpose; and the only purpose that is certainly common to the Great Powers to-day, which is the avoidance of another war, has, in the judgment of some very competent critics of public affairs, been already brought into danger of frustration by their persistent dissensions upon lesser issues and by their failure to make effective the administrative co-operation to which they pledged themselves in their war-time agreements.

Even within the counsels of each of the three predominant Powers it has been possible to detect some decline of unanimity. The controversy that culminated in the dismissal of Mr. Henry Wallace has drawn attention to differences in the Democratic party and throughout the United States that go to the roots of foreign policy. Since that event the results of the mid-term elections, which confront the Democratic administration with a strongly Republican House of Representatives and even an adverse majority in the Senate, create a situation that during the next two years must inevitably weaken the authority of the State Department in international negotiation. Into the privacies of the Kremlin it would be an impertinence for foreigners to enquire; whether the contrast between the ostentatious *bonhomie* of Mr. Stalin's press interviews and the chill negatives of Mr. Molotov and Mr. Vyshinsky at the council table implies a difference of strategy or a conspicuously two-pronged tactical approach to the same strategic objective has not yet become apparent. What is more important for British readers to consider is the markedly polyphonic contribution to the concert of nations which has been offered during 1946, not so much by the United Kingdom as by the members of the British Commonwealth.

Both in the United Nations Organization and in the Peace Conference of Paris the present year has seen the emergence of the British Dominions to unprecedented prominence on the stage of world affairs. Although UNO has been largely, and the Peace Conference exclusively, concerned with European questions, their voices have been uplifted without reserve, and have always been heard with respect. Not only General Smuts, who by international consent belongs to the world as much as to South Africa, but Mr. Mackenzie King, Mr. Jordan, and especially Dr. Evatt have claimed, and been conceded, a measure of leadership among the smaller allied nations. In the exercise of that leadership some of them have not hesitated to subject to persistent and

detailed criticism the proposals for European settlement that have been put forward with the collective authority of the four principal Powers, and are known to have been determined only after long and arduous negotiations between the four. They have shown—and admittedly that is within their constitutional rights—no compunction in making these criticisms arising from the fact that one of the parties to the threefold agreement was their own elder partner in the British Commonwealth. They have won considerable applause, not confined to their own countries; and on the merits of their advocacy perhaps they have deserved it.

How much of permanent value the Dominions have gained by their separate and sovereign interventions in the diplomatic contests of the year remains debatable. Probably none of them will set very great store by the comparatively small amendments that they have succeeded in inserting in the peace treaties with the German satellite States. It is more significant for themselves and for the world that their right to be consulted in the settlement of Europe has been established by precedent and practice. The right rests upon unassailable foundations. Twice in a generation quarrels of European origin have swept them all into the maelstrom of world war. If the settlement now to be imposed fails to make peace secure, all experience tends to make it practically certain that they will be rapidly involved in any further conflict that may break out; and this is equally true whether they are drawn into it, as in the past, mainly by the ties of common allegiance with their European partner, or by their obligations under the UNO charter, or are compelled to intervene in defence of their separate and more material interests. In effect they are all bound to be guarantors of any treaties that may now be negotiated, and must have a correspondingly important voice in the negotiations themselves.

Whether the Dominions have asserted their undoubted right in the most useful and effective way is another matter. Their title to be heard in Europe derives indeed from their individual sovereign status. The constitutional right of each Dominion to have its own foreign policy only reflects the evident fact that each has its different interest in European affairs, and in world affairs, to maintain. On the other hand, their power to act in Europe is bound up with their participation in the defence system of the whole Commonwealth. In the event of a third war, involving as its first issue the maintenance of the settlement that is now being worked out, it is not strategically conceivable that the Dominions will play any part on European soil except as the close associates of the United Kingdom. The Commonwealth may be a political plurality in peace; if it is not a strategic unity in war it perishes, and each of its components perishes individually. But defence policy cannot be dissociated from the foreign policy that it supports. The danger into which the Dominions seem now to be running, when they advance their separate foreign policies in the European settlement, unconcerted with the policy of the partner that is at once the most powerful and the most intimately related to the European continent, is that they may contract, far from their home lands, international obligations which are beyond their military resources to discharge. The peril of such a situation, and the humiliations it may entail,

have been shown not only at several disastrous moments of the war just ended, but in the years of diplomatic frustration that preceded the crisis of 1939.

If there is one lesson that has been taught by the whole of international history from the foundation of the League to the surrender of Japan, it is that policy must at all stages be related to power. This is the principle that has been generally recognized in the approach to the post-war settlement by committing to the leading allied States the initiative in the drafting of the peace treaties. The principle has not been disputed by the Dominions; nor is it incompatible with their acknowledged right, held in common with all the smaller nations, to be consulted before the treaties take their final shape. It is, however, essential that the part they take in drawing the lines of the settlement shall have a clear relation to the weight and method of their contribution to its defence. The method of the contribution is dictated by their association with Great Britain, and its weight, if not left to improvisation in a moment of emergency, can only be determined by some form of imperial consultation.

Now in the co-operation of the three leading allies, whose authority is admittedly based upon power, Great Britain, regarded as commanding the resources of no more than two small islands, could scarcely maintain a place. Her position as an equal of her two mighty associates depends upon the demonstration that has already been given that, in any final conflict of interests and principles, the other partners in the world-wide Commonwealth, though free to stand aloof, do in fact range themselves at her side. It is only by admitting the assumption that this relationship continues that the Dominions can expect any account of their interests to be taken in those deliberations of the World Powers which precede the consultation of the general body of the Allies and exercise predominant influence over their decisions, not through any arbitrary privilege in procedure but by virtue of the principle that authority is proportional to the power to bear responsibility. That the British Foreign Secretary should in some degree be the advocate of the whole British Empire in the inner council is a vital interest of the Dominions. They will be the chief sufferers if they decline to be concerned with the preparation of his brief. In the present situation of Commonwealth relations he cannot meet his American and Russian colleagues as the exponent of a combined imperial policy. The position that there are five distinct foreign policies under the imperial crown, difficult as it is for Americans or Russians to understand, must be and is accepted by him. But in the common interest he has surely the strongest possible moral claim to be fully informed beforehand of the standpoint of each Dominion on every question that is likely to arise in the negotiations. He cannot in all cases expect to reconcile the views of each Dominion with those of the Government in the United Kingdom, or even with one another. Before, however, entering upon the hard bargaining which has been found to be characteristic of post-war meetings between the Four, he has a right to know, in relation to each proposal for which he may contend, how many members of the British Commonwealth are behind him, and how much power can be committed in support of the

proposal if it is accepted. The dissent of any Dominion from an element of his policy cannot be criticized, provided that he knows of it in advance, and that his three associates can allow for it when entering into engagements with him. What may make his position almost intolerable is the uncertainty whether any of these engagements, which all the primary negotiators have thought to be backed by the united authority of the British Commonwealth, may not be whittled away by the disclaimer of the Dominions in the general conference of the Allies.

What is happening as a result of the present haphazard relationship, or lack of relationship, between the representatives of Great Britain and the Dominions, is that the reputation of the whole Commonwealth for diplomatic good faith is being undermined. The fact has to be faced that the constitution of the Commonwealth under the Statute of Westminster has never been, and is not yet likely to be, understood by other Powers. The States of the Soviet Union which are separately represented in international affairs, and even its nominally independent satellites, speak and vote with perfect docility in support of the policy of the Kremlin. With scarcely less impressive unanimity the members of the Pan-American Union echo the sentiments of the White House. That the British Government could not, if it so desired, command equivalent support from the Dominions may be understood in Washington, but is certainly not believed in Moscow. It is seldom even understood that the opinions expressed by a statesman in Opposition, as by Mr. Churchill in his Fulton speech, are outside the responsibility and control of the Foreign Office. During the sessions of the Paris Conference the Soviet press was full of reports of what it described as the shattering criticism levelled by the Soviet delegates and their friends against the views maintained by other Powers, and especially by the British Dominions. The implication was that these Russian speeches were repelling a concerted attack upon Soviet interests. As usual, there has been complete misunderstanding of the British position; but also as usual, the Russian argument is honestly conceived, and consistent with itself. With the fundamental assumption that the relation of London to Canberra resembles that of Moscow to Belgrade, it appears to Russian eyes that there has been a deeply laid plot. As the Russians see it, the British Government, through Mr. Bevin, have agreed with them and with the United States and France upon certain broad lines of settlement. They have taken it for granted, and have believed themselves justified in so doing, that in the larger conference the Dominions will not only acquiesce in the agreement, but will guarantee the settlement by the support of their military resources. They find instead that they are assailed on all sides by the representatives of the various British Dominions, in an attack that may in reality be a fortuitous coincidence of guerrillas, but appears to them to be strategically concerted by a master mind. In the effect upon the temper of international relations the thing that is will be vastly less important than the thing that appears. All British subjects, some Americans and some Frenchmen, know enough of the imperial constitution to be aware that the Russian suspicions are without foundation. That, however, is of little account. The suspicions may be totally unjustified, but they are

suspicious still. Suspicion is the beginning of fear, and fear is the nurse of hate. The situation that begins with distrust may pass through hostility to war.

The sovereign rights of the Dominions within the British Empire, though they are given legal shape by the negative clauses of the Statute of Westminster, derive their substance from the practical co-operation of all members of the Commonwealth, still led by the United Kingdom, for mutual defence. It is this fact of experience that enables the Dominions to assert a power of leadership among other small nations. They believe, no doubt, that in asserting that leadership in Paris and New York they have enhanced their international prestige. The system of un-coordinated diplomacy, which is the extreme assertion of the principle of the Statute of Westminster, has also been no doubt a convenience to statesmen who like to use Paris as a commanding rostrum from which to address the electorate of New South Wales or Ontario. But if the long-term result is to nourish an atmosphere of suspicion, fear and ultimately hate, in which great nations and small may alike be engulfed by a third world-wide catastrophe, the independence so jealously asserted may not only become unprofitable but may prove of short duration.

N.B.—At the time THE ROUND TABLE goes to press, only a brief cabled summary has been received of the address given by Mr. R. G. Casey on November 20 to the Rotary Club at Melbourne. It appears, however, to have contained a powerful argument in general support of the position maintained in the foregoing article.

SOME THOUGHTS ON THE UNITED STATES

(From a correspondent)

I. THE CONTINENT AND THE PEOPLE

THE writer of these pages lived and worked most of the war in the United States. He had known that country for many years before that and regarded himself as well acquainted with its people and problems. It was only in the course of his recent prolonged stay there that he came to recognize how little he knew, first of all of the great and wonderful land which the American nation has been fortunate enough to find at its disposal, and secondly of its people, their history and their politics. How many Englishmen know anything in detail about American history except perhaps a few "high lights" of the Revolutionary and Civil Wars? Yet it is difficult without some knowledge of it to understand the American character, which has been shaped by three things, the vast effort at conquering over three hundred years an empty continent, the size and quality of the immigration in the last hundred years, and the political and constitutional history over three centuries and more particularly since 1787. While on the one hand the British know little about American history, the Americans have been for generations fed from their schoolbooks with a distorted view of the British and British history. The consequence is that each nation is inclined to misunderstand the other, when it is all-important that each should understand. For the United States and the British Commonwealth seem to be driven inevitably together by the dangers of the future. Since in the main their peoples think alike and pursue the same ideals, that this should happen is in their deepest interests. Nevertheless the two countries are vastly different in size, climate and almost every other respect; the two peoples are very different also. While we must leave to Americans the task of interpreting the British to their own people and of correcting existing misinterpretations, it is for Englishmen to explain to the British things about America and the Americans which may appear to them difficult to understand.

The American people are a very great people; their country is unsurpassed for beauty and resources; and to an observer with a free mind the American political and social scene is fascinating. The object of these few pages is not to attempt the impossible task of a general survey of American problems, but to comment on certain aspects of the country which British readers may not fully appreciate at their true meaning, and to try to put into words what it is that particularly strikes an Englishman as being specifically different either from what he is accustomed to in his own country or from what he expected to find in the United States.

In 1820 the population of England, Scotland and Wales was just over 14 millions (that of Ireland, it may be remarked, being then 6,800,000). In the same year the population of the U.S. was about 9½ millions. In the intervening 126 years the U.K. population has grown, almost entirely by natural increase, to 48 millions; the U.S. population has grown both by natural increase and much more largely by immigration to 141 millions, and, unlike the British, who are cramped into a small space, has spread across a vast continent; the Irish population has fallen to 2,410,951 (1940 census). Suppose that in 1820 the 14 million people in the U.K. had discovered that just across the Channel lay a great and rich continent, most of it very different in climate and scenery from the U.K. and equal to about 21 times the size of Germany before the war. Suppose further that this continent was empty save for some hundreds of thousands of savages, and that the British had proceeded to colonize it. Suppose that not only Englishmen, Scotchmen and Welshmen, but nearly 35 millions of other nations had also immigrated into this empty land, that all these races had intermingled with one another and that they had been subjected to a climate and conditions very unlike that of the British Isles. For the climate of the North American continent is very different from the Gulf Stream climate of western Europe, and one must imagine therefore the climate of this empty land to have been very different indeed from that of England, most of it very much colder in winter and all of it much hotter in summer. One must assume that these Europeans, thus intermixed and inhabiting a country stretching from London into Siberia in the East and as hot in the South as Morocco or Egypt, would have greatly changed in type and character from the 14 million original Englishmen, Scotchmen and Welshmen. Such a change had of course already begun in the 9½ million Americans living in the U.S. in 1820, most of them descendants of immigrants whose entry spread over two centuries, and who had already therefore developed some characteristics distinguishing them from their forefathers in the U.K. How different would have been the citizen of mixed descent belonging to the European Federation and living, say, in Italy or Russia from the Englishman who had stayed at home.

CHARACTER OF THE POPULATION

IN the period from 1820 to 1943 over 38 million foreigners entered the U.S., of whom only 4½ millions came from the U.K. Germany sent more than 6 millions, Italy 4¾ millions, Ireland 4½ millions, Austria-Hungary over 4 millions, Russia over 3½ millions, Canada and Newfoundland over 3 millions, Sweden over 1 million. The remaining 7 millions came from almost all the remaining countries of the world. Of the 38 million immigrants 85 per cent came from Europe, 11 per cent from North and South America, 3 per cent from Asia and 2 per cent from Africa and elsewhere.

It has been estimated that in 1920 40 per cent of the population were of British or North Irish origin: 16 per cent of German and 11 per cent of Southern Irish origin. Other estimates put those of British origin at 33 per cent, the Germans at 25 per cent and the Southern Irish at 15 per cent.

What is indeed surprising in face of these figures is that the average modern

American is not more different than he is from the average modern Englishman. But the American way of life is very compelling and, different as it may be from ours, the English language and English law, tradition and custom have formed its base, the matrix, so to speak, into which all foreign elements have been poured.

While there has always politically been an Irish vote, a German vote, a Polish and Italian vote, there has never been an English or Scotch vote. English, Scotch and Northern Irish immigrants have easily coalesced with the original American population. There has always been a relationship between the old American strain and the British different from that between it and the inhabitants of any other country. "The Aid for Britain movement," says one well-known writer, not of Anglo-Saxon origin, "was initiated during the early stages of World War II primarily not because Hitler menaced the Western Hemisphere but simply because vast masses of the dominant old-time American strain reacted instantly and passionately to England's sudden and extreme danger—England, the home of Magna Carta, Shakespeare and of Milton, Keats and Shelley, of the King James version of the Bible, their imperishable home." Yet true as this may be, this influence, it should be noted, was not and never would have been strong enough by itself to bring the United States into the war, had not purely American interests demanded it.

Unless the foreigner living in the United States has very favourable opportunities to travel widely, he is unlikely, particularly if he keeps merely to the eastern seaboard, to assess at its true magnitude the extraordinary work of absorption into the "American way of life" of tens of millions of aliens differing in language, custom, tradition and morals. We may the more easily appreciate the astonishing absorptive capacity of American civilization if we compare our ill-success in assimilating either the French Canadians in Canada or the Dutch in South Africa. It is true that the conditions in those two countries were less favourable, and that the Americans were fortunate, assuming that they valued British character, law and custom, in the existence of a considerable and well-settled Anglo-Saxon population before the great rush of foreign immigrants began. It is noteworthy that de Tocqueville, writing his great book 125 years ago, refers always to the 12 millions or so of inhabitants in the United States not as the Americans but as the "Anglo-Americans". These Anglo-Americans in the main thought the same thoughts, hoped for the same ends, possessed the same ideals of freedom, law and justice as Englishmen in England. Time, environment and mixture of populations have brought great changes, but fundamentally these hopes, thoughts, ideals and laws have formed and still form the basis of American civilization. It is this, more than anything else, which in this revolutionary age, when other idealisms and ways of life press more and more threateningly on the worker, binds together the people of the United States with those of the United Kingdom, Canada and the other British Dominions. It must also be remembered that, if we omit the more recent large immigration from south and south-west Europe concentrated mainly in the great cities, the great bulk of this mixed population was from north-west Europe, and therefore

in the dim distance of similar origin; and that in addition they all went together through the fire of founding a new society in a new land. In the following sentences de Tocqueville graphically describes the process:

"At the extreme borders of the Confederate States, upon the confines of society and of the wilderness, a population of bold adventurers have taken up their abode, who pierce the solitudes of the American woods, and seek a country there, in order to escape that poverty which awaited them in their native provinces. As soon as the pioneer arrives upon the spot which is to serve him for a retreat, he fells a few trees and builds a loghouse. Nothing can offer a more miserable aspect than these isolated dwellings. The traveller who approaches one of them toward nightfall sees the flicker of the hearth-flame through the chinks in the walls; and at night, if the wind rises, he hears the roof of boughs shake to and fro in the midst of the great forest trees. Who would not suppose that this poor hut is the asylum of rudeness and ignorance? Yet no sort of comparison can be drawn between the pioneer and the dwelling which shelters him. Everything about him is primitive and unformed, but he is himself the result of the labor and the experience of eighteen centuries. He wears the dress, and he speaks the language of cities; he is acquainted with the past, curious of the future, and ready for argument upon the present; he is, in short, a highly civilized being, who consents, for a time, to inhabit the backwoods, and who penetrates into the wilds of the New World with the Bible, an axe, and a file of newspapers."

"I have lived a great deal with the people in the United States, and I cannot express how much I admire their experience and their good sense. An American should never be allowed to speak of Europe; for he will then probably display a vast deal of presumption and very foolish pride. He will take up with those crude and vague notions which are so useful to the ignorant all over the world. But if you question him respecting his own country, the cloud which dimmed his intelligence will immediately disperse; his language will become as clear and as precise as his thoughts."

No civilized people in the whole of history has been granted the opportunity to fill a vast, almost empty continent and yet perhaps the most fertile and the richest in the world. It was the common task of the Anglo-Saxons, the Irish, the Germans, the Scandinavians, the Poles and the other immigrant races in ever pushing forward the frontiers of civilization which helped so greatly to create a common American type. The frontier has long since reached the ocean and that particular task is complete. But the full absorption of the many still unabsorbed, particularly in the cities, may be a slower job and the character of the ultimate "American" is still undetermined.

A MERCURIAL RACE

MEANWHILE, however, the love of their great country and the freedom of their new life had implanted an ardent if almost inevitably aggressive patriotism in American breasts. Those who have lived some time in the United States will understand the origins of this patriotism and of the natural habit of "boost". They will understand too the nostalgia of American soldiers under foreign skies and subjected to a more austere manner of life. The bright sun, the extremes of heat and cold, the stimulating air have created a race more mercurial than those bred under the less brilliant skies of north-west Europe.

The American temperament goes up and down at the same pace as the American thermometers. American civilization indeed presents to the foreign observer a fascinating mixture of colour, ebullience, extravagance, vigour, waywardness, unpredictability, weakness, nervousness, idealism, imperialism, freedom, licence, indiscipline, spontaneity, frankness, kindness, generosity, narrow selfishness, brutality and mass emotion. All this arises from the comparative lack of tradition, the freedom of movement, the plethora of opportunity, the mixture of races and the effect of climate. Whether in Birmingham or Berlin the American soldier cannot but long for the ease of his home town, the long hot evenings and nights of summer, the drug-store, the car, the cool drinks, the ice-cream sodas, the general friendliness and freedom.

Pressure to create a united nation has meant pressure also to conform, to follow without deviation the "American way of life", to sink individuality in mass opinion. And this tendency is assisted by other influences towards uniformity of thought and emotion. How much need you bother to think for yourself when you can occupy every moment with your radio, the movies, the "comics" in the newspapers and your automobile. A visitor to Los Angeles may reflect that he is seeing perhaps something of what modern civilization in general may look forward to being fifty years onward, and not feel entirely reassured as to the outlook. Certainly it is a far cry from Southern California to-day to the Pilgrim Fathers three centuries ago. High-pressure salesmanship enters in modern America into most spheres of life; and to be persuaded or convinced that something is right is, as the common and revealing phrase goes, "to be sold on it". One is reminded of the *New Yorker* drawing of a father bringing his small son out of his first visit to church. "How did you like the service?" said the father. "Well, I liked the commercial very much", replied the boy. To him the sermon represented the parson doing his best to "sell the Church" to the audience. Thus the pressure to create an American citizen and an American way of life—when the time given to it was short—has had inevitably strong reactions in the direction of uniformity.

It is noticeable that American opinion changes much more as a whole and more quickly and sways, for instance, from optimism to pessimism with greater rapidity than the English. Americans are always ready to listen to "some new thing". All news must as far as possible take the form of "a story"; everything must be dramatized. The people moreover have the right to know everything. If a columnist (by whatever means) gets hold of and publishes a secret official document, not the slightest indignation is felt, except in the government department concerned. The Government is fair game. The fact that it wanted to keep the document secret is good evidence that it should be published.

The American nation is far from homogeneous and it will be many decades before it is. It is just this fact that causes the pressure to conform to be made stronger in America than in England. The "down-east" American in Maine on the North-east Atlantic cannot but be very different from the dweller in Southern California's sun or in Mississippi's damp and tropical heat or in the great plains. While the immigrant may be absorbed into the

American way of life, climate and environment will again differentiate the population into varying types. What the British people should understand is that the final product must be very different from its own. But what they can hope for is that the basic ideals and hopes of Americans will remain identical with theirs.

II. CONSTITUTION AND FORM OF GOVERNMENT

AMERICANS revere the Founding Fathers and the Constitution they framed in 1789. That they should revere the great men who created the Union is wholly right and proper. They *were* great men; and the United States was indeed fortunate in finding statesmen of wisdom and high intelligence at this critical moment of its fortunes. It is equally understandable and fortunate that the people of the United States should revere their Constitution. The binding force of the Constitution and of the law in general has been the strongest influence in uniting this far-spread and loosely knit community. Indeed, that the Americans should have established so strong, so free, a government over so vast an area and so heterogeneous a population is a unique and unparalleled achievement. It is under the Constitution of 1788 that this has been achieved. Who can tell whether it could have been achieved under a widely different one like ours? Nevertheless, it is becoming more generally recognized that the form of government imposed on the American people by their Constitution has for present days and present problems serious drawbacks, particularly in the relations of the Union with other countries. It is probably little understood by Englishmen how profoundly different from their own is the American form of government. A volume could be written on the subject. But since its consequences must inevitably from time to time produce difficulties for other countries, it is important that Englishmen should recognize their cause and not attribute them to wrong-headedness and general "cussedness" on the part of the American people, who have merely inherited the Constitution from their forefathers.

The essence of the British parliamentary system is that the Prime Minister is chosen by the King from among the Members of Parliament (and now almost certainly from Members of the House of Commons) because sitting in Parliament he can command a majority of votes in the House of Commons. The Prime Minister chooses his colleagues also from among members of the two Houses of Parliament, for with him they are jointly responsible to Parliament. They are in fact a Committee of Parliament whose members are also Ministers of the Crown. They are members at the same time of the Legislative and Executive branches of the Government. The House of Commons can dismiss them by a vote of censure; the Prime Minister can request the King to dismiss the House of Commons by dissolving Parliament. Thus the Legislature and the Executive are bound tightly together like Siamese twins. The Legislature can always threaten the Executive; and the Executive the Legislature. They sink or swim together. Both gain by being on their good behaviour. The legislators are always in a position to question and examine the members of the Executive Government in person; the

members of the Executive Government in person are able to guide, influence and persuade the Legislature and to expound in person also all legislation they put forward. The first question a visitor asks when he goes into the House of Commons is "Where is the Government?" and he is shown the Front Bench.

In Washington all is different. No member of the Executive can be a member of the Legislature. The chief—indeed the only true—"Executive" is the President, chosen not by the Legislature but by the popular will. He alone of his Cabinet is responsible to the people. He has no colleagues, only Secretaries—Secretary of State, Secretary of the Treasury and so on, who are, so to speak, picked out of the street. He can choose anyone, so long as he is not a Congressman or a Senator. There is no Cabinet responsibility. A President's Chief Secretaries, particularly the Secretary of State, may, of course, be very powerful, if they are able men with a great reputation with Congress and the people. But the President alone is responsible. The President delivers his messages to Congress either in writing or on rare occasions by attending for that purpose. But until President Wilson revived the procedure of delivering his messages to Congress in person, no President had attended Congress for many decades.

Cabinet Officers can never attend either the Senate or the House of Representatives, though they can be and often are called to give evidence before Committees of either House. Thus there is a complete divorce between Executive and Legislature. The President cannot threaten Congress and Congress cannot threaten the President. The President is in office for certain—unless he dies—for four years. Each Senator is in office for certain for six years and each member of the House of Representatives for two years. It is no good for a visitor to the House of Representatives or the Senate to ask "Where is the Government Bench?" because no member of the Government is or can be there. There is no Government Bench. It is as if the 650 members of the House of Commons were left entirely to their own devices without any guidance from the Government or from those who hope to be the Government, that is, either from the Front Bench or the Opposition Bench. To an Englishman such a thought is almost appalling. No great measure, e.g. the Budget, or any other can be introduced by the Government and debated between Government and Opposition, because no member of the Government is in Congress. There are no such debates, as we know them. In fact, it may be said that the House of Representatives, which has 430 members, is not a debating body, though many speeches on one side or the other are made. The smaller Senate with 96 Senators, two for each State, does debate, though in the absence of any Government spokesmen, except the "Majority Leader", its debates are different in character from debates in the House of Lords. The Senate is a more powerful body than the House. Senators do not have to face election so often. Furthermore, the Senate's assent by a two-thirds majority—very difficult in any case to get—being required for all foreign treaties, it has great power in the sphere of foreign affairs. In the domestic sphere, moreover, its assent is needed to the nominations made by the President to nearly all important government posts.

Professor Brogan's admirable analysis, in his little book *Politics and Law in the United States*, of the Senate's treaty making and breaking power is worth quotation.

"That senatorial control of treaty-making seriously hampers the conduct of American foreign policy cannot be doubted. Whatever may have been the case before 1919, no nation to-day is in the least likely to think that a treaty negotiated with the United States is a treaty accepted by the United States. And if it be argued that the Senate has seldom or never had its decisions overruled by the American people, it should be remembered that the American people may have no chance of passing judgment on most of the obstructive Senators for four years and, by that time, the situation may have changed so profoundly, in part as a result of the action of the Senate, that the policy it rejected is no longer practical politics. The American voters may then be pardoned for taking Bolingbroke's advice, 'to bear what they cannot alter'. . . . But fundamentally, the explanation if not the justification of the role of the Senate in foreign affairs comes back to the fact that the United States is seldom united enough to be willing to entrust complete control of foreign policy to one man, or even to a simple majority. The issues that inflame the Pacific Coast may leave the Atlantic Coast cold and produce nothing more impressive than irritated boredom in the middle West. And, until recent times, the United States could afford the luxury of a crippled and sectional foreign policy, as British dominions could afford to have no foreign policy at all. Apparently immune from external dangers, it was natural that the delights and utility of a coherent and responsible policy should not have seemed worth the possible price of internal disunion. Those happy days are past, but they have left a legacy of political habits that have survived their utility."

The British public too must bear what they cannot alter. The fault lies with the makers of the Constitution, not with living Americans.

It is revealing that the Executive Government is usually termed the United States *Administration*. It was recently explained to the writer by some prominent and extremely well-informed Americans that the United States *Administration* is not the *Government*; that indeed the Administration and Congress together are not the Government. The United States Government, the final authority for the law and its execution, was, they averred, a mystical term, meaning the American people acting in a certain way as prescribed by the Constitution.

RESULTS OF SEPARATION OF POWERS

THE consequences flowing from this complete separation of the Legislative and Executive branches of the Government are profound and far-reaching. They are not perhaps always apparent to an American, who has known no other form of government. But they are very apparent to anyone accustomed to the parliamentary system. Indeed, the longer one lives in Washington the more endless do the consequences appear and the more difficult it seems to penetrate into the exact methods by which government is carried on. For a foreign representative the difficulty often is to discover where exactly the United States Government is. In so far as he can act without congressional approval, it certainly can be taken to be the President. But the President cannot do everything. Beyond that often nothing is very clear.

The most serious consequence of the division of powers arises, of course—as it has now done—when Congress has a majority of one party and the President is the leader of the other party. Then for two years the American Government is more or less paralysed. Hardly less serious is the fact that an agreement or treaty signed by a foreign country with the United States Administration carries with it no assurance that the Senate will implement it. Recently Loan Agreements were signed between the United Kingdom Government and both the American and Canadian Governments. If the Canadian Parliament had rejected the agreement which its Government had signed that Government would have fallen, and there would have been either a dissolution or another Government, commanding a majority in the House of Commons, would have been formed either to implement or reject the agreement according to the will of the people. If the United States Congress had rejected the agreement, nothing would have happened. Both the President and Congress would have remained, until their fixed terms were completed. The Loan Agreement would have been stone dead. The Canadian Loan Agreement was signed in Ottawa some months after the United States Loan Agreement had been signed in Washington. In Canada the Agreement which had been signed on March 6 was passed on May 7 after five days debate by the House of Commons and two days debate by the Senate. The American Agreement, however, having been signed on December 7, 1945, came before the full Senate only on April 17, 1946, and was debated there for sixteen days before being passed on May 10. It came before the House of Representatives on July 8 and was debated for six days before being approved. Previous to the debate in each house, weeks had been spent in hearing evidence by the Senate and House Banking Committees before these Committees recommended the Bill by a majority of votes. The Bill was finally passed on July 13 and signed by the President two days later.

Because Canada has a constitution like ours, there was always a sense of relief in going to Ottawa from Washington. One knew in Ottawa exactly how the machinery of government worked. The political situation would no doubt be found to be complicated. But the machine was straightforward.

But no foreign Government can ever be sure whether an agreement signed with the United States Administration which requires congressional approval will be implemented or whether a treaty signed with that Administration will receive the approval which is needed from the Senate. You are in fact negotiating not with a *Government* but with an *Administration*. Negotiation with the United States Government by foreign nations faces difficulties and obscurities, therefore, which have no counterpart in the case of any other country.

Internally the inherent weaknesses of the American form of government have been less apparent. They mattered less when the functions and spheres of authority of the Federal Government were much narrower than they are now. But since, in accordance with what appears to be an inevitable tendency of modern civilization, the authority of the Central Government must extend farther and farther, these weaknesses are likely to become more and more apparent and, maybe, formidable in their consequences. In the November Elections the Republicans have obtained a majority in both Houses. For

two years the United States Government will consequently be faced with a position more or less of checkmate. Yet it is more than likely that the future of the world may depend on the existence during that time of a strong, wise and authoritative foreign policy in Washington.

To an Englishman the merits of the parliamentary over the congressional and presidential system of government appear decisive. That the parliamentary system works satisfactorily over a country as widespread as Canada encourages him in this opinion. Nevertheless, there are very able and informed men in the United States who seriously doubt whether the parliamentary system would be at all suitable to the American genius. The writer particularly remembers an opinion expressed to him by a very eminent American judge. "I agree", he said, "with all that you say. But I believe there is one decisive argument in favour of the presidential system for us. We are a loosely knit people, heterogeneous in origin, spread over a vast continent. Moreover, we are much more mercurial than you are. If we had your system we should, I believe, outdo the French and have a new Government every 6 months." No one can be certain whether this opinion would prove right or wrong. What is more decisive is that there is no chance whatever of any profound amendment of the American Constitution. Some tinkering may take place. But the presidential system is so different from the parliamentary that fundamental changes are needed to alter it greatly. They will not be made.

A foreign representative in Washington engaged in daily negotiations with the United States Government on one matter or another is bound to see the seamy side of the American Constitution and often to be exasperated at the difficulties and obstacles which it puts not only in his way, but in the way of the representatives—nearly all of them admirable, efficient and co-operative—of the United States Government. But all this certainly adds to the interest and fascination of Washington life. Things happen there—and on frequent occasions—which could happen nowhere else in the world, and which greatly add to the gaiety of nations. If movement is life, then the American Civil Service has vastly more life than its staid British counterpart. Here to-day and gone to-morrow is its order of the day. At bottom presidential rule (as compared with Cabinet responsibility) is personal rule, and Washington, therefore, has many of the intriguing interests of an eighteenth-century court. This is the paradoxical result of a Constitution designed to get rid of George III and revered for that reason by a great people, many of whom persist in believing that the British are still ruled by that monarch's ghost.

So far as the United Kingdom and indeed all other foreign nations are concerned, the importance of the American Constitution lies mainly in its effects on American foreign policy and therefore in the necessity it imposes of securing the Senate's consent to every treaty. That is not the only difficulty, since for other reasons that policy may be wavering. The Americans—and who will blame them?—hate having to bother with foreign nations. Isolationism is deep in their bones and they may still kick against the pricks.

As to the Senate, one may hope that the procedure may continue and be successful of associating leading Senators of both parties with the Government's policy in foreign affairs, and therefore of securing as far as may be the support of the Senate in advance. For the rest everything will depend on the calibre of the men who will occupy the most powerful position in the world, the President's chair.

III. ANGLO-AMERICAN RELATIONS

THE two previous sections of this article will have indicated that in its relations with the United States the United Kingdom must have regard to those characteristics, due to its free growth in a new continent, which sharply differentiate it from the more ancient nations of western Europe, and also to the peculiarities of its Constitution and the consequences following therefrom. Since the form of the Constitution is unlikely to be greatly altered, those who have to deal with the United States Government must accept the unpleasant fact that the Senate's approval by a two-thirds' majority is necessary for any treaty, and that the President and his Cabinet Officers, however powerful, have not that direct means of influencing the Senate which is in the hands of a Government of the parliamentary kind. They may well ask, however, that the Senate shall show wisdom proportionate to its immense responsibilities. They must moreover recognize that they will be dealing with a people who have not yet fully and finally accepted the fateful rôle which they are called upon to play in the world.

But beyond all this there is something in the relationship between the American and British peoples which is unique. It is a relationship both closer and yet more difficult than that which the United States has with other nations. To describe it accurately is extremely hard, since it is very complex. It is best to begin with the difficulties. In the first place it is well known that there are large, and, so to speak, professionally anti-British elements in the population. The most hostile element of all, if one can judge from their press and orators, are the several million Irish who appear to continue to nourish against England an undying grudge. This ancient hatred can no doubt be kept going the more easily, because it is useful as a support for a strong feeling of isolationism, which can be most easily expressed by abuse of the British. It is at this point that the anti-British sentiments of the Irish are reinforced by the continuing nostalgia for isolation felt by the Germans, Scandinavians, Poles, Italians and indeed most other dwellers in the Middle and Far West. Almost any argument for isolationism can be turned against the British. Even now it is not too difficult to convince those who long for isolation that it is the British who twice have dragged the United States into war and who will do so again. Daily expression on these lines of a vicious hatred against England and all her works is poured forth by the Irish McCormick-Patterson press and notably the *Chicago Tribune* (as a newspaper an admirable production), as well as the *Daily News* in New York and the *Times-Herald* in Washington. This is a fact that we have to accept. It will take many years for this type of anti-British feeling, historical, emotional and regardless of facts, to be eradicated.

There is another and a quite different feeling about England, which is also widespread certainly among Anglo-Saxon Americans, and which derives from quite other sources. This feeling is still more difficult to define. Perhaps it may be best regarded as the sort of jealousy which arises between relations, the dislike of a younger branch of a family for the elder branch, which is thought to regard itself as superior just because it is the elder. This irritation is likely actually to be accentuated when the younger branch becomes much richer and more powerful, but suspects that the elder branch still gives itself airs, when it ought to be quite humble, with an added suspicion that the elder branch, while it has come down relatively in the world, may still have or think it has a sort of *cachet* that the younger has not yet acquired. There is, of course, no reason for Americans to feel like this. They are the strongest and the richest nation in the world. But that is not so important as that their qualities and achievements have been proved to be admirable in every sphere. Most Americans would deny that they had any such sentiments towards us. Consciously most of them have not—unconsciously it may have been implanted in them in very early years.

Partly, of course, such sentiments have arisen from the Revolutionary War and the War of 1812 and, so far as the North is concerned, from the sympathy the British ruling classes showed for the South in the Civil War. It must be remembered that up till 1914 the Americans had had only one enemy—England. Till then indeed the United States had had almost no foreign policy worth speaking of except to fight against or quarrel with England on the one hand and to maintain the Monroe doctrine on the other, this latter being in fact largely maintained for her by the British Fleet.

Here again we touch once more on the consequences of the struggle to create a nation. It was felt necessary to that end to "boost" the Revolution and blacken the British case. The feeling was somewhat like the forgetfulness of the British that Blücher and the Prussians had anything to do with the Battle of Waterloo. From the Revolution onwards American schoolchildren have been taught that British Imperialism is wholly bad and that, just as the Americans threw off British bonds in the Revolution, so should every other part of the world in British occupation do so now. Efforts have often been made to amend American schoolbooks, so that they shall be less one-sided; but, so far as the writer is aware, with no great effect. It is with astonishment that the Englishman finds that the most arrant nonsense about British Imperialism is accepted in the most unexpected quarters as a self-evident fact, something about which argument is unnecessary. Thus, what amounts to a caricature of the modern British Commonwealth of Nations is more or less implicitly believed in all quarters, even the highest. An American educated, for instance, at Groton and Harvard will be convinced, you may find with surprise, that England makes huge sums annually out of India. Congressmen will discuss the British debt on the assumption that all Canadian and Australian wealth is at the disposal of the British. A young American told the writer not long ago that he had been assured by an American airman, who had been in India, that in Calcutta alone there were 5,000 British millionaires. It is—it must be hoped—because of what he has imbibed at an early age and not because

of what he has learnt since that so intelligent a man as Mr. Henry Wallace shows such ignorance of what the British Commonwealth is. It is to be hoped that the admirable reply of Field-Marshal Smuts may convince him of the injustice of his attitude.

Nevertheless one has to accept the fact that this caricature of the British Commonwealth is widely held to be the truth, just as the American press manages to believe both that the English (though not the Scotch or Welsh or Irish) are slow, unimaginative and dumb and yet so incredibly smart that they are always making "suckers" out of the Yankees.

All this boils down to the fact that the Englishman in the United States is tempted to believe that his country is never given the benefit of the doubt, and is judged guilty before any enquiry is made. During the war a whole machinery was developed for following up lies about the British and correcting them. But proverbially to catch them up is just what cannot be done. No problem could indeed be more baffling than to ensure that the truth reaches the ears and minds of the great American public. There are no newspapers that have a nationwide sale. The most important of them, like the *New York Times*, circulate in any quantity only within a small radius of New York. There is only the President, and perhaps one or two others, whose voice can reach the whole nation. Except for something sensational or personal no debates in Congress are reported. Certain radio broadcasters and columnists, whose writings are syndicated, have by far the widest circulation. But they can hardly be expected to give much attention to correcting misrepresentations about the British. Thus much goes by default. Opinion in America is greatly affected by slogans, a growing and disastrous habit throughout the world. It is assumed moreover that there is nothing much to correct. British Imperialism *is* bad. The British *are* too smart. Truth will no doubt prevail in the end but, as Lord Keynes said, in the end we are all dead.

MAGNA EST VERITAS ET PRAEVALET

BUT there is another side to this picture which is more important, and comforting. However numerous our critics, our friends are in the end more numerous. The American public know in their bones that much injustice is often done to us—and indeed there are many admirable writers who constantly proclaim the truth, however little headway it may make. In the end, too, the vast mass of Americans know that British ways of life and thought are more like those of the American than are those of any other nation. They know too that the British can be counted on as a staunch ally in all weathers. It is the firm belief of the writer that the unfortunate anti-British bias of some sections of the population will gradually disappear and that there is everything to encourage the belief that the American and British people in the United Kingdom as in the Dominions will grow always closer together. All Englishmen who know the United States well will, I believe, have the same feeling, namely, that no better people exist than the Americans. But their ways have to be learnt and some of them are strange to us. If one says they are still young and have some of the faults of youth, they may regard that as a convincing expression of the usual British superiority. But there is

some truth in it. It would be easy and perhaps even defensible for the British people, if they did not know why such and such things are said and done, to resent them and themselves in turn to become anti-American. That would be a disastrous mistake. They must recognize why these things are said and done, and what are the historical reasons.

There are not a few symptoms of an unfortunate and misconceived anti-American feeling of a somewhat self-righteous character in this country. It was for instance a most uncalled-for act of discourtesy at the recent Trade Union Conference for a resolution to be moved—which attracted a vote of over 2 millions—coupling together in condemnation Franco's Government and a "reactionary" United States. Trade unionists may dislike the politics and outlook of many of the employing class in the United States. But they would make a profound mistake in letting this colour their feelings against the American people as a whole. Where else in the world except to the Dominions and the great, free and liberal Republic of the West and in a few western European States can we look for like-minded nations in a world that may otherwise be almost wholly hostile to all that we hold dear?

These pages have been devoted to certain aspects of American life of which it is important the British public should be informed. If they are informed, they will comprehend; and, if they comprehend, they will learn to appreciate and rely on the huge mass of American good will towards this country and to pay less attention to those sentiments of a different character, the origin of which is to be found in both British and American history.

Immensely difficult political, economic and financial problems, which they must necessarily solve in common, make it vital that both countries should fully understand one another. They are bound together in fate in the future as well as the past. But the British may not at first sight grasp what this means to the Americans. We are and have long been involved in all the problems of the world. We cannot free ourselves. We have in the past, by building up our Empire, committed ourselves freely in every quarter of the globe. Not so the Americans. It is only now, and with reluctance, and have for centuries been, deeply concerned with the Middle East. The Americans have only in the last year accepted any responsibility in that area. Only a few years ago that they should do so would have been unthinkable. It is *our* actions in the Middle East that will commit *them*. Palestine and Greece, for instance, are our immediate responsibility. But what we do inevitably involves the United States. How are these joint responsibilities to be carried? Obviously they need a common policy. How is that to be devised? These and many others are the all-important problems, to solve which will need the most complete understanding, mutual confidence and friendship between the two countries.

NUREMBERG IN RETROSPECT

TOWARDS AN INTERNATIONAL CRIMINAL LAW

THE trial at Nuremberg comprised 403 sessions extending over some 10 months; 33 witnesses were called for the prosecution and 61 for the defendants; 143 written answers to interrogatories were put in; 101 witnesses for the defence were heard before commissions and 1,809 affidavits were submitted to them. Besides, six reports summarizing many affidavits were made to the tribunal, and the organizations submitted a further huge quantity of affidavits: 38,000 signed by 155,000 for the political leaders, 136,213 for the S.S., and some 22,000 for the remaining organizations. In addition some thousand documents were put in evidence. In all this mass of documentation and spate of words, to which nineteen of the defendants made their contribution when giving evidence, the most remarkable feature of the case was the fact that the defendants co-operated a hundred per cent in making the trial a success. If, as might have been feared, the defendants, or the majority of them, had denied the competence of the tribunal to try them and turned their backs on the whole proceedings, the value of the proceedings as a landmark in international law might have been very much less. As it was, the readiness and even eagerness with which the defendants came forward to give evidence were among the outstanding aspects of the trial.

It will be possible for anybody who has the patience and the industry to follow the trial exactly as the tribunal did. The Stationery Office is publishing a verbatim account, and up to the date of writing this article three volumes have appeared, bringing the account of the proceedings up to the middle of December 1945.

In addition, the closing speeches of the prosecution have been printed in full by the Stationery Office. In the U.S.A. a collection of all the important documents available to the prosecution at the trial is being published in successive volumes by the U.S. Government under the direction of Mr. Justice Jackson, the Chief Prosecutor for the U.S.A. All the documentary material which the tribunal was invited to consider was read into the record and is therefore contained in the verbatim account. For researchers and students copies of all the documents will be available at The Hague at the Court of International Justice.

The climax of the trial, both from a spectacular point of view and from the standpoint of international law, was the judgment of the court and the sentences on the defendants. It must be confessed that as a document which would serve as an inspiration for the future of international law the judgment of the tribunal is somewhat of a disappointment. It reflects the patience, dignity and fairness which characterized the court, but it lacks the broad statement of principle, or the sweeping exposition of the development of international law which could have been expected from the closely reasoned and finely argued speeches of the prosecution. The final judgment does, it is

true, lay down the principles on which the court acted, and sets out the reasons why the defence of superior orders, the claim that the acts alleged were made criminal *ex post facto*, and similar rebutting arguments were rejected by the court, but the terms in which the reasons for the judgment and sentences are given are such as to prove more of a guide than an inspiration to future generations. It is, perhaps, characteristic of this age that the influence of the trial will not be due to the brilliance of any particular individual or section of those engaged in the hearing, but will be the result of team work between the judges, the prosecutors, the secretariat, translators and, in very great measure, the defendants.

THE CHARTER OF THE COURT

THE trial was the outcome of an agreement between the three Powers at the Moscow Conference of November 9, 1943, that Axis war criminals should be tried and, if found guilty, punished for their crimes. This agreement was embodied in a more formal document executed by the four Powers, France having been added in London on August 8, 1945. This document provides for the "Prosecution and Punishment of the major war criminals of the European Axis" by a charter which set up an international military tribunal for the "just and prompt trial" of the major war criminals.

Under the charter the tribunal could, on the ground of their individual responsibility, try and punish persons who committed the crimes specified either as individuals or as members of an organization. Article 9 provided that the tribunal could at the trial of any individual member declare the organization to be criminal. Under Article 10, where such a declaration was made, the signatory governments were to have the right to bring individuals to justice before their own courts for membership in such criminal organizations. In any such case the criminal nature of the organization must be taken as proved. Consequently it would be possible for the Russian Government, if it thought the sentence on Hess was insufficient, as the Russian judge held, to bring Hess to trial for membership of the S.S., which was declared a criminal organization and in which Hess was a general. It is also open for the Russians or any of the signatory governments to try as war criminals any of the convicted defendants who are living, or any of the three acquitted defendants, Schacht, von Papen and Fritzsche. Article 6 of the Moscow agreement provided that nothing in the agreement should prejudice the jurisdiction or the powers of any national or occupation court for the trial of war criminals. If any of the defendants, whether convicted or acquitted, are alleged to have committed war crimes in any of the territories of the United Nations, then under Article 4 of the Moscow agreement they could on demand be sent to those countries for trial. While it is true it would be both shocking and futile to try any of the acquitted men for the crimes which the tribunal has found they did not commit, nothing in the principle of Anglo-Saxon and other laws, namely, that a man shall not be put in peril twice for the same offence, would prevent those men from being tried for fresh crimes.

Article 28 gives the tribunal the right to deprive the convicted persons of any stolen property, while Article 27 allows the tribunal to impose any

punishment it chooses. In fact, the tribunal did not order the confiscation or forfeiture of any of the property of the condemned men or even, as in the case of Göring, of any stolen property. While it is possible for military government authorities to arrange for such forfeiture, an order to this effect by the tribunal would have been more appropriate and would have avoided legal complications.

COUNTS OF THE INDICTMENT

THE indictment presented to the tribunal (Command Paper 6696) had four counts relating to the classifications of the acts that the charter in Article 6 stated were crimes for which there would be individual responsibility. Count 1 covered "The common plan or conspiracy" to commit the crimes charged in counts 2, 3 and 4—namely, Crimes against Peace, War Crimes and Crimes against Humanity. The charter had provided that such a conspiracy could be charged, and the indictment set out the particulars both of the conspiracy and of the crimes which were the object of the conspiracy. The indictment itself is a somewhat ragged document and, like the judgment, it shows sign of compromise between conflicting views. In parts it loses itself in a "wilderness of single instances", which Justice Jackson said was one of the dangers ever present at the trial. After setting out the particulars of the accusations the indictment has three appendices. The first contains the part played by each of the defendants in the crimes alleged in the four counts. The second appendix gives particulars of matters showing the criminality of the organizations. The remaining appendix contains a list of international engagements broken by the Nazis, being particulars of the crimes against peace. In the result the tribunal found that 19 out of the 22 defendants were guilty. As regards the organizations the tribunal evolved a detailed procedure, allowing members of the organization to give evidence and make representations on their behalf. It can be seen from the large number of affidavits submitted that many members took advantage of this procedure. In addition counsel appeared for the organizations as well as for the defendants. The tribunal found that the political leadership of the Nazi party, the S.S. and the *Gestapo* were criminal organizations. As the conception of criminal liability arising out of membership of a group was novel, the court were careful to lay down certain principles to avoid any injustice that might otherwise arise. The judgment stated that, since the declarations as regards the groups would fix the criminality of its members, persons who had no knowledge of the group's criminal purposes or acts should not be included; further, only persons who joined groups voluntarily should be reckoned to be members of a criminal organization, provided that this exception would not apply to members who had been drafted, but who had been personally implicated in the commission of acts declared criminal under the charter. Another example of the fairness with which the trial was conducted was the fact that the prosecution made the suggestion to the tribunal, which was adopted, that the smaller fry in the political leadership and the clerical, stenographic and other staff of the *Gestapo* and *Sicherheitsdienst* should not be included in the declaration of criminality. Unexpectedly the General Staff and High Command of the

German Armed Forces and the Nazi Cabinet and, more understandably, the S.A. were declared not to be criminal organizations. The court characterized the S.A. as "unimportant Nazi hangers-on", whose members did not generally participate in or even know of the criminal acts. In the case of the Reich Cabinet, however, the judges said that it did not act as an organization, though the judgment also stated that laws authorizing criminal acts were circulated, issued under its authority and signed by those members whose departments were concerned. The second reason given by the tribunal was that there would be no advantage in declaring the Nazi Cabinet a criminal organization, since there was in existence only a small group of twenty-three members, besides those dead or on trial at Nuremberg. This reason is unconvincing, since a declaration by the tribunal with its reputation and standing and after months of judicial investigation would have been of great value. Of course, a finding of criminality against the Nazi Cabinet would have included Schacht.

In arriving at these conclusions the tribunal had little difficulty on the issues of fact in finding that crimes against peace, war crimes and crimes against humanity had been committed. It is, however, interesting to examine some of the legal considerations which the judges expressed in their judgment. These legal principles were laid down to meet the legal defences which had been set up and also, it would seem, to meet some of the general criticisms which had been applied from outside the tribunal, but which, owing to the terms of the charter and the impossibility under those terms of attacking the jurisdiction of the tribunal, were not strictly open to the defendants.

One of the most important features of the trial was the finding of the tribunal that there had been a conspiracy to wage aggressive war. The charter in Article 6 had provided that "planning preparation, initiation or waging of a war of aggression or a war in violation of international treaties" was a crime within the jurisdiction of the tribunal. As the judgment points out, it was not strictly necessary in view of this for the tribunal to decide whether a war of aggression was a crime since the charter stated that it was, but in fact argument from both the prosecution and defence was heard on this point. The judges accepted the proposition put forward by the American prosecution that the position in 1939 under international law was that a war of aggression was a crime. The Briand-Kellogg pact of 1928 had declared that the signatories had removed war for ever. Various declarations at the League of Nations and at a Pan-American Conference had stated that a war of aggression was criminal. For instance, in 1927 all the delegations present at Geneva, including the German, the Italian and the Japanese, had adopted a resolution containing the words "a war of aggression . . . is . . . an international crime".

EX POST FACTO LAW?

AMONG the objections that have been raised both inside and outside the trial is one to the effect that, even if the tribunal were correct in stating that an aggression was unlawful, it was not a crime in the accepted sense of the word

since, at the time the acts of the Nazis were committed, there was no express law defining the crime, providing penalties or establishing courts to try such crimes. Such an objection, as was pointed out in the judgment, ignores the fact that, though there are no international courts to try breaches of international law, yet it has been the settled practice of all civilized countries to embody, in varying degrees, international law in their national law and to provide for the punishment of persons guilty of breaches of international law, which itself is the result of the consensus of international opinion. The judgment of the court gives as an example that the principles of the law of war have been established as the result of treaties, by the customs and practices of states and the precedents of military courts, but that the mode of trial and punishment of offenders are not specifically provided for in international law. The court cited The Hague Conventions which prohibit certain acts of warfare—e.g. the inhuman treatment of prisoners and the employment of poisoned weapons—but do not characterize such actions as crimes, and make no provision for the punishment of those violating these prohibitions; none the less for years past it had been the practice of nations to try individual violators of these rules of war before military courts.

The above is one answer to the objection which is frequently raised, that making aggressive war a crime was an *ex post facto* decision. On the contrary, the decision of the tribunal has demonstrated that in 1939 waging an aggressive war was as much a crime as killing prisoners. The court further declared that the principle that no crimes should be created *ex post facto* was a rule founded on morality—because generally speaking it was unjust to punish a man for doing something which was not a crime when he performed the act. However, it was not unjust to punish a man for doing what he must know was wrong, and here the defendants, when they invaded peaceful countries and broke numbers of non-aggressive pacts and treaties of friendship, knew they were doing wrong. To illustrate the argument of the court: a man who burns a baby alive when it is not a crime has not been unjustly treated if afterwards such action is made criminal and he is punished. He must have known he was doing wrong and should not feel aggrieved if his wrongdoing is subsequently made punishable. On the other hand, a man who does something which he cannot know is likely to be a breach of the law—e.g. drinking a glass of beer after 10 p.m.—has been unjustly treated if he finds that his act has subsequently been made a crime. At the time he drank the beer the act appeared innocent.

Very naturally the tribunal did not meet the political criticisms which have been made against the justice of the trial. One of these criticisms is that aggressive wars have been waged before, have gone unpunished, and, in fact, that Russia carried out a war of aggression against Finland. This makes it wrong for the tribunal, which had one Russian judge, and an alternate, to try the defendants. No such point was allowed to be put forward by the defendants, just as all attempts by them to embarrass the tribunal by discussion of the Russo-German pact of 1939 were quashed. Admitting, even though the charter does not define aggression, that Russia might be held guilty (and in fact was held guilty by the League of Nations) of having waged a war of aggression, the consideration is entirely irrelevant.

If a man is charged with murder, the fact that the judge could be charged with another murder committed elsewhere at another time has no bearing on the trial. If the argument is that the trial will not be fair, the circumstances of the Nuremberg trial show demonstrably that it was absolutely fair and just; in fact one might suppose that the danger would be that the accused would get off instead of being convicted if he were tried before a judge who was a fellow criminal.

FAIRNESS OF THE TRIAL

ANOTHER objection of a similar character is that the trial was one of the vanquished by the victors, and therefore unjust. That is a view widely held in Germany, and very naturally, because for most Germans it is impossible to imagine that if they had won the war they would have given a fair trial to any of their opponents. The objection to the trial of the losers by the winners is really that the trial will not be fair. If the German invaders had in fact committed crimes, they would not become innocent merely because they were tried by their victorious opponents. Here again the answer is that the record of the trial and the terms of the judgment show that the proceedings were throughout scrupulously fair. Criminal trials in a state are all, from one point of view, trials by the winning side, namely, those on the side of law and order, of persons on the losing side, namely, criminals. The important point is that they should be fair.

To the suggestion that neutrals should have been appointed as judges the answer is that neutrality in the last war was in the nature of a crime itself. "He that is not with us is against us"; and neutrals, by their abstention, understandable and even excusable in certain cases, had not showed themselves to be on the side of those fighting against the evil of Nazism and Fascism; they had not come to the aid of the victims of aggressive war and were not positively on the side of law and order. As aggressive war was by 1939 an international crime and was defined by the charter to be a crime, a neutral State which had not assisted in putting down this crime was at best guilty of a breach of duty, and therefore unfit to provide judges to try those accused of having committed a criminal act which these States by the fact of remaining neutral had not recognized to be a crime.

Two other objections were dealt with by the tribunal. The argument that international law regulates the relationship of States and does not affect individuals was rejected. It has long been the practice in all countries to try individuals charged with offences against the law of nations. Nor was the defence admitted that the accused acted in their official positions or that they acted under superior orders. Articles 7 and 8 of the charter specifically provided that neither of these principles could be accepted, and the tribunal pointed out that obedience to superior orders is not a defence where the person is ordered to commit acts of brutality or where a moral choice is in fact possible. It is to be regretted that the court did not point out that the German Military Code provides that where a military order violates the criminal law the subordinate who obeys will be liable to punishment, if it

was within his knowledge that the order of the superior officer concerned an act by which it was intended to commit a civil or military crime.

The question has been put whether it would have been better to have executed these defendants without trial on simple identification, as was proposed by the British Government. Napoleon was dealt with on this principle, though his punishment was not so severe, and the justice of his treatment has not been seriously questioned. His actions were in many respects very similar to those of the Nazis—wars of aggression, taking of hostages, organized looting, unprovoked attacks on small neutrals, treacherous elimination of his political opponents, disregard of the laws of war; the Allied Powers in 1815 decided to imprison him for life as a political measure, and it is probable that prompt measures against the Nazi leaders on the same basis would have had better immediate political results, especially in Germany itself, than the protracted trial at Nuremberg.

On the other hand, the proceedings on a long-term view will undoubtedly prove an important step forward in the realization of the world as a unit, in which sovereign States owe duties to each other and responsibilities to their subjects which are the concern of other sovereign States. As Sir Hartley Shawcross pointed out in his closing speech, the crimes committed by the German State against its own subjects were rightly the concern of other States, and rightly the subject of enquiry by the tribunal. Even in the time of Grotius atrocities committed by tyrants against their own subjects would justify a war for the purpose of ending these cruelties. Sir Hartley also cited the interventions in Turkey in the nineteenth century to protect the Christian subjects of the Porte. Such principles laid down in the trial will help to provide the basis of a more effective international law. The Charter of the United Nations and the Covenant of the League of Nations recognized, in the words of the Attorney General, that there were some limits to the omnipotence of States. The judgment of Nuremberg has confirmed this doctrine, without which there can be no world peace.

COLOUR POLICY IN SOUTH AFRICA

RACE PRIVILEGE AND WORLD OPINION

(from a Correspondent)

DURING recent months the Union of South Africa has achieved a certain notoriety as a country where racial discrimination flourishes. Plenty of mud has been flung at the country from India, from Britain, from the United States and from Europe; and our good faith has been called in question at international gatherings of the United Nations. We have been called hard names; and, discounting the obvious exaggerations of a few journalists and of other uninformed but passionate critics, it is evident that South Africa's right to call herself a democratic country is seriously doubted by informed opinion in Britain and in the United States.

It is equally evident that, however much we may brazen it out, we are feeling uncomfortably sensitive to this criticism. Remarks made overseas, whether they are sober and moderate statements or whether they are wild flights of heated imagination, have been featured in the Afrikaans and English press. Press comment on such remarks has shown little tendency to discriminate between the moderate and the imaginative; both have been treated with equal solemnity in a way that suggests that South Africa has been flicked on the raw and is not in the frame of mind to weigh the facts calmly. Thus the obviously fantastic story, sent to an Indian paper, of the massing of troops and aeroplanes on the borders of South-West Africa is treated as seriously as the more informed criticism both from South Africans themselves and from overseas sources. There is a tendency to treat all criticism, from whatever source, as an attempt at interference in domestic affairs.

The rather strong reaction of the Afrikaans and English daily press is all the more remarkable when we reflect that criticism of South Africa's racial policies is as old as the policies themselves. More than a century ago the Voortrekkers complained of the "unjustifiable odium" cast upon them by prejudiced persons such as the missionaries. And those who have attempted to describe South Africa to overseas audiences are familiar with the devastating questions and criticism that follow—questions that are frequently uninformed but nevertheless devastating because the correct information does little to lessen the genuine horror of liberal audiences. It is of little avail to correct the exaggerated figures of a questioner when the actual facts of such things as infant mortality, disease and poverty are as startling as they are.

Why, then, have we had this sudden flare-up of criticism that has been sharper than usual, and why has it called forth a more than usually strong reaction? There are, I think, two main reasons.

We are familiar with the outlines of colonial development and of the history of colonial policy. In the early stages of colonization colonial policy aimed to extract as much wealth as possible from the colonies. The interests of the mother countries were paramount and those of the inhabitants of the

colonies were neglected or, rather, deliberately disregarded. British, Dutch, French, Portuguese and Spanish colonization all tell the same tale of ruthless exploitation for the benefit of interests in the mother country.

Then in the nineteenth century came the imperial stage of colonial policy, when the capital of mother countries burst its bounds and colonies became investment areas. It became profitable to open up the backward areas, to build railways and roads for them and to establish industries. This brought some of the advantages of science to backward tribes, but it did so at great cost in lives and in human happiness. Also it produced local and world wars and poisoned international relations.

A few far-sighted people in the nineteenth century realized that the exploitation of backward areas by the metropolitan countries could not go on without limit. The distribution of raw materials, combined with technical progress, has greatly reduced the economic independence of any one part of the world; and statesmen, economists and industrialists began to realize that unrestricted competition for Empire leads to war, to greater insecurity and to poverty over the greater half of the globe.

Further, the international conscience—what someone has called “the organization of shame”—has grown increasingly uneasy until to-day many people feel morally convinced that the advanced areas have a duty towards the backward areas. They feel, too, that economic distress, poverty, disease, hunger and ignorance can no longer be localized. These two factors—the economic and the moral—combined to bring about a gradual change in informed world opinion.

TRUSTEESHIP BEGINS AT HOME

THE growth of these opinions has taken us from slavery, through the old colonial policy and the imperial stage, to the conception of Trusteeship. In its simplest form this meant that mother countries had responsibilities towards their colonies. But we have now reached the stage where responsible statesmen declare that the well-being of all backward areas is an international responsibility; that all advanced countries are collectively responsible for the social and economic advancement of backward countries; that these backward areas must be assisted to become self-governing. The charter of the United Nations talks about promoting and encouraging “respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion”. And most of the great war-time speeches and declarations have laid stress on this newer conception of the relationships between the advanced and the backward countries. The recent response of General Smuts to Mr. Wallace’s remarks on British imperialism show, if anything, that both Mr. Wallace and General Smuts are fully alive to the sensitiveness of international opinion on the question of imperialism. And South African reactions seem to show that beneath all the talk of “interference” and of “domestic affairs” lies the uneasy feeling that international opinion may be right.

Against this background of world opinion recent events in South Africa have shown up with a startling vividness that has attracted more than usual

attention. I have emphasized the background because, unless we understand that, we may well be surprised at what seems like a sudden and unprovoked attack on what is to us an old policy. Place these recent events—the Indian Act, our request for the incorporation of South-West Africa and the strike of African mine-workers—against this international background and we see why they appear so startling.

It will be useful, before discussing these events, to outline briefly what South African policy is and why it is found objectionable by enlightened world opinion. Why, that is, have recent events been pounced upon?

Administratively the record is not all bad, though it falls far short of what is expedient, let alone desirable. We can point to education and to social services, to model Native townships, to rising standards of living. Pitifully small as these seem to those who realize what they could be, they are yet not inconsiderable; and they bear favourable comparison with other administrations in Africa. Our Indians are better off economically than in India; our Africans have a higher standard of living than in most parts of Africa. But, having said that, we must admit that we have hardly scratched the surface and that poverty, ignorance and disease are rife among our African people. If we are trustees our wards have had a raw deal.

While there may be a measure of truth in saying that our legislative bark is worse than our administrative bite, it is the bark that makes all the noise. Legislatively, all political parties are committed to the policy of the colour bar. That is, our legislation discriminates against four-fifths of the population on grounds of race—discriminates in industry, in social services, in political rights and, literally, from the cradle to the grave.

There is, indeed, a considerable body of people in South Africa that is opposed to some or all of the colour-bar policy. But the two main political parties, one of which governs and the other hopes to govern, are committed to this policy. The United party is divided on the subject while the Nationalist party is united. And it is evident that the Nationalist party is determined to fight the next election on this issue. This is already having the effect of driving the United party into competition to show the country that “white civilization” is safe in their keeping—made safe by the colour bar. Mr. Hofmeyr leads the opponents, within the ranks of the United party, on this matter and has come out boldly for a more liberal policy. A considerable support of Left-Liberalism would follow him, but his position is difficult at the moment with the Nationalists in full cry against him. The Nationalists themselves, a possible government, are determined to “control” the Africans more rigidly, to apply existing pass laws and segregation laws ever more strictly. I need not go into further details; but it is evident that a formidable case can be made against us as exploiters of a politically powerless African population—a case either against the existing Government or against the official Opposition, that is, against the European population of whatever political persuasion.

It is little wonder that international opinion is critical and that South Africa is regarded as, *par excellence*, a country of racial discrimination. We must bear in mind that we are regarded neither by the world at large nor by

the majority of South Africans as a country of 10 million citizens. We are regarded, and for the most part we regard ourselves, as $2\frac{1}{4}$ million Europeans governing 9 million non-Europeans. They are our "colonial possession" and we are the imperialists. And the world quite naturally asks whether we are accepting the implications of trusteeship, or whether we are simply an exploiting colonial power whose colonies are concealed because they are within our borders.

THE INDIAN QUESTION

BEARING in mind the background of world opinion and the state of public opinion in South Africa, let us turn to recent events and their effects.

The Indian Act, whatever its merits or faults, discriminates against Indians on grounds of race and was passed at the very time when Great Britain was trying to grant independence to India. Trade relations with India have been severed and both Indian and European traders in the Union are already feeling the effects. The scarcity of grain bags is likely to prove increasingly serious since India is practically the sole producer of jute. The passive-resistance movement has great publicity value in focusing attention and it is having a noticeably deleterious effect on race relations in South Africa. It is a form of resistance that South Africans do not understand; they find themselves impotent and, therefore, enraged.

India is to present the case of the Indians before U.N.O. on the grounds that our actions are "likely to impair the general welfare or friendly relations between nations". This will undoubtedly embarrass Great Britain, a point that seems to have escaped the Natalians who clamoured for the Indian Act. South African reactions on this appeal to U.N.O. are instructive. General Smuts, before the Belgian Parliament, was bitterly scornful of "busybodies" and of minorities. Mr. Hofmeyr, in a speech at Port Elizabeth, was bound to support his leader in saying that this was a domestic matter, but he did say, too, that affairs in one country were no longer the concern of that country only. Most newspapers have taken the "domestic" line strongly. But one or two have pointed out, as did Mr. Hofmeyr during the last session, that, in the first place, Indians in South Africa are denied full citizen rights and that, therefore, they have, in effect, no government in the Union to which they can appeal as citizens. In the second place, during the war years many people (South Africans among them) came to realize that it was a bad policy that said it did not matter to the rest of the world what happened in Hitler's Germany or in Franco's Spain. South Africans should, therefore, not object to investigations by a world tribunal.

The strike of African mine-workers was, on all grounds, the biggest in our history. It had to be suppressed by the armed police force and it has thrown into sharp relief, on a background of world opinion, the low wages of African miners and (even more vital) their lack of the elementary freedom to organize a trade union and to use the power of collective bargaining. To people in Great Britain this absence of freedom must have been most striking; and the use of the armed power of the State to compel Africans to return to work in the mines reads like early-nineteenth-century history in Britain.

The case was not improved by the Government's subsequent attempt to indict Communists and "agitators" for having promoted the strike. The charge of incitement to strike failed—though that of abetting succeeded—and reaction both here and in Britain was sharp against this method of distracting public attention from the real causes of unrest.

On top of these two events comes the application by South Africa to incorporate South-West Africa and thus to remove it from the jurisdiction of the Trusteeship Council. As Mr. Hofmeyr has pointed out, General Smuts will have a hard case to plead. Unless we are prepared to flout U.N.O. and international opinion by an outright annexation, we shall have to compromise by agreeing to hold ourselves responsible to the Trusteeship Council, a course that will be most unpopular in South Africa.

South Africa has, at various times, attempted to gain possession of Bechuanaland, Basutoland and Swaziland, the three High Commission Territories. We shall no doubt try again, but it is almost inconceivable that any British Government would agree to this in present circumstances. With our expressed Native policy and with public opinion in Britain leading world opinion on the question of colonial policy, the outcry in Britain against handing the territories to the Union would be more than any Government could stand. And there would be considerable opposition from Liberals in South Africa.

THE UNION AND ITS AFRICAN NEIGHBOURS

It is difficult to say how serious the talk of Pan-Africa and of federation with our northern neighbours is. But, here again, one of the results of our Native policy is that Britain is unlikely to agree to the import of that policy into territories controlled by her. And federation with the Union must mean that, because most South Africans regard federation as the most fruitful way to achieve "a common Native policy".

Neglecting the devastating effects of South African Native policy on the internal economy of the Union, by far the most important result is the moral disapproval that it excites in the rest of the world among people whose moral approval is worth having. It may be true that hard words break no bones; but in a world moving, however uncertainly, towards the application of moral principles to human affairs, it is no light thing for South Africa to stand outside of that movement. We shall become outcasts from the main stream of western European civilization. And the position of outcast, as our non-Europeans know very well, is one that engenders complexes that will prevent us from maintaining that civilization. Our policy will, in fact, defeat its own expressed end—that of the maintenance of so-called "white standards".

And there is another point. While the European population may brave the disapproval of world opinion, we cannot expect that our non-European population will remain unaffected by world trends, and particularly by liberal trends. Recent events amply prove how idle it would be to expect this. The position, racially, in South Africa is growing more tense every day, and we are trying to meet this situation with outworn policies. Unless we change our

outlook we may expect bigger and bloodier strikes and more suppression. And each wave of unrest will worsen our international relations because each wave must, as things are, require the use of increasing force to maintain order.

South Africans who value international goodwill should strain every nerve to abolish discriminatory legislation, to prevent reactionary measures from reaching the statute book and to prevent the abuse of executive power. Press articles have deplored our lack of effective "publicity" in Britain and Europe, and Durban has sent a man to America to put the European case and to advise General Smuts. By all means let the case be put fairly; by all means let the world understand South Africa's peculiar difficulties—which no one seriously denies. But the most effective counter-propaganda we can oppose to the present spate of criticism is to persuade European public opinion in the Union to adopt a more liberal policy. Mr. Hofmeyr recognizes this clearly when he says we must re-examine our prejudices. It will be an uphill fight, not made easier by uninformed criticism; but the rewards will be great. South Africa has a unique opportunity of contributing to world order by demonstrating practically how different races can live peacefully in the same country without resorting to force and to racial laws. But the opportunity is slipping by. We are losing not only world goodwill; we are forfeiting African goodwill at an alarming rate. And without that we shall labour in vain.

South Africa,
October 1946.

THE FOUR OUT OF HAND

PLIGHT OF GERMANY UNDER CONTROL

DURING the last few months public opinion in this country has become increasingly disturbed about conditions in Germany. This is understandable in view of the importance for future peace of a satisfactory German settlement. At the same time the bickerings in Paris over the peace treaty with Italy and the satellite Powers did not appear to hold out much hope for four-Power agreement over Germany. Apart from certain outstanding political issues such as the future of Trieste, it is over the economic clauses of these peace treaties that the major differences between Russia and the Western Powers have been revealed. In Germany also it is principally in the economic field that the quadripartite machinery has failed to achieve unanimity.

What is the reason for this and where does the fault lie? To answer these questions it is first necessary to go back to the economic clauses of the Potsdam Agreement. These provided that Germany should be treated as a single economic whole, that there should be equitable distribution of indigenous resources throughout the country, and that the proceeds of exports other than plant and equipment removed as reparations should be used in the first place to pay for approved imports. It follows from this, though it was not specifically stated in Potsdam, that the four occupying Powers should jointly bear the liability involved in financing any excess of imports over exports until the balance of payments can be achieved.

Russia has refused so far to implement these Potsdam principles, with the result that the British Zone with its greater density of population, its much heavier incidence of bomb damage, and its poorer agricultural resources is left with an abnormally large adverse trade balance which has to be financed by the British tax-payer. The American Zone is in only a slightly less unfavourable position. This must not be interpreted as meaning that if Russia were to accept economic unity our financial difficulties in Germany would be at an end. The effects on Germany of war damage and the loss of territory in the east have been so far-reaching that even with no Level of Industry Plan it would take some considerable time before she became self-supporting on a reasonable standard of living. But if the Russians were to make available to western Germany the grain and other foodstuffs which on present ration levels are surplus to the needs of her own zone; if they would cease to take reparation deliveries from current production but would hand them over for sale as commercial exports; and if they would accept a share of the deficit financing of the country as a whole, our burden and that of the Americans would be greatly reduced.

The reason for Russia's attitude is not difficult to find. The damage inflicted by the Germans on western Russia during the military operations and in the course of occupation was on a large scale, and its rehabilitation calls for a tremendous productive effort. Much of this must be in the nature of

capital goods, the production of which the Russians were clearly intending to supplement by transferring plant and equipment from Germany to Russia. This, however, is an extremely wasteful and slow process, since so much of the value of industrial plant is represented by immovable assets such as foundations, drainage, power transmission lines, &c., and the time taken to re-erect plant in Russia and get it into actual operation there is obviously much greater than was assumed. The result is that Russia's own industrial capacity has had to be used mainly to produce capital goods and there is little slack over to produce the consumer goods that are so much in demand. The obvious cure for the situation is to leave in eastern Germany the plant earmarked for removal and to use it there to produce consumer goods for Russia. Economic unity under these conditions would be most unattractive to the Russians and is likely to remain so for as long as the world scarcity of consumer goods continues; and Russia can have no certain alternative sources of supply to the German factories which are under her control. There is one further point which makes the solution of this problem more difficult. The declaration of Germany's surrender was signed by the four Powers in the interests of the other countries at war with Germany. The western Powers recognize that this places them in the position of trustees of the smaller Allies. The Russians, on the other hand, do not appear to accept this suggestion, and would seem to regard the interests of the occupying Powers themselves as paramount.

With this introduction it is worth while to examine the economic developments which have taken place in Germany since the end of last year. These can be divided into two distinct parts: policy decisions taken by the Control Council or Governments of the four occupying Powers in regard to Germany as a whole, and the economic recovery in the British Zone of occupation.

LEVEL OF INDUSTRY

In the former field the first significant event during the last twelve months was the signature by the Control Council last March of the Level of Industry Plan. In preparing the plan experts of the four Powers had taken into consideration the need to reduce or eliminate altogether certain industries on security grounds, and the need to leave Germany with a sufficient margin of exports to pay for the imports necessary to provide her with a standard of living equivalent to the European average, excluding the U.K. and the U.S.S.R. There can be no denying that the plan was not ideal and that in the give and take of quadripartite negotiations restrictions on industrial capacity were carried to a point where, although a theoretical balance of payments could be achieved, Germany had no chance of achieving anything approaching full employment. In accepting the plan the British representative on the Control Council made certain reservations. These were that Germany should be treated as a single economic whole, that the population of the country would be 66½ million people, and that exports from Germany would be acceptable in the international markets. If any of these conditions were not fulfilled or in the event of a substantial change in Germany's western frontiers the plan would have to be reconsidered.

One point in the plan deserves special mention, namely, the level of steel capacity. This was fixed at 7½ million tons, and the level of the steel-consuming industries was similarly scaled down, machine-tool capacity, for example, being fixed at 11.4 per cent of the 1938 figure. The British representatives on the Committee of Experts which drew up the plan consistently advocated a higher figure for steel and allied industries and did not attempt to conceal their misgivings about the inadequacy of the capacity figures which were finally agreed. The Potsdam Agreement was not concerned with fixing the level of German industry for all time, but only with establishing how much of the existing plant and capacity was surplus to Germany's peace-time needs as defined in the agreement. Except for the major war-potential industries, therefore, the Level of Industry Plan did not set a limit on capacity. But the restrictions on steel and engineering were so drastic that Germany will not be able to set aside out of her current requirements sufficient new capital plant to increase the capacity of the peaceful industries which must be expanded if she is to be allowed to improve her standard of living.

Immediately the plan was accepted negotiations started between the four Powers for the purpose of identifying plants in each of the industries covered by the plan which would be available for reparations. Some headway was made, and certain plants were declared surplus and allocated by the Coordinating Committee between Russia and Poland on the one hand and the remaining reparation claimant countries on the other. But it was impossible to get very far until a decision had been reached on whether there was in fact to be economic unity in Germany, and German administrations established with executive powers, subject, of course, to Allied control over their activities. Amongst the pre-requisites for economic unity are the establishment of a single import and export programme for the whole of Germany and the free movement of persons and goods between the four zones. It very soon became clear that these principles were not acceptable to all four Powers. The French continued to oppose the establishment of central German administrations, pending a decision on the future of the Ruhr.

As a result of this combination of circumstances the American element of the Control Commission announced in June that since the provisions of Potsdam were not being carried out it would not declare surplus and dismantle any further plant in its own zone. This was the position when the Foreign Ministers met in Paris last July.

At this July meeting three important statements were made. First, Mr. Molotov made it clear that, subject to adequate quadripartite control of industry and in particular of Ruhr industry, the Russians were prepared to agree to some upward revision of the Level of Industry Plan. Secondly, Mr. Bevin stated that unless Germany was treated as a single unit with equitable distribution of indigenous resources throughout the country, and unless the Russians desisted from taking reparations from current production out of their zone as long as a deficit existed in the balance of payments of any one zone, he would operate the British Zone as a closed economy with a view to eliminating as soon as possible the burden falling on the British taxpayer. He offered at the same time to co-operate with any other zone

prepared to co-operate with the British Zone. The third statement was one by Mr. Byrnes, in which he also pressed the Russians to accept the full provisions of Potsdam and offered to run the American Zone in conjunction with any other zone or zones which were prepared to accept these provisions. He explained that this would entail setting up a joint German administration for the combined area, in which common ration scales would be established and all indigenous resources shared. In August Mr. Byrnes's proposal was formally submitted to the Control Council, where it was accepted by the British representative and rejected by the Russian and French representatives.

The next development was Mr. Byrnes's speech at Stuttgart in September. In this he outlined U.S. long-term policy as the establishment of a unitary Germany, decentralized on federal lines. Subject to adequate safeguards, Germany's industrial capacity would need to be higher than that laid down in the Level of Industry Plan if economic unity was not achieved. The Ruhr would be made part of Germany; the Saar would be separated from Germany and incorporated in the French currency and commerce system.

Finally, in the Foreign Affairs debate at the end of October Mr. Bevin gave an outline of British policy. This was very similar to Mr. Byrnes's statement, though Mr. Bevin explained in greater detail his views on the future constitution of Germany. He referred to the importance of an upward revision of the Level of Industry Plan, and again emphasized the remarks he had made in Paris in July about treating Germany as a single economic whole. He was not prepared, he said, to see those parts of the Potsdam principles which suited the Russians put into operation and those which did not rejected.

ECONOMIC DECLINE IN THE BRITISH ZONE

So much for the developments in the field of major policy. What has been happening in the British Zone during this last twelve months? At the end of last year conditions looked decidedly grim. Coal production, though gradually increasing, was substantially below the pre-war level. The transport position was precarious, and because of the lack of coal it was proving increasingly difficult to provide the necessary materials to repair locomotives and rolling-stock going out of service. The food position was difficult; and with the clouds of a world food scarcity gathering on the horizon it was clearly going to be difficult to maintain rations even at the 1,550-calorie level then in force. In short, the battle of the winter of 1945-6 was undoubtedly going to be difficult and it was questionable whether it could be won. In spite of these difficulties the battle was won, or, rather, it was not lost. There was no major economic breakdown, the transportation position improved, and although rations were cut at the beginning of March there was no widespread starvation and, by and large, the reduced ration scale was honoured.

Unfortunately, however, no improvement in conditions took place during the spring and summer; indeed, the position deteriorated. Coal production, with the decline in rations, fell from 180,000 tons a day in February to about 150,000 tons a day in April; and, although it has since recovered to slightly more than the February level, the coal available for domestic consumption in Germany has only been maintained by steady withdrawals from pithead

stocks, which by now are virtually exhausted. Exports from the British Zone were maintained at approximately 850,000 tons per month until the end of September; but for the last two months they have been reduced to 700,000 tons per month. Even this reduction, however, has not meant more coal retained in Germany. On the contrary, the November allocation was the lowest for some time, owing to the exhaustion of stocks. Urgent steps are now being taken to increase production, and more consumer goods and more building materials for the Ruhr are being made available. This has only been achieved by cutting coal allocations to other essential industries; and steel production for the fourth quarter of 1946 will be about 30 per cent lower than in the third quarter. Food rations, however, were increased in August by 350 calories per day, and in October to 1,550 calories per day. Rations to underground miners have similarly improved, and for the October rationing period have been equivalent to 4,000 calories per day. If these rations can be maintained and the drive to improve the status of the miner and his general living conditions is successful, some increase in coal output can be expected.

It would, however, be unwise to expect any rapid improvement in Germany's economic situation. At the time of surrender she had considerable stocks of raw materials on hand and production during the last twelve months has only been maintained by drawing on these stocks. Most of them are now exhausted, and import demands will have to include not only essential food imports but considerable quantities of basic raw materials which are required to replenish pipe-lines and enable the manufacture of goods to be resumed as soon as the necessary fuel and power is available to reactivate the factories. Another handicap to recovery is the growing disequilibrium between prices and wages. An increasing number of workers are finding themselves without sufficient resources to purchase the bare necessities of life; and most producers are being forced to operate at a substantial loss. This position cannot be remedied without the introduction of widespread financial reform in Germany, except by running a grave risk of runaway inflation. But unless workers are to be given the incentive to work and conditions to be created whereby the limited quantity of goods that are available find their way by official means into the hands of consumers, there is a serious danger that the economic machine in Germany will seize up and virtually cease to operate.

CAUSES OF DEPRESSION

WHAT are the reasons for this unsatisfactory state of affairs? Reports in the press attribute it to a variety of causes: failure to hand over executive responsibility to the Germans; inefficiency of the British administration; our mistaken policy in allowing so much Ruhr coal production to be exported; the effects of the Level of Industry Plan. There may be some truth in all these criticisms, but they do not strike at the root of the problem. The end of the war brought with it economic problems of considerable magnitude to almost all European countries. The solution of these problems was rendered more difficult by world scarcities—of food and coal in particular. Until these scarcities disappear the economy of the countries that directly participated in the war will continue to be depressed. Under these circumstances it is not

surprising that Germany has proved no exception to the general rule. Her economy was more disrupted than that of any other country; her cities were more heavily bombed; she has lost a rich territory in the east and been compelled to accept the inhabitants of that territory and Germans from central and south-eastern Europe into her overcrowded cities. On the perfectly reasonable principle that the victors must enjoy better treatment than the vanquished, her standard of living is depressed well below that of other countries both as regards food, housing and consumer goods generally. Is it surprising therefore that her recovery has been slow, and is it really logical to expect that, until her population is given an incentive to work, the speed of her recovery should exceed the speed of recovery in neighbouring countries?

RECORD OF THE ADMINISTRATORS

As for the British administration in Germany, it is probably true that the numbers are too many and that too little executive authority has been so far delegated to the Germans. It is sometimes forgotten, however, that the size of the staff is no larger than that of the Board of Trade; whereas the Control Commission has been expected so far to fulfil with that staff all the functions of government for an area nearly as large as Great Britain and with half its population. This is a formidable task, calling for the highest administrative skill at a time when that skill is so badly needed in this country for our reconstruction programme and for carrying out all the new policies which we are forced to devise by virtue of our present financial stringency. Charges of corruption, drunkenness and sexual immorality have also been levelled against members of the Commission. Some of these are undoubtedly justified; but it would be surprising indeed if, in a staff of 26,000 people, in a foreign country and with no home life, a team of this size could escape altogether the censure of those who are only too eager to unearth a sensational story. What seems to be overlooked is the hard work and devotion to duty of the vast majority.

It is probably true that the British element of the Control Commission have been too slow in handing over executive responsibility to the Germans, and that this applies primarily to the various economic divisions. It must, however, be recognized that, with the complete breakdown of the German administration which took place at the time of surrender, it was bound to be a slow process to recreate the German administrative machine, and that this was rendered more difficult by quadripartite policy in regard to denazification. At a time when the British taxpayer is called upon to bear the immense burden of imports into Germany it is only natural that there should be reluctance to reduce staffs. This applies particularly to those spheres, such as food and agriculture, where inefficient German administration would probably fail to collect so much of the indigenous food resources as a British organization, with the result that larger food imports would be needed. The general programme of handing over powers to the Germans has, however, to a large extent been solved by the decision to merge the British and American Zones economically and the establishment of German executive bodies in all the principal economic fields.

Account must also be taken of certain fundamental problems which render it difficult to devise an efficient administrative system in Germany. Whereas at *Kreis* and *Land* level German administrative organizations existed in the past, and have now been recreated, and whereas there is no difficulty in devising suitable British supervisory or administrative staff, there is normally no higher administrative unit than the *Land* short of a central government. The Zone itself has no administration or political significance; it was devised primarily for the purpose of determining where the occupying forces should be stationed. It is, of course, perfectly possible to create German zonal administrations; but, unlike the *Kreis* and *Länder*, these cannot be elected bodies unless a decision is taken to set up the Zone as a separate State. British policy has always been in favour of a unitary Germany; and the Commission has therefore been unwilling to take any fundamental step, such as the establishment of a temporary zonal Government, which might defer the attainment of unity. It is for this reason that the British headquarters is situated in Berlin, where the quadripartite machinery of government resides. This quadripartite machinery is vast, with its Control Council, Co-ordinating Committee, Directorates and Sub-Committees; and since negotiations have to be conducted in three languages headway is inevitably slow. Each problem goes into the machine at the lowest level and works its way gradually to the top. With the fundamental differences in outlook between Russia and the western Powers agreement is difficult and at times impossible to reach. Yet while the problem is being considered on a quadripartite basis it is difficult, if not impossible, for the Zone Commander to take unilateral action in any zone, even if such action is urgent and failure to take it might have grave consequences. If each Zone Commander were to apply his own particular solution to each problem which arose, without first attempting to reach a solution which could be applied throughout the country, such differences would appear in the policies and administrations adopted in each zone that it would be wellnigh impossible to weld the four zones at a later stage into a single homogeneous state.

The solution of the German problem must therefore be slow and difficult. How slow and difficult will depend to a large extent on the outcome of the next meeting on Germany of the Council of Foreign Ministers. This meeting will disclose whether the Russians are prepared to honour the Potsdam agreement in full, or whether the western Powers are prepared to recognize the Russian need for consumer goods and accept certain limited reparation deliveries from current production for the sake of maintaining a single Germany. If neither side is prepared to make concessions there would appear to be no alternative but to continue to operate Germany in two separate halves, either in their present rather incoherent form or with the position more clearly defined by the erection of a customs barrier between east and west.

THE GOVERNANCE OF FRANCE

PROSPECTS FOR THE FOURTH REPUBLIC

AT the referendum of October 13 the French people accepted the Constitution prepared for it by the Constituent Assembly and passed by that body by 440 votes to 106. This considerable majority was composed of the coalition of the three main parties in the Assembly, which together form the Government: M.R.P., Communists and Socialists. The vote in the country by no means endorsed this large majority. The results were: 9,263,416 ayes, 8,143,981 noes, and 8,796,072 abstentions. The misgivings which these figures betray were translated into action, and to some extent aroused, largely as the effect of a campaign against the text of the Constitution, undertaken almost single-handed by General de Gaulle. Many of those who voted for the Constitution, or advised their listeners, readers or supporters to vote for it, did so not because they approved the Constitution, but because they feared the effects of a prolongation of the provisional régime. The new Constitution was promulgated on Monday, October 28, and will come, piecemeal, into force from the date of the elections of the first National Assembly on November 10, though the date officially fixed is December 24. The essential machinery of the Constitution should be functioning by about January 15.

Unlike the Constitution of 1875, which lasted until 1940, the Constitution of 1946 is detailed and elaborate. The text fills eight pages of the *Journal Officiel*. It is composed of 105 articles, preceded by a preamble of some 600 words. Before its merits and its prospects can be discussed it needs to be described at some length. Only so can its working be properly understood.

The preamble sets out the principles which are intended to guide the French community and the French State. It reaffirms the fidelity of the Republic to the Declaration of the Rights of Man of 1789, which it completes and brings up to date, by proclaiming "as particularly necessary in our age the political, economic, and social principles" which it then enumerates. The more important of these are: men and women are to have equal rights by law; everyone has the duty to work and the right to be employed; none may be made to suffer, in his work or his employment, because of his origins, his opinions, or his beliefs; every man may defend his rights and interests through the action of a trade union, and may join the union of his choice; the right to strike may be exercised, subject to the laws which regulate strikes; through their representatives, workers may take part in the collective fixing of their conditions of work and in the management of the enterprises for which they work; any enterprise which provides a public service on the national scale or acquires a *de facto* monopoly becomes the property of the community; the nation guarantees to all the rights of rest, medical treatment and means of subsistence when unable, by reason of age, sickness or economic conditions, to support themselves; the State has the duty to organize free and undenominational (*laïque*) education for all grades; on condition of reciprocity, France will

consent to the limitations of sovereignty necessary for the organization and the defence of peace.

Then follow three paragraphs on the French Union which should be given in full. They are: "France forms with the nations overseas a Union founded on equality of rights and duties, without distinction of race or religion. The French Union is composed of nations and peoples which pool or co-ordinate their resources and their efforts to develop their respective civilizations, to better their welfare, and to ensure their security. Faithful to her traditional mission, France intends to lead the peoples, for which she has made herself responsible, towards the freedom of being able to administer themselves and democratically manage their own affairs; setting aside any system of colonization based on arbitrary rule, France guarantees to all admission on terms of equality to public offices and the individual or collective exercise of the rights and liberties proclaimed or confirmed earlier [in this preamble]."

THE LEGISLATURE

THE Constitution is not complete, in the sense that much of the machinery necessary for its application has not been described in the text. There is no mention of the method of election, the term and the conditions of eligibility of the two chambers of the Parliament, the Economic Council and the Assembly of the French Union, or of the composition and procedure of the High Court of Justice. The Constitution expressly provides that these matters shall be settled by "organic" or ordinary laws. These are more easily modified than the Constitution proper, and are regarded as less solemn and less binding on the parties who accept them. By relegating the compromises reached on such issues to the status of organic laws, the parties have left themselves greater freedom to press for alterations as soon as circumstances, and majorities, allow. To a large extent, however, these organic laws, or at least the first two, will determine how the Constitution will work out in practice.

France, states the first article of section 1, is "an indivisible, undenominational (*laïque*), democratic, and social Republic". Sovereignty rests with the people. In constitutional matters the people exercises its sovereignty "by the vote of its representatives and by the referendum; in all other matters, the people exercises its sovereignty through its deputies in the National Assembly, elected by universal, equal, direct, and secret suffrage".

Parliament is composed of the National Assembly and of the Council of the Republic. Both chambers are elected on a territorial basis, the National Assembly by direct suffrage, the Council of the Republic by the local assemblies of the departments and communes, and, if such is the law, by the National Assembly, which may elect by proportional representation not more than one-sixth of the Council. It is renewable by halves, and its membership must be between 250 and 320.

Laws are voted by the National Assembly alone, which may not delegate this power. In this provision lies what is probably the most important difference on paper between the present Constitution and that of 1875. The Council of the Republic must give its opinion on a Bill within two months after the Bill has been passed on to it by the Assembly. If the Council accepts

the Bill it may become law at once. If the Council fails to vote on it, it becomes law automatically after the two months have elapsed. If the Council proposes amendments the Assembly votes again on the Bill. Should the amendments be rejected in part or in whole by the Assembly the Bill becomes law only if passed by an absolute majority of the Assembly.

The Assembly may not be adjourned for more than four months each year. The President and officers of the Assembly supervise the action of the Government during a recess and may, of their own right, summon the Assembly; they must do so at the request of one-third of its members. Bills may be proposed by the Prime Minister and the members of both Houses, but they must be tabled with the Assembly. Deputies (i.e. members of the Assembly) may propose fresh expenditure, except when the budget is under discussion.

PRESIDENT AND MINISTERS

THE President of the Republic is elected for seven years by both houses sitting together. It is significant of the spirit of this Constitution that at joint sittings the chairman is the President of the Assembly. The Constitution does not specify whether the President of the Republic is elected by open ballot, as the Communists would wish, or by secret ballot. This will be fixed by a later law, but it has been agreed that the first election shall be by secret ballot.

The President of the Republic presides over the Council of Ministers. He is kept informed of international negotiations and performs the other functions usually attributed to a head of the State in a parliamentary régime. He may refer a Bill passed by Parliament back to it, and Parliament may not refuse this second deliberation. He may also communicate with Parliament by messages addressed to the Assembly. Every constitutional act of the President must, however, be countersigned by the Prime Minister and one other minister.

At the beginning of each legislature, or when a Government has resigned, the President of the Republic, after consultation with the members of the new Assembly, designates a Prime Minister. The Ministry may not be appointed by the President of the Republic until the Prime Minister designate has had his programme and his choice of colleagues approved by an absolute majority of the Assembly. Ministers are "collectively responsible before the National Assembly for the general policy of the Cabinet and individually for their personal acts. They are not responsible before the Council of the Republic." The High Court is elected by the Assembly at the beginning of each legislature.

The question of confidence may be put only after the proposal to do so has been approved by the Council of Ministers. If the question of confidence is rejected or the motion of censure passed, the Government must resign; but in either case the vote requires an absolute majority of the Assembly. It is the unexpressed intention of the Constitution that an adverse vote on legislative proposals, even if passed by more than an absolute majority, should not entail the resignation of the Government.

If two ministries resign within a period of eighteen months under the conditions just described, the Council of Ministers, after hearing the opinion of the President of the Assembly, may decide on a dissolution of the Assembly.

This must then be pronounced by the President of the Republic. There are two express qualifications: these provisions do not apply during the first eighteen months of any legislature; and if a Government falls within a fortnight of the appointment of a Prime Minister, that resignation does not count for the purposes of a dissolution.

In the event of a dissolution, the Prime Minister and the Minister of the Interior (because he controls the police) must retire. The President of the Assembly becomes Prime Minister. He chooses a new Minister of the Interior, and, with the remaining Ministers of the defeated government, manages current affairs until the election of a new Assembly and the appointment of a new Prime Minister. This period may last nearly two months, even assuming that there is no delay or difficulty in choosing a new Prime Minister. These provisions are among those most criticized in the Constitution.

CONSTITUTIONAL AMENDMENTS

THE procedure for amending the Constitution requires several operations. First, a resolution, stating the nature of the amendment proposed, must be passed by an absolute majority of the Assembly. Not less than three months later a second vote must be held on the same resolution; this must again be passed by an absolute majority, unless, in the meantime, the Council of the Republic has itself passed the same resolution by an absolute majority.

This done, a text is drafted, in due legal form, embodying the proposals set out in the resolution. It is then debated and voted upon like an ordinary law. If passed, it must be submitted to a national referendum unless (a) the amendment is passed by a majority of $\frac{3}{5}$ (or $\frac{9}{15}$) in each chamber, or (b) after failing to secure that majority in the Council of the Republic, it is then passed by a $\frac{2}{3}$ (or $\frac{10}{15}$) majority in the Assembly. A constitutional amendment touching the existence of the Council of the Republic may not, however, be passed without the consent of that chamber or the approval of the people by means of a referendum.

A Constitutional Committee, of which the President of the Republic is chairman, is established to decide whether laws passed by Parliament involve an amendment of the Constitution. Besides the President of the Republic and the Presidents of the two chambers, the Committee comprises ten members chosen each year—seven by the Assembly and three by the Council of the Republic. These persons may not be members of the chamber which chooses them. The Committee seems to have no right of initiative; questions are submitted to it jointly by the President of the Republic and by the President of the Council of the Republic, acting on a recommendation passed by an absolute majority of the Council. If the Committee can secure no compromise agreement between the two chambers it decides the issue, within five days of its notification. No amendment of the Constitution may be proposed during the occupation of all or part of metropolitan France.

THE OVERSEA TERRITORIES

THE section on the French Union is interesting as an attempt to provide a more or less federal organism for guiding the governance of a scattered

Empire, and because it expressly lays down the principle of devolution and of the gradual development of oversea territories towards greater autonomy. The weakness of the plan rests in the fact that the Union hardly yet exists, except in name.

The statement of principles reads:

"The French Union is composed on the one hand of metropolitan France and her oversea territories, on the other, of associated territories or States. The position of each one in the Union is governed by the Statute which defines its relations with France. The members of the Union pool the totality of their resources to guarantee the defence of the whole Union. The Government of the Republic undertakes the coordination of these resources and the direction of defence policy."

The central organisms of the Union are the President of the Union, the Supreme Council of the Union and the Assembly of the Union. The President of the Republic is *ex officio* President of the Union. He presides over the Supreme Council, composed of a delegation from the French Government and of the representatives of the Associated States accredited to the President of the Union. Its task is to assist the Government in the general conduct of the affairs of the Union.

The Assembly is composed of an equal number of representatives of metropolitan France and of representatives of the oversea territories and Associated States. The Union Assembly gives its opinion on proposals submitted to it by the National Assembly, the French Government or the Governments of the Associated States. It may pass resolutions on proposals submitted by its members, which are then transmitted to the National Assembly. It may also transmit resolutions to the French Government or to the Supreme Council of the Union.

In the oversea territories (as opposed to the Associated States) legislative power rests with Parliament in matters of criminal legislation, human rights and political and administrative organization. But the President of the Republic, in Council of Ministers, after hearing the Union Assembly, may devolve a measure of legislative authority to certain oversea territories. The extent of this devolution may vary from territory to territory and from time to time, so that, as they develop, oversea territories may gain greater freedom in the management of their own affairs; but there must be an elected Assembly in each territory, and, where suitable, in each group of territories. Nationals of these territories have the political rights of French citizens, which they exercise as determined by statute. It appears from existing laws (though this is nowhere stated) that the Associated States, as opposed to the oversea territories, are Morocco, Tunisia and the Federation of Indo-China. The right to elect members to the French Parliament is allowed only to the French citizens resident in these States.

THE PROCESS OF ELECTION

The law on the Council of the Republic defies summarization, and indeed almost baffles comprehension. Its knotty sentences still provide matter for the humorist. The Council consists of 315 members divided as follows: 200

representing metropolitan France and elected in each department by an electoral college; 50 elected by the National Assembly; 14 representing the Algerian departments and selected by an electoral college of similar composition to that in France; 51 elected by the local and territorial assemblies overseas. In France, the electoral college (which numbers about 100,000) comprises: (1) the deputies of the *département*; (2) the Councillors General (or members of the departmental assembly); (3) delegates elected by universal suffrage in each *canton*, to the number of one for every 300 electors in the *canton*. The *canton* is a territorial division midway between the *commune*, which is the smallest, and the *département*. Members of the Council of the Republic must be at least 35 years of age.

The National Assembly will consist of 619 members. The 544 members representing metropolitan France will be elected in each constituency (consisting in general of one *département*) by proportional representation, according to a system known to experts as that of the highest average. In each constituency parties present lists of candidates for election. There are from 5 to 9 seats in a constituency, and each list must have as many candidates as there are seats. Voters vote, not for candidates individually, but for a party list. The number of seats attributed to each list is proportional to the number of votes won by that list.

A RIGID SYSTEM

THE scene is now set for an examination of the merits and prospects of the Constitution which is to ensure the Governance of France. The first point to note is its complexity. Its authors apparently aimed to provide for every possible contingency, and leave nothing to chance or the good sense of future rulers. The powers of each organ are carefully and precisely defined. Little room has been left for the growth of tradition, for development through precedents, for initiative in an emergency or in new conditions. Changes can hardly come about except by express amendment, confirmed by popular consent. The procedure for amendment is slow.

This is in complete contrast with the constitutional texts of 1875. These were a collection of half a dozen constitutional laws—which could be modified by the simplest of procedures—on which was grafted a solid growth of customary practices.

The second notable point is the resemblance between the new Constitution and that of 1875, as it worked out in practice. The names are sometimes different; the balance of power is altered on paper; but there is no mistaking the pattern. A President elected by both chambers, who presides over the Council of Ministers; a Prime Minister, who is the head of the Government; an upper chamber elected by indirect suffrage; a lower chamber elected by direct suffrage; irresponsibility of the President, whose term is fixed at seven years; responsibility of ministers, whose tenure of office depends on the confidence of the deputies; ministers who normally are but need not be members of either house—it is the same kind of parliamentary republic.

The makers of this Constitution, unlike those of the earlier one, have been constantly preoccupied with the need to protect democracy against itself.

As one reads through its articles one is reminded of the milestones along the *descensus Averno* of French politics during the past twenty years. Each event seems to be again anticipated, and a safeguard is erected against the mistakes made last time. It recalls the saying that General Staffs always prepare for the last war. Under the Third Republic, the Senate occasionally made use of its right of veto; the Senate is now abolished, and replaced by a mere *Chambre de Réflexion* (second-thoughts chamber is perhaps not an unfair translation) which can delay the passage of Bills for two months at the most. The Chamber allowed Governments to administer by decree laws; the Assembly is expressly forbidden to delegate its legislative authority. Governments under the Third Republic were unstable, tried to coerce the Chamber by use of the question of confidence, and often fell after defeat by a bare quorum of members; they must now have the investiture of the Assembly, they may put the question of confidence only after due deliberation and need resign only when defeated by an absolute majority of the whole Assembly. Custom had allowed the right of dissolution to lapse, after one unfortunate misuse, so that a hopelessly divided chamber dragged on a futile existence till the end of its term, setting up one ephemeral government after another; now special provisions allow an ungovernable chamber to be dissolved, so that the nation can choose again. Pétain took advantage of the confusion of an invasion to overthrow the Constitution, with the consent of the Senate and the Chamber; the new Constitution may not be amended if part of the territory is occupied.

There were, of course, other intentions and considerations that went to the framing of the new Constitution. The war brought a victory of the parties of the Left and the temporary eclipse of those of the Right, too closely associated, as many were, with the Vichy Government. The Left, for a variety of reasons, of which the chief is its reverence for the Great Revolution, has always argued that the most democratic form of Government is that by a single representative assembly, which alone embodies the sovereignty of the people and is executive, legislative and judiciary all in one. The model is the Convention of 1792, and those who are against single-assembly rule on the grounds that it leads to excesses, point to the history of the Convention, and its paving of the way to dictatorship.

The draft that was passed by a narrow Socialist and Communist majority in April, and rejected by the nation at the May referendum, went far in the application of that principle. Although the present Constitution contains the usual pattern of checks and balances, the preponderance of the one Assembly is still pronounced, since it alone has the power of legislation.

This is the feature of the Constitution proper that has been most severely criticized, since the first drafts were submitted by the Constitutional Commission of the previous Constituent Assembly; and among those who criticize it on these grounds General de Gaulle is by far the most influential, and the most effective, and has the largest audience. It is, incidentally, characteristic of French political argument that the discussions tended to concentrate on the merits of the absolute principle of Assembly rule, rather than on the question of degree. Critics and supporters alike have failed to notice how great was the preponderance of the Chamber of Deputies in the Constitution

of 1875, and how insignificant would have been the checks presented by the Senate and Presidency if the Chamber had ever dared to bring matters to a test. The provisional régime was of the same kind; yet it has not been remarkable for its excesses or for the temerity of its political experiments. Frenchmen who wish to see the power of the one Assembly curbed have often invoked the British example without apparently realizing how far the Commons concentrates powers in its hands.

The victory of the Left led to the other most important innovation: the introduction of proportional representation in the method of election. The change was made immediately after the liberation. It was all the easier as the pre-war system based on single-member constituencies and the "double-ballot" was discredited because of the political jobbery that went with it, because it was thought to have flavoured the growth of splinter-parties and, more generally, because it was associated with a discredited régime.

The alternative might have been the British or American system. But apart from the ideological preference felt by parties of the Left for proportional representation, this alternative was rejected for reasons of political expediency. The British and American system notoriously tends to produce a two-party system, which, indeed, has become an essential, if unwritten, part of the British and American constitutional machinery. It is feared here that if the parties were reduced to two only, these would be Communism and Anti-Communism—and that sooner or later they would fly at each other's throats. Proportional representation, among other virtues, therefore, has that of producing a fairly stable balance of parties. Its use in the last two elections simplified the parliamentary spectrum to three primary parties, with only a few intermediate shades. Enthroned in power, these three parties have a vested interest in keeping the system going.

Two different assessments of the Constitution can be made, according to whether this electoral law is borne in mind or omitted from the reckoning. We will take the latter case first, regarding the Constitution as a corrective of the Constitution of 1875. It is fairly safe to say that the new provisions would be but moderately successful in correcting the vices of the old. This is in part due to the fact that memories of events before the past twenty years have attenuated some of the intended changes. The use of the referendum, for instance, which was to control the constitutional power of the Assemblies, has been whittled down, from fear of previous referenda that became plebiscites and led to dictatorships. Similarly, the right of dissolution, because Marshal MacMahon and, before him, the Restoration Kings used it for their own ends, has been so hedged with restrictions that it could hardly ever be used. But even the other correctives seem likely to prove inadequate. The measures to ensure the stability of a Government do not guard against its own refusal to carry on after an adverse vote; there was, after all, under the previous régime no constitutional obligation on a defeated Government to resign. The powerlessness of the Council of the Republic on paper gives no guarantee that the Assembly will override its votes, any more than the original weakness of the Senate prevented Governments, born in the Chamber, from bowing to its will, even over votes of confidence. We have already

recalled how much, in reality, the Third Republic was government by a single Assembly. The fact is, quite simply, that in France, as in Britain, constitutions and procedures are far more a question of custom than of law.

THE PROVISIONAL RÉGIME MADE PERMANENT

IF, however, in making our assessment we bear the electoral law in mind, our conclusions must be very different. Anyone who has followed the affairs of France in the past two years can see how much proportional representation has already changed the face of French politics. In place of the splinter parties of the old chamber, and the strong independent personalities, attached to no party, three "monolithic" parties now group four-fifths of the Assembly, and poll an even larger proportion of votes. The party machines choose all the candidates; and the deputies respond almost unflinchingly to the party *directives*. Policies and governments are arranged by consultation between the executives; and, as proportional representation (unlike the British or American system) attenuates instead of accentuating any swing of public opinion at elections, the distribution of forces in Parliament is likely to remain more or less what it is now; and, with it, the necessity for three-party coalition governments. It is difficult, in fact, to see how the new Constitution can be much else but the provisional régime made permanent.

That is the burden of attacks made against it, especially by General de Gaulle. When he denounces the proportional representation and the three-party system as incapable of action, as opposed to freedom and democracy and as exercising a tyranny over State, Government and Parliament, he finds a hearing. It is all the greater now that the Constitution has been validated by the nation, for the electoral law, not being part of the Constitution, can be more easily changed.

The prospects of the new Constitution depend on how far its institutions and its practice can surmount the paralysis which the stable balance of parties tends to create. The difficulty may be overcome by amendments, which, incidentally, may completely change the data on which this estimate is based. It may again be mitigated by adjustments that arise from use—probably a better and safer process. It is also possible that compulsory coalition may suit the French tradition and the French mind better than an alternation of groups in power. That is an aspect of the question too often forgotten.

Whatever the future may bring, it can be said with certainty that in a country where people are so uncompromisingly divided on ideological issues, but where national customs and traditions are so strong and so binding, it is a great benefit that any new Constitution should have had the support of the majority of organized political opinion at its inception. That impression of original unanimity among the great parties will survive many amendments on which they may later be divided. The country is already ceasing to be moved by the constitutional issue, and the general opinion held even by some of its strongest opponents is that the new Constitution, with all its faults, is a possible working hypothesis. That is high praise; and, allowing even for French parsimony in the application of goodwill, it gives the Fourth Republic a fair start.

THE DETERMINANTS OF CANADIAN IMMIGRATION POLICY

THE BACKGROUND

THERE is no Canadian immigration policy to-day, and the laws which are in force are survivals from earlier periods when very different conditions prevailed. If a policy is framed some traditional opinions will have to be abandoned or revised, and account will have to be taken of the sort of economic future which lies before Canada in a world shaken by two monstrous wars and by a disastrous depression. At the present moment we do not know whether or not Canada will be able, as in the past, to base her economic life on an export trade to Britain through which Canada can secure the means of meeting her obligations in the United States. But even if this continuation of the former commercial life is possible Canada's outlook is very different from what it was when the Immigration Act was last revised.

At the time of Confederation, in 1867, there was a clear intention of making a determined effort to people the vast territories which it was hoped to acquire. During the first three decades the effort to supplement natural increase by suitable immigration was unsuccessful, and in each of them emigration from Canada substantially exceeded immigration into Canada. Out of every five persons born in Canada one emigrated. If the attitude of Canadians towards immigration is to be understood the disappointment and frustration of these early years must be remembered.

During this period immigration was not negligible in volume or unimportant in its consequences. It was comparable to a blood transfusion which saved the life of a country in danger of losing more man-power than it could spare and yet survive. The patient was too ambitious to relish a prolonged course of treatment.

At length the tide turned. In the early years of the twentieth century immigrants arrived in greater numbers and emigration decreased. Canada entered on a period of great prosperity. It had been expected with impatience and seemed to be the normal pattern for the future. The capacity of Canada to support a growing agricultural population was grossly overestimated. When it was decided to have three provinces on the prairies instead of one, the argument which prevailed was that a single province was undesirable because it would eventually have so large a population that it would heavily outweigh the older provinces of Quebec and Ontario.

The ideas of Canada's destiny formed during this prosperous time survived and coloured much that has been said and done in later years. As late as the 1930's a Minister of the Crown called attention to the fact that in each of the first three decades of the twentieth century the population of Canada had increased more than that of the United States during the corresponding decade of the nineteenth century. He went on to suggest that the comparison

might be projected into the future. In all seriousness a population of 100,000,000 by the end of the present century was considered a possibility.

In retrospect the early twentieth century appears as an exceptional period. Land was abundant. There was a ready market for wheat abroad, and a steady flow of investment maintained employment in Canada at a high level. Even so, the boom ended before the first world war. Many costly mistakes had been made. Settlers had been allowed to take up unsuitable land. The plan of settlement, the scale of railway construction and even the framework of government were designed for the reception of immigrants who never came. The war hastened the emergence of conditions very unfavourable to further settlement: an expansion in other countries of the areas on which wheat could be grown; the mechanization of agriculture; and the rapid development of Canadian industry accompanied by a movement from the country to the towns. It remained for crop failures and a catastrophic fall in the price of wheat to dispel the illusions which had once been entertained, and to lead to a realistic and possibly over-cautious appraisal of Canada's agricultural potentialities.

It has not been easy for Canadians to explain to their friends in other countries that the boastfulness of the pre-war years must be heavily discounted. Embarrassing passages could be produced from the speeches of prominent Canadians who, after they had arrived at high office, were still speaking the language of buoyant optimism which had won them early political success. And then there was the map, drawn on a projection very flattering to the pride of northern countries, which seemed to corroborate rather than contradict the grandiose visions of the future. Even Canadians themselves could with difficulty be persuaded that the maps which had adorned their schoolrooms had misled them and that the familiar phrase "great open spaces" must not be taken to mean that some day the spaces would be filled.

Critical foreigners said quite frankly that Canadians were trying to shelter their high living standards by withholding from less fortunate people access to the land necessary for their survival; that they were excluding others from resources which they could not themselves use, as the dog kept the ox away from the manger; and that excuses were being advanced which were in flagrant contradiction with the authentic pronouncements of prominent statesmen. It seemed obvious. A population of 100,000,000 had been expected. The actual population was 11,000,000. Not even the most vigorous of contemporary dictators could hope to multiply a population tenfold within two or three generations by natural increase alone. Immigration was necessary. Yet Canadian legislation seemed designed to keep people out. Were not Canadians, like their neighbours in the United States, acting in a way that maintained pressures which were endangering the peace of the world?

ESTIMATES OF POSSIBILITIES: (a) AGRICULTURE

THESE suspicions and reproaches, though inevitable, were not entirely justified. Canadians came very reluctantly to realize that the ability of their country to support a large population on the land, without a substantial

lowering of living standards, was limited. Genuine disillusionment was involved and the sacrifice of ambitions which had once seemed reasonable. Even to-day many Canadians would brush aside impatiently the cautious calculations of the experts,* that there are at most 29,000,000 acres of good accessible farm-land, of which a third lies in the Province of Quebec and is earmarked for the normal expansion of the present rural population. In the rest of Canada there are, therefore, some 80,000 farm units, to which 13,000 might be added by irrigation but from which 12,000 should be deducted for the re-establishment of holders of sub-marginal farms. "Good" and "accessible" are relative terms and the standards of the expert may be high.

Acreage does not tell the whole story. Canada is a great exporter of agricultural products and an increase of acreage would necessitate an increase in exports. At present there would be no difficulty in finding markets. In the long run many countries will again produce their own food and may even become exporters. Relief and export credits cannot last for ever and countries which continue to import their food will have to pay for it, directly or indirectly, by exports acceptable to Canada. In a sense, therefore, the Canadian exporter of food will be a competitor of the Canadian manufacturer.

Within Canada there has been a movement of population from the country to the towns which does not seem likely to end with the termination of the war-time controls. In the absence of governmental assistance it is not easy for agricultural producers to secure what they think a fair share of the national income, and much is heard of guaranteed floor prices. The economic movement is away from the land, partly because modern technology enables fewer people to carry on the work, partly because of the relative strength and prosperity of Canadian industry.

(b) INDUSTRY

CANADIANS have never been enthusiastic about importing industrial labour. The vested interests of those employed in industry are vigorously defended and any substantial increase in the numbers seeking employment would inevitably excite apprehension that living standards were in danger. The rural population of Canada seems ready and willing to supply all the recruits that are needed without impairing the output of agriculture.

The fear of industrial immigration was sharply accentuated by the mass unemployment of the nineteen-thirties. It seemed to indicate that there were too many in search of work, and the departure of recent immigrants seemed to show that immigration was ineffective as a means of increasing the population. Both these conclusions can be challenged. Mass unemployment was not unknown in countries which had had no immigration. In Canada it resulted from the loss of external markets for primary products. A timely increase in the Canadian population might well have gone hand in hand with a change in the structure of the Canadian economy that would have diminished its dependence on these markets. If immigrants left the country it might be because they had arrived at an inopportune time and had found it harder than

* "Post War Agricultural Settlement Possibilities", by Professor Hurd, in the *Journal of Farm Economics*, vol. xxvii, no. 2, May 1945.

did established Canadians to struggle through a period of unemployment, for which Canada was extremely badly prepared.

The conditions of the nineteen-thirties may, therefore, never be repeated. Canada has laid plans for combating incipient unemployment by planned government expenditures. An extensive system of unemployment insurance has been built up and arrangements might be made to include within it newcomers from countries with similar types of insurance.

LONG-TERM POLICIES

WHEN statisticians forecast Canada's population they find it convenient to assume that, as in the past, immigration and emigration will offset each other. On this assumption they predict a stationary population in the not very distant future. They do not mean that if immigrants were excluded there would be no emigration. If water is poured into a pail and the pail gets no fuller there are two possible explanations—it may already be full to capacity, or it may be leaking. In the second case the water poured in has maintained a level that would otherwise have fallen. It may, of course, have accelerated the rate of leakage by increasing the pressure. Similarly immigration may replace emigration or may possibly accelerate it. But, unlike the water, it may retard the leakage; for immigration may improve economic opportunities in the country which receives it.

Canadians are asking themselves to-day precisely this question: will immigration improve economic opportunities, provided that the immigrants are properly selected? When the long-term effects are under consideration the answer is likely to be "yes"; when short-run considerations predominate any practical proposals have to face serious opposition.

In the long run Canadians want to think of their country as big and powerful. What is even more significant, they almost instinctively associate the growth of population with prosperity. They feel some obligation to share with others the resources which they are fortunate enough to command. And they seem to have very little doubt as to their order of preference when it comes to choosing immigrants.

The restrictions placed on immigration in the years between the two world wars have revealed with unmistakable clarity what Canadians' preferences are. The first choice is for white men from English-speaking countries, primarily from the British Isles and the United States; the second choice comprises peoples loosely, though perhaps adequately, described as northern Europeans; next come people from southern and eastern Europe. Asiatic immigration was not welcomed and Chinese immigration was completely forbidden. It is easy to sneer at this order of preference as evidence of racialism. A more sympathetic and fairer interpretation is that it corresponds roughly to what experience has shown to be the order of political, cultural and economic assimilability.

The war has made few changes in this general pattern. Germans, with some exceptions for those politically acceptable, would have to be deducted from the northern Europeans, and Japanese must be added to the Chinese as totally excluded. There is, however, some disposition to conciliate Asiatic

opinion by offering reciprocal treatment of those who wish to reside for temporary purposes, without the expectation that they or their children will acquire citizenship or even the right of permanent residence. Finally, the claims of refugees are recognized, as evidenced by the admission of 4,000 Poles and by an agreement to accept 6,000 displaced persons, provided that their support can be guaranteed by residents of Canada.

SHORT-RUN INTERESTS

LONG-RUN considerations, though they look well on paper, do not really determine the acceptability of an immigration policy. An acceptable policy must conform to the short-run interests of a political party. It follows that it must not offend any important group of voters by appearing to conflict with the immediate interests of its members and that it must not disturb accepted opinions.

With the fear of unemployment in their memories, and with the ever-present fear that the competition of new-comers may act as a drag on earnings, many groups are strongly opposed to almost every type of immigrant. There are, of course, exceptions. Farmers would like to find labour which they can employ at wages they can afford to pay; housewives would like to find domestic help at wages which would not deplete the family's reserves of capital; whole industries, at times, feel that their labour supply is on the point of slipping away from them. There would be little opposition if immigrants would enter any of these occupations and "stay put". But they are not welcome in those occupations to which the wages and conditions of work are attracting Canadians. The natural desire of the immigrant to better himself appears to the descendants of earlier immigrants as a sort of ingratitude. Has he not already bettered himself by coming to Canada? Are not his wages and conditions of work preferable to those which he left behind him? Does he not realize that their ancestors, when they came to Canada, established themselves in the hard way, enduring much for the sake of their children?

Men and women might be found who would agree to work at some designated occupation for a fixed term of years to secure entry into Canada and equality of opportunity for their children. But no one wants indentured labour. No immigrant will consider it an obligation of honour to repress the labour. No immigrant will consider it an obligation of honour to repress the profit motive in a capitalist country. If Canadians are moving from the land to the towns and from the kitchen to the office the immigrant will move in the same direction.

The history of Canadian immigration law shows that the most welcome type of immigrant has been the man who brings his capital with him and appears rather as an employer of labour than as a man in search of work. He is still welcome. But how many European or Asiatic countries are prepared to use their exiguous dollar resources to provide Canadian dollars on this scale for the men who wish to leave their shores?

What is true of the individual and his capital is true of immigration in general. Employment in Canada has been maintained during periods of heavy immigration through large capital investments from abroad. In the future Canada seems likely to be an investing rather than a borrowing

country. Investment abroad is encouraged by export credits and may be encouraged in other ways, with the object of maintaining employment in Canada. Immigration, by competing with investment abroad, might well conflict in interest with those industries which rely on foreign investment for their market.

Those who are most strongly in favour of a positive immigration policy would shrink from any immediate immigration which might interfere, or appear to interfere, with the re-establishment in civil life of men and women who have been in the services. And it will be difficult for a Government to do much for immigrants so long as any considerable number of returned men, however much assistance they may have received, remain without employment. But returned men as a class are not opposed to immigration and many of them (nearly 40,000) have promoted it in a practical way by bringing war brides to Canada.

It would be fatal to any immigration projects if they preceded or coincided with any comparable emigration to the United States.

The established doctrine is that the immigrant comes entirely at his own risk and peril. Contract labour is excluded. So are assisted immigrants, with appropriate exceptions, however, such as that for child immigration managed by the Fairbridge Farm School. A man who becomes a public charge must go back to his country of origin, if necessary at the expense of the transportation company. The utmost care is taken that no immigrant shall have any claim on the Canadian Government for work or maintenance. This doctrine may be a serious barrier to immigration under modern conditions, and it remains to be seen if immigrants will leave the shelter of social security systems to run the risks of the pioneering age.

French-Canadians are, generally speaking, disinclined to promote immigration. It postpones the day, otherwise not far distant, when they can expect to outnumber Canadians of British origin, and still more the day when their higher rate of natural increase, if it can be maintained, will give them a majority of the population. And it has in the past given them some very uncongenial neighbours.

THE REQUIREMENTS OF A POLICY

A CANADIAN immigration policy, to have any chance of survival, must satisfy the long-term needs of the country and must not, in the short run, conflict with any powerful established interest. It follows that the day of mass migration to Canada is over. A steady annual excess of immigrants over emigrants of the order perhaps of 25,000 would be more in keeping with the probable economic future of Canada than the irregular movement of larger numbers. To secure this net immigration, in spite of emigration to the United States, a gross immigration of 50,000 might well be needed.

Immigrants will fall into two classes. The first, to whom the door is open now, comprises persons who can pass the ordinary tests of suitability and who care to come to Canada at their own risk. The numbers may be very high in the course of the next few years. Some wish to join relatives in Canada. Others cannot "take" austerity, or are dissatisfied with the restricted

opportunities in their homeland. But young men should remember that they will have to face direct competition with young Canadians of the highest calibre who are receiving educational aid and employment privileges on leaving the services.

The second class has not, as yet, been created. It would consist of any groups which the Canadian Government decided to assist or encourage. The Canadian employment service might be directed to recruit labour outside Canada, in consultation with the employment services of other countries, if demands for certain classes of labour could not be met from Canadian sources. Something would, no doubt, be done for any refugees who might be accepted as a matter of international duty. And it is not impossible that provincial governments, with local situations in mind, might decide to do something to attract classes of immigrants necessary to fill gaps in their economic structure.

In one contingency only might there be an intensive national effort to secure immigrants in large numbers. If a situation developed in which great sacrifices appeared justified in the name of defence all minor interests might be brushed aside. Every precaution would be taken to avoid a fifth column and the criterion of a desirable immigrant would be political trustworthiness. Happily this is a remote contingency. Unless it arises the inertia of Canadian economic and political life is opposed to anything more ambitious than reciprocal freedom of movement among English-speaking countries and, possibly, some active steps to secure classes of immigrant for whom a real economic need may appear.

Canada,
October 1946

AMERICAN COUNTER-REVOLUTION

RE-SHUFFLE AFTER THE NEW DEAL

THE United States is in the throes of counter-revolution. It is not only in the period of economic de-control. The political movement which began with the election of Franklin Roosevelt in 1932 has now been reversed by the forces of growing conservatism. Actually the "New Deal" would have been halted long since if it had not been for the war. President Roosevelt began to have serious trouble with Congress in 1938. Little if any important domestic reform legislation has been enacted since that date. But the war obscured the mounting conservatism of American public opinion. Now, however, the passing of nominal as well as actual power from the Liberals to the Conservatives can no longer be deferred. It will undoubtedly be marked by the mid-term elections in November, 1946, although these have not been held as I write. The general expectation is that the Republicans will carry the House of Representatives, and they have a reasonable chance to carry the Senate.* And, even if they do not, the actual majorities in both Houses of Congress are made up already of a Conservative coalition drawn from both parties.

What will be the consequences to the world of this change? Fortunately, the immediate effects in foreign policy are likely to be slight. President Roosevelt, and President Truman after him, had the foresight to build up a bipartisan method of administering foreign policy. The foremost Senatorial Republican, Senator Vandenberg, has long been a close collaborator with Secretary-of-State Byrnes. If Senator Vandenberg is not the next President, he is almost certain to be the Secretary of State after 1948. The American delegation to the United Nations is headed by former-Senator Warren Austin of Vermont, a sturdy Republican with broader and more anti-isolationist views in foreign affairs than most Democrats.

The transition from the party of Franklin Roosevelt to the party of relative conservatism has long since been a reality in foreign policy, and will involve no real difficulties if the Presidency changes in 1948. The change actually began in February or March, 1946, when Secretary Byrnes reluctantly decided that policy toward Russia must be stiffened. It is doubtful if Rooseveltian policy would have been quite the same from that date forward. But the change has come; it is entirely parallel with British policy and the policies of most of the western democracies.

If the Democratic party loses the House or Senate this November, it is unlikely to make any substantial difference in these foreign policies. The chairmanships and composition of the two committees on foreign affairs will change somewhat. If the House goes Republican, the rather ineffective but amiable Representative Sol Bloom will be replaced by Representative Charles

* The results were: in the House of Representatives, Republicans 246, Democrats 188, American Labour 1; in the Senate, Republicans 51, Democrats 45.—*Editor*.

H. Eaton of New Jersey, who has already served at international conferences. If the Senate goes Republican, Senator Tom Connally of Texas will give way probably to Senator Vandenberg himself in January 1947. The change will hardly be noticed.

But if, after the 1948 elections, the transition to Republican rule in White House as well as Congress comes about, it may not simply bring in the Republicans who have been willing to cooperate with the Roosevelt and Truman administrations. It is not very useful to speculate on the prospects in 1948, but the chances range all the way from the world-government-minded Harold L. Stassen to the intensely isolationist Robert A. Taft. If Mr. Stassen is elected (and he must first be nominated by a party machine not now very enthusiastic about him) he may find himself severely hampered in following a strongly positive policy by the rank and file of the party in Congress. If Senator Taft, or another isolationist, should be elected he would not be greatly inhibited by the cooperators from following a negative policy.

However, isolationism should be redefined in these days. Of course, it is not so vigorous as it was in 1939 or 1941. Nor is it so submerged as it was in, say, 1943. Even Senator Taft fully accepts American obligations within the United Nations, and he would probably respond in a fashion to the imperatives of world events. He would probably be an able administrator. But his policy at best would be rather negative and certainly unimaginative. It would be stiff, narrow, ungracious and sometimes obtuse in its reasoning. Senator Taft is a "no" man. So would be his fellow Ohioan, John W. Bricker, who will probably be elected to the Senate in November.

In short, there is a chance that a reaction in 1948 could swing pretty far. The most aggressive force within the Republican party is Robert R. McCormick, publisher of the *Chicago Tribune*, who has recently become party chairman in the big, important state of Illinois. Mr. McCormick's xenophobia has to be experienced to be believed. He is a harsh, bitter isolationist. He denounces Senator Vandenberg as a traitor to his country. He claims that most Republicans in the eastern United States are bribed by "British gold". He is almost equally bitter toward Russia. His technically outstanding and dynamic newspaper daily pours the most violent kind of doctrine into the minds of millions.

And there are others in the United States who are susceptible to the same kind of xenophobia. Incredible as it may seem, the American prairies still feel a long way from Europe, even when we read of planes and rockets and supersonic speed. Mr. McCormick is an imperialist-isolationist of the kind Britain has known in years gone by. He and his sympathizers are not really likely to capture the Republican party altogether. But the trend may conceivably be in their direction, and they can be powerful bargaining influences.

SOCIAL CONSEQUENCES OF INFLATION

So, in estimating the effects of the American counter-revolution on the rest of the world, it is possible to conclude, first, that grave changes in foreign policy are in no way probable, but, secondly, that the possibilities of graver reaction exist.

Much more significant probably will be the effect of American reaction on the national economy, and, in turn, upon the world economy. As all the world knows, we have badly botched our post-war economic adjustments. We are ashamed of our failure; but there are some extenuating factors, although they repair no damage. The basic mistake was made immediately after the defeat of Japan. At that point President Truman's advisers were fearful of a sweeping economic recession, with consequently heavy unemployment. There were many reasons for such fears. Nearly everybody shared them. It stood to reason that the immediate shut-down of war production would leave a gap which peace-time production could not fill for some weeks or months at least.

But the analysts were wrong. There was no recession. There was no pause. So immense was the resilience of the American economy, so great were the stored-up reservoirs of purchasing power, that employment scarcely wavered. But in fear of deflation President Truman had taken irrevocable action. He had begun to relax controls that were necessary if prices and wages were to be kept in balance in a transition period which was very real even if it produced no unemployment. The statements and actions of the President and his advisers were all on the side of inflation.

And so we started on the inflationary spiral. The relaxation of controls, the stimulation of boom, produced an immediate reaction in labor, among the farmers, in industry, in the stock market. The swift and frenzied demobilization of our war-time forces helped the inflationary movement along.

What was needed, it now appears, was the continuation of strict price and wage controls until production should have got a good start in the direction of demand, or else the immediate and complete scrapping of all controls; after which we should have had a feverish inflation but enormous production and a subsequent shaking-down of prices and wages. As it is, President Truman's in-between policy has had the evils of both extremes and few of their virtues. Had we kept controls, they would have served their purpose and been removed long before now. Had we scrapped all controls, the inflation would have run its course long before now. This is what wisdom after the event indicates. But the President, temperamentally and rationally, could not resist a compromise course. Nine times out of ten he would have been right. But this once radical action to either extreme would have been better.

Now we are going to have our deferred inflation fever. Of course, the semi-relaxation of the past year has given us a constantly rising temperature. Now, in November, as virtually all remaining controls come off, we face the full consequences of what we sought to evade. It is possible the results will not be so severe as they would have been a year ago had we relaxed all controls then. There are certainly some mitigating factors today. But we are in for it, and we cannot escape the conclusion that we have botched matters.

The toughest problem we now face, as prices soar skyward, is another wave of strikes, which may again curtail production and again defer stabilization. The wisest heads in labor know this danger. They would like to hold off strikes until it is seen whether, after a spurt, prices do not start coming

down again. But it is extremely hard for them to keep their unions in line. And naturally, for the earnings of employees in manufacturing industry have decreased by 8.5 per cent since VJ-Day, while prices of consumers' goods have increased by 11 per cent in the same period. This means a decline in real wages of 17.6 per cent. Every housewife feels the pinch.

The worker with an income of \$3,200 would need \$4,719 to buy as much as he could buy in 1941. The farmer with a larger income today, the businessman with more money, face the same mirage. The persons with fixed income are in sore straits. But they do not belong to labor unions; they cannot strike against production.

There is one place, however, where everybody can strike. That is in the form of a buyer's strike—purse control instead of price control. Already people are refusing to pay the highest of the high prices which are demanded. This is not only volition. It is perforce. Many of them just haven't the money. Such buyer's strikes may have the effect of piling up production, and that will have the effect of bringing down prices. Somebody will be squeezed in the meantime. There will have to be some sales at a loss: industry will have to pay that price. Consumers are already paying their price in the declining value of their dollars.

In short, we are in for the aftermath of control. Most Americans have now come to the conclusion that the economic system is a very sensitive instrument. It surprises you when you least expect it. You push in at one point, and something quite different pops out at another point. Few of us speak very confidently now of the possibilities of planned economy. We see that it has to be a very good plan indeed; and however impressive in blue-print there are bound to be surprises in practice. This is not to say that we reject the possibility of some planning—say, to provide public works to cushion a deep recession. We all know that heavy unemployment cannot be borne without the gravest of dangers. But we have just seen the effects of President Truman's planned-economy gestures on last year's expected deflation, and we are very conscious of the possibility that plans may be wrong.

The present expectation is that on the heels of the sharp price increases now following de-control there will be felt a major hold-back in buying. On the heels of this hold-back there is expected a minor recession, which nearly everybody calls a good thing, and which is known by the sanguine term of "shake-out". This readjustment, it is hoped, will enable prices and wages to strike their own balance under the operation of the as yet unrepealed law of supply and demand. And if such a balance were attained, we could then almost certainly count on several years of sound production and prosperity.

This hopeful forecast may be as wrong as many others have been. But it has some elements of common sense in it. In any event there is certain to be more and speedy inflation. Such a period would, of course, tend to encourage imports and discourage exports. If the rest of the world can do without free-economy imports from the United States for a little while, then the benefits of the American inflation to countries overseas will be limited only by their export production. The "shake-out" would hit them as it hits us. And the

subsequent period of stability would be as welcome and salutary to them as to us.

But to the rest of the world, as to us, the dangerous factor remains interruption of production by strikes. Labor, under the sharp imperative of rising prices and declining real wages, and cognizant of the keen desire of management to keep in production, is under severe temptation. Wiser heads see the danger. Since we have reverted to a free economy, Government can now combat strikes only with its machinery of conciliation. Labor knows, however, that public opinion will severely resent strikes. Labor is already very unpopular. Its power at the polls has vastly declined. Very restrictive legislation indeed might readily be passed by the next Congress if we enter a period of strikes. That is the threat, now well understood by top labor leadership, which may filter down to reckless intermediate leadership and the rank and file. That is the main hope we now have to control strikes.

DEADLOCK OR COMPROMISE

POLITICALLY, as has been explained in these dispatches before, the next two years may be one of the deadlock eras in American history, when executive and legislative branches of the government are in stalemate. There is another word for stalemate, however. It is compromise. If we have any dynamic government at all between January 1947 and January 1949 it will have to be on a basis of agreement. The President will not command majorities in Congress, and Congress may not often be able to summon the two-thirds majorities needed to pass legislation over the presidential veto.

Agreement—government by compromise—generally means government at the level of the highest common factor. That is not good enough for a period of crisis, either at home or abroad. The alternative hope is that President Truman and Congress can mutually see the need for positive and dynamic government, and that they can achieve the level of national unity. That will call for a great deal of political maturity, more maturity than we have ever shown in peace-time before. But it is not impossible, and it alone will be adequate. New techniques of cooperation between President and Congress, which have been long needed, will be imperative if we are to achieve this kind of national unity. We ought to have an established and definite machinery by which congressional leadership of both parties confers regularly with the President. Congress would have a large control over the appointment and policy of Cabinet officers and administrative agencies. Congress—in reality the Republican leadership thereof—would actually be in the saddle. But a wise and imaginative President could turn such a period from one of absolute deadlock and sterility into reasonable stability. There would be no gains in the shape of progressive legislation—if that is describable as gain at this stage—but there need be no severe losses in repeal of existing law. And we shall be fortunate indeed if we actually avoid deadlock.

It should be remembered that progressive legislation in the United States—as in Britain and elsewhere—goes by cycles. Through historical accident we had missed most of our progressive cycle in 1912 and 1920. When we got to 1932 we were far behind. So we had a large and hard-to-assimilate mass of

progressive legislation all at once. We had absorbed most of it by 1938, when the tide began to turn away from the New Deal. And our next cycle, it is not difficult to estimate, will be due about when the next depression hits! We need not carry this economic determinism or fatalism too far. Certainly it is a responsibility of government, whether New Deal, Conservative Democratic, Conservative Republican, or Liberal Republican, to do its utmost to avoid another major depression. Some part of that lesson has doubtless been learned. But the blue-prints will differ, and some of them may be as wrong as they were in August, 1945.

DIPLOMACY IN NEW YORK

THE scene of world diplomacy has temporarily shifted from Paris to New York. The delegates to the Assembly, and the foreign ministers of the Big Four, will find a different atmosphere from that which they enjoyed when they were here before, particularly different from the San Francisco Conference. Then Russian prestige was at its highest, or very nearly. Russian arms had won resounding victories. The shape of Russian policies around the periphery of the Soviet Union had not yet clearly emerged. Mr. Molotov came close to being a hero. He will not be a hero in New York.

And Mr. Molotov, who is surely not insensitive to atmosphere, will have much on which to reflect. He will realize, perhaps, that American opinion, which was so receptive and friendly toward Russia a year and more ago, is today critical and dubious, if not outright hostile. Will this make Mr. Molotov wish to recommend the moderation of Soviet policy? Or will he recommend greater intransigence than ever? If he is wise he may see that Russia has gone too far, and that a consolidation of policy is advisable. Otherwise the drift toward conflict—however many years away that may be—will continue, and the world will remain in the gravest of danger. It is a good thing for Mr. Molotov to run into American opinion today. He will detect the elements of the counter-revolution. He will realize that the days when Communist nuclei could dominate trade unions or peace organizations in the United States are numbered. He may conclude—if he is wise—that a settling down of Communism and capitalism in our respective spheres is the only peaceful policy. The Soviet would again have to forsake world Communism. But we cannot read Mr. Molotov's mind; we can only hope that he can read the handwriting on American walls.

The Wallace dismissal has done little harm in the aftermath. Indeed, it may be a good thing for Americans to have re-examined the increasing stiffening of their policies toward Russia. Probably the President and Secretary Byrnes have been impressed and influenced by the measure of validity that lay behind Mr. Wallace's words. Of appeasement of Russia there is no chance, but we should continue incessantly to try and persuade the Russians that we mean them no harm. That is one practical translation of Mr. Wallace's position, and it is one the Administration will not spurn. Mr. Wallace's departure further marks the coming of the counter-revolution. He is out of step with the times, but he may be a very useful influence in the opposition. As editor of the *New Republic* he will have a voice, and though the audience

is small it is selective and intelligent. But it will be some years before Mr. Wallace and his friends exert nation-wide political power again. Regionally the Political Action Committee of the C.I.O.—the group nearest Mr. Wallace—can still elect or defeat a given Congressman here and there. But they have no actual *bloc*. They are unlikely even to attempt to organize a third party, now or in 1948, because they can exert more influence within the present parties than they could in a minority position outside.

Altogether, by trial and error, the United States is plodding toward stability. And while in many ways the outlook is unencouraging, we may still have some pleasant surprises. Our production is really beginning to roll. We can all remember how long it took for our war production to hit its stride. But we recall the enormous *tempo* it then struck. So it may be in the months ahead. The world can count for a great deal more help from us than we often seem like giving. We exemplify all the limitations of democracy and free economy as against the glittering apparent perfection of totalitarianism. But the world has learned of the rottenness behind the glitter—even, sometimes, on the basis of mere efficiency. So it will doubtless learn of the strength behind the shambling gestures of the free way.

United States of America,
October 1946.

INDIA

LORD WAVELL'S ACHIEVEMENT

NOTWITHSTANDING a number of short-term fluctuations, to some of which a certain secular importance might understandably have been attached, the main direction of the Indian political curve has been steadily upwards and onwards throughout the third quarter of 1946. This can be recorded in spite of communal strife in August to a degree of savagery and on a scale never previously reached in India's long and unhappy experience of this sort of thing; in spite of renewals of promises of direct action on the part of this or that faction, and in spite of the recurring doubts, haverings and hesitations of the leaders on both sides. The one man who has kept his eye steadily on a single target, from which he has refused to be deflected, has in the end not only reached it himself but, by his steadfastness, carried a lumbering political expedition, composed of diverse and disputatious elements, forward to its objective. The acceptance of office in an Interim National Government by both the Congress and the Moslem League is not merely a tribute to the good sense of the party leaders, it also represents a considerable personal triumph for the Viceroy himself. For since the departure of the Cabinet Mission at the end of June Lord Wavell has carried on his own shoulders the heavy burden of protracted negotiations involving almost daily meetings, upon which hung the prospects of Interim Government and Constituent Assembly alike. With a rare singleness of purpose the Viceroy has, in fact, retrieved those earlier reverses which, by mid-August, had produced a situation of considerable gravity.

A POLITICAL MARIAGE DE CONVENANCE

If the course is not yet set entirely fair, the outlook is to-day infinitely more promising than was the case three months ago when, by a resolution passed in Bombay on July 29, a full conference of the Moslem League rescinded the League Working Committee's previous acceptance of the Cabinet Mission Plan. Thereafter followed a period of wild talk both in the press and on the platform, where there were frequent references to civil war and direct action. Three thousand dead and seven thousand injured as the first result of the celebration of Direct Action Day in Calcutta on August 16, and later on an outbreak of communal trouble in Bombay and a serious recrudescence of the disease in eastern Bengal, provided a sharp reminder to the leaders of both sides that in a highly charged political atmosphere anything might happen as a result of a stray and irresponsible word. Behind the scenes there was undoubtedly quite a lot of heart searching, and a death roll running into the thousands undoubtedly helped to encourage the heads of communities in the search for a *modus vivendi* which would be acceptable to their now thoroughly shocked followers. The public utterances of the party leaders became noticeably chastened. But the press, particularly in Bengal, continues to be

a bad and provocative influence in a communal situation which is still far from satisfactory.

The Interim Government, as first composed of Congressmen and representatives of the minorities nominated by Congress, took office on September 2. The reconstruction of the Cabinet (by which name the Executive Council is now officially known) so as to admit the representatives of the Moslem League was effected on October 26, the day on which the four Moslem and one Scheduled-Caste Members took the oaths of office. In between these two dates, throughout the months of August, September and October, the graph combining Indian political progress and prospects rose and fell, often precipitously. On September 2, the day on which the exclusively Congress Interim Government assumed office, Moslem League India marked the occasion with silent contempt and the hoisting of black flags; seven and a half weeks later the League's own nominees had entered the Cabinet in charge of, amongst others, the important departments of Finance and Commerce. What had occurred in the interval to bring about such a metamorphosis? There was, of course, the usual infructuous exchange of views between Pandit Nehru and Mr. Jinnah on behalf of Congress and the League respectively. But what happened is perhaps best described in the words of a leading Congress newspaper which, commenting upon the reconstituted Indian government, said: "Marriages in India, Hindu and Muslim, are generally arranged, often between unwilling parties. Still, they are not infrequently successful. This tradition has now been carried into the political field and we have an Interim Government which has a strong resemblance to one of these arranged marriages. Even a half-hearted attempt at co-operative government by the Congress and the League is to be welcomed. . . . The indispensable condition of any success in this attempt is that Lord Wavell, having brought the two parties together, should now retire from active participation or interference in the Government of India, forget his veto and let them manage as best they can."

Between the beginning of September and the third week of October a marriage had, in fact, been arranged, though the protracted efforts of the first enthusiastic intermediary between the parties, the Nawab of Bhopal, Chancellor of the Chamber of Princes, were doomed to failure. His Highness, who sought to bring the nominees of the parties into the Interim Government on the basis of collective Cabinet responsibility, laid perhaps too much emphasis on the abstract advantages of the married state. More realistically the Viceroy, Lord Wavell, pointed to the solid material advantages of the proposed marriage settlement. An agreement to differ on certain points was clearly better than no agreement at all. A *mariage de convenance* duly took place and the new Government met the Central Assembly on October 28. Two days earlier Mr. Liaquat Ali Khan, the senior Moslem Member of the Cabinet, made it clear on behalf of himself and his Moslem colleagues, at a press conference immediately after taking the oath of office, that whilst the League had come into the new Government with the full intention of working in harmony with its other elements, there was no question under existing conditions of joint or collective responsibility. Nor, he said, was there such a thing as leadership of the Government by one individual. The function

of the Vice-President of the Council (Pandit Jawaharlal Nehru), as laid down in the Constitution, was to preside at meetings of the Council in the absence of the Governor General, and he enjoyed no privileges in the Government denied to other members. To round off the metaphor, it will continue to be a matter of individual judgment whether the two young people can yet be safely left to their own devices, as suggested by the newspaper quoted above.

THE BALANCE OF POWER

It is too early yet to attempt to forecast whether, and to what extent, the new Cabinet will respond to the integrating forces which will undoubtedly impel its fourteen members to act together on a basis of collective responsibility, or not act at all, over a steadily widening field of policy. Mr. Liaquat Ali Khan, the new Finance Member, is the senior Moslem Leaguer in the Cabinet; and from the press statement referred to above, as well as the correspondence exchanged between Mr. Jinnah, the President of the Moslem League, and the Viceroy preparatory to the League's entry into the Interim Government, it would seem that, in the beginning at any rate, India's first Cabinet will function in two sharply defined compartments. It is perhaps worth recording how the portfolios have been finally apportioned between the parties. Pandit Jawaharlal Nehru (Congress), Leader of the House (the Legislative Assembly), is in charge of the Department of External Affairs and Commonwealth Relations, Sardar Vallabhbhai Patel (Congress) is Member in charge of Home Affairs and Information and Broadcasting, Mr. Liaquat Ali Khan (Moslem League) is Finance Member, Mr. I. I. Chundrigar (Moslem League) is Commerce Member, Dr. Rajendra Prasad (Congress) is in charge of Food and Agriculture, Mr. Asaf Ali (Congress) is Member for Transport and Railways, Sardar Baldev Singh (Sikh, nominated by Congress) is Member for Defence, Mr. Abdur Rab Nishtar (Moslem League) is Member for Posts and Air, Mr. Jagjivan Ram (Congress) is Member for Labour, Mr. Ghazanfar Ali (Moslem League) is Member for Health, Mr. Jogendar Nath Mandal (representative of the Scheduled Castes, but nominated by the Moslem League) is Member for the Legislative Department, Dr. John Mathai (Indian Christian, nominated by Congress) is Member for Industries and Supplies, Mr. C. R. Rajagopalachari (Congress) is Member for Education and Arts, and Mr. C. H. Bhabha (Parsi, nominated by Congress) is Member for Works, Mines and Power. Thus in a Cabinet of fourteen the Moslem League and its Scheduled-Caste nominee hold five seats, whilst Congress, with its three nominees representative of other minorities, holds nine.

Numerically, the new Government is nicely balanced, and it is fair to say that, as a result of considerations of tactics and equity on the part of the two main parties, no minority community is without a representative in the Cabinet. But, if the new administration begins its career with an awkward cleavage of interests, it is clear that sheer pressure of events will force it into common action and collective responsibility in many matters of high policy. The allocation of the portfolios of Finance and Commerce to Moslems has been generally acclaimed as a considerable concession to the League, and when the predominantly Hindu character of Indian trade and commerce is

taken into account it is certain that the Congress leaders must have regarded the transfer of these important portfolios to Moslem members, in the Cabinet reconstruction at the end of October, as a very real sacrifice. None the less, it is quite obvious that in all major matters neither Mr. Liaquat Ali Khan nor Mr. Chundrigar will find it possible to evolve policy, or carry it through the legislature, on fragments of party or communal doctrine. India's attitude towards the proposals for the promotion of international trade and employment and the negotiation of the vexed question of the sterling balances is typical of the many problems upon which the Indian case must necessarily be put forward on a plane somewhat higher than the purely departmental level.

By research, consultation and co-ordination the Government as a whole must soon become involved in these and a dozen similar issues, and whatever the *de jure* constitutional position may be, *de facto* collective Cabinet responsibility will have been established. Whilst the Indian parties were given the utmost freedom to decide the terms upon which they would join the Interim Government, it was clearly the hope of His Majesty's Government and the Viceroy that its members would elect to work together as a parliamentary team continuously developing rights, conventions and procedure in their relations with the Viceroy and the Legislature, until the future constitution of an independent India had been hammered out by the Constituent Assembly. Chiefly because the Moslem League has still to be convinced of the *bona-fide* acceptance by His Majesty's Government and the Congress of its major stipulations for further constitutional change, the new Cabinet has decided that for the moment formal adoption of the principle of collective responsibility is not practicable. How much of this is in the nature of face saving, and how much is grounded in the hard facts of the situation, time alone will show. What is indisputable is that those who think that decisions covering complicated and interlocking elements of national policy can be taken on exclusively departmental assumptions, no matter how important the department concerned may be, will be quickly disillusioned. If the Viceroy can hold his somewhat heterogeneous Cabinet together in the first stages of its work, much that matters is likely to follow automatically. Its parliamentary majority is assured, and is probably much too large and complacent for the effective criticism of the details of legislation. There are no less than twenty-four Bills in various stages before the Central Assembly, some of them long and exceedingly technical documents. It is not in its day-to-day relations with the main parties in the House that the Cabinet is likely to run into trouble, so much as in the conduct of its own affairs. The Interim Government will be judged mainly by its success in restoring stability to those areas at present badly affected by communal strife. Almost all purely domestic legislative proposals contain much material of a highly combustible nature. If they are to succeed in handling it safely Lord Wavell and his Cabinet will have to proceed with the utmost circumspection. On the other hand on the big extra-Indian issues—the position of Indians in other parts of the Commonwealth (chiefly South Africa), overseas trade policy, the realization of accumulated war balances and the like—the Cabinet will speak confidently to a policy representing the demands of a united India.

What of the Constituent Assembly? According to present arrangements this body is due to hold its first session early in December, and the stately library hall in the Central Assembly building in New Delhi has been turned into a meeting-place for its 400 members. Though it is generally assumed that the League acceptance of office in the Interim Government implies Moslem participation in the Cabinet Mission's long-term plan, which turns on the work of the Constituent Assembly, no specific undertaking to this effect emerges from the published correspondence between the Viceroy and the President of the Moslem League which passed from October 3 to October 25. Writing to Mr. Jinnah on October 4 Lord Wavell said: "Since the basis for participation in the Cabinet is, of course, acceptance of the statement of May 16, I assume that the League Council will meet at a very early date to reconsider its Bombay resolution." The Viceroy was, of course, referring to the Cabinet Mission's statement of May 16 and the League's resolution of July 29 reversing its earlier approval of the Cabinet Mission Plan. Although several more letters were exchanged during October, in none of them has Mr. Jinnah given the assurance which the Viceroy sought. Until the League leader has himself clarified the party's intentions it would, in the light of past experience, be imprudent to read into League participation in the new Government a firm promise to take part in the proceedings of the Constituent Assembly. On the basis of their present relationship, such assurances as the Congress and the League require of one another have to be obtained through the action of the Viceroy. Mr. Jinnah has shown that he is in no hurry to commit himself, and it may well be that before he asks the League Council to rescind its Bombay resolution in favour of entering the Constituent Assembly he will demand an undertaking that the provincial grouping contemplated in the Cabinet Mission plan will be adhered to. If so, and if the answer Mr. Jinnah wants is not quickly forthcoming, we may find ourselves back again in the old debate on first principles. However, Lord Wavell has rescued both short- and long-term plans from so many apparently hopeless situations during the last few months that there is no reason to suppose that, with so much of real value already accomplished, the whole constitutional project is now going to come to grief on an issue which will prove intractable only for as long as it is exploited for party purposes.

DIPLOMACY IN THE NEW ORDER

ONE of the many recent developments of great importance to the future of Indo-British relations, and of only slightly less importance to India's relations with certain other Commonwealth countries, is the appointment of a British High Commissioner as the representative of His Majesty's Government in this country. The decision was notified in September, and by the time these lines appear in print the first incumbent, Mr. Terence Shone, will have taken up residence in New Delhi, where Mr. A. G. B. Symon, the Deputy High Commissioner, preceded him by some weeks. Mr. Shone has held important appointments in the British Foreign Service, particularly in the Middle East, and the choice of a career diplomat has been generally approved as indicating the British Government's awareness of the significance of the new post and

the probability that the High Commissionership will, in due course, develop into a fully fledged legation or embassy. It has for long been clear that once a representative Indian Government is installed there will be a steadily increasing number of affairs in which His Majesty's Government could no longer, consistently with propriety, continue to be represented by a Governor General; and from now onwards the representation of purely United-Kingdom interests in India, and in particular the maintenance of the economic and financial relations of the two countries, will pass steadily from the Viceroy's into the High Commissioner's hands. The new arrangement is but one of the many outward and visible signs of the far-reaching changes that are now being enacted, and quite apart from providing practical recognition of India's swift advance to a condition of near-independence it also fits aptly into the Indian conception of the way her external relationships should henceforth be regulated.

In one of his first statements after assuming office Pandit Jawaharlal Nehru roughed in the background of an Indian foreign policy, and gave his views on the subject of Indian diplomatic representation in other countries. (Incidentally, it is an interesting comment upon available resources in administrative man-power that Pandit Nehru declared that, against an estimated three hundred officers necessary for an Indian diplomatic and consular service, there were probably not more than fifty with the requisite training and experience.) To say the least of it, an extremely anomalous and psychologically unfortunate situation would have arisen if His Majesty's Government had continued to regulate their half of Indo-British relations through the India Office and the Viceroy at a time when India herself intends to signalize her newly won status by ministerial appointments abroad. Already the name of Mr. C. R. Rajagopalachari, former Chief Minister of Madras and a Member of the present Interim Government, is being canvassed in the press as a possible first Indian Ambassador to the United States of America, with which country it has been mutually agreed to raise to ministerial status the present Indian representation in Washington and the U.S. representation in New Delhi. But questions of form apart, the new British High Commissioner in India will find a great deal to engage his immediate and continuing attention in the rapidly changing conditions of to-day, the effect of which will be quickly transmitted from the constitutional to the economic and other relations of the two countries. Should the new constitution appear to be evolving too slowly it seems likely that the Interim Government will press for a revision of the safeguarding sections of the 1935 Act, under which British commerce in India enjoys protection from discrimination. This and the shape of a future commercial agreement between the two countries, together with the negotiations for the repayment of India's outstanding sterling balances, raise problems of the first magnitude, in the solution of which the High Commissioner and his staff will be closely engaged.

India,

October 1946.

UNITED KINGDOM

WORKING TO LIVE

ALL the emphasis in these autumn weeks is on production. Ministers and trade-union chiefs, leaders of all parties and of every kind of industry, are alike engaged in expounding the doctrine that to live Britain must work, and to live better it must work harder. It is not an easy lesson to teach, and for members of a Labour Government who, with the trade-union leaders, are directly concerned that it should be widely accepted and effectively applied it presents special difficulties; for it means a revolution in past doctrine and practice, to be achieved during a period of strain and maladjustment inevitable after so vast a re-deployment of human and material resources.

The people are settling down, but have not yet fully regained their normal zest. The statistics are encouraging: employment is higher, and the change-over in the factories is gathering momentum. But the population generally, and the workers no less than the rest, still suffer from a malaise which is the aftermath of six years of war. In part it is a natural weariness after the prolonged exertions that secured victory; in part it is an irritation with restrictions, scarcities and continuing high prices, which combine to deflate buoyancy. These are superficial ills—unless they continue too long. It is irksome but not serious that there is a persistent lack of consumers' goods. There are more articles of domestic use to be bought, and the electrical-goods manufacturers appear to be making a particularly quick recovery. Some luxury foods have reappeared to tempt the housewife with their dear variety, but the staple diet retains its restricted dullness. Clothing presents great difficulties; everyday garments seem to be even more scarce than they were during the war years. Between the "utility" made-up goods, no doubt adequate in themselves but in style and quality discouraging purchase save under stress of sheer necessity, and the articles of luxury at the other end of the scale which reflect their scarcity value in fantastic prices, there is the merest trickle of medium-priced goods of acceptable quality. Everyone's home sorely needs repair and redecoration, in fabric as well as furnishings, but prices are beyond the average reach and the search for materials is a tedious task. The abandonment of zonal restrictions on distribution, however, is producing a greater variety of articles in the shops, if not a greater volume. More petrol has been made available for commerce and pleasure. Road and rail travel services are greatly improved, and some half-forgotten conveniences have been restored; on the principal trains it is again possible to reserve a seat, there are more restaurant and buffet cars, and the war-time stranglehold of the "V.I.P." on accommodation has at length been broken if not entirely released.

The question now under active discussion is the revival of incentive: how the desire for higher earnings, and the direct and personal benefits to be

derived from them, which heavy taxes and the lack of goods have so effectively checked, can be restored. With a productive capacity limited strictly by the availability of raw materials and a labour force which is not only too small for to-day's requirements but is still largely occupied in learning new skills, the question becomes in fact, whether the retention of more goods for home consumption would not result in greater production all round, to the benefit of export as well as home markets.

Ministers are stumping the country to promote an all-out effort for increased production. Mr. Herbert Morrison, who has general charge of the Government's economic planning, acknowledges that it is hard to increase individual output because there is so little to buy with earnings and profits. He sees in the fact that exports in the third quarter of the year were approximately 110 per cent in volume of the 1938 level heartening evidence for the consumer as reconversion is completed, and looks forward to the application of war-time lessons in industry, bringing a great increase in output per head when production teams have settled into their stride. He can also argue that the scarcity of commodities and services is in many cases due directly to increased demand. Steel production, for example, was 13 per cent above 1935 even in the August holiday month, but it is very short because of a higher demand; the same is true of gas and electricity, and even of some foods.

The drive is the more difficult since the Labour leaders are engaged in trying to revolutionize the outlook of their followers. From the earliest days their primary ambition has been to win conditions of labour which besides providing higher wages should give some protection against the days when there were no wages to be earned—when trade slumps, seasonal conditions, or personal incapacity brought real need. This fear of unemployment bit deeply into the worker's mind, and it is still a potent factor. Sir Stafford Cripps, at the head of the Board of Trade, has sought to remedy this attitude. He has spoken forcefully on the theme that the real danger now is that the standard of living may fall because we cannot produce enough. The problem is not lack of jobs but lack of people to fill the jobs. It is not a question of going slow to prevent unemployment, but of going fast to get the things needed for a decent standard of living. The trade unions, he says, must no longer be charged merely with the protection of wage standards and conditions of labour, but must share with the employers the planning of industry for production needs. This is an inevitable development of the unions' functions, but it has to be acknowledged by both sides in industry, and as there are employers not willing to accord this responsibility and others hesitant about giving effect to it, so there are some unions still unwilling to assume it and to accept its implications.

THE TRADE UNION CONGRESS

THE trade-union chiefs acknowledge the needs of the time and also the difficulties of readjustment. In his presidential address to the Trade Union Congress, which has just held its annual conference, Mr. Charles Dukes declared that in the new circumstances, in which trade unions were given a direct interest in making industries efficient, they must reconsider their atti-

tude to restrictive practices, formerly justified in relation to a capitalist system but appearing in a different light when the public interest was to be served and industrial output became a social product. He admitted that it would not be easy for workers in a nationalized industry to see that their claims to better wages and shorter hours must be balanced in a consideration of general social interests. How great the difficulty will be was clearly demonstrated in the subsequent proceedings of the congress. In spite of the misgivings which Ministers have expressed, the congress intends to go ahead with the demand for a forty-hour week and has reaffirmed its intention to ask for legislation to give effect to it. There was no qualification about the terms of the notice given to industry that in planning re-equipment and mechanization it must proceed on this basis.

Industry is suffering from another distraction in the controversy over what is called the "closed shop". In its immediate application it means the right of the trade unions to compel all workers to become members of the appropriate union. But it raises also the larger question of individual liberty, and beyond that the rights of minorities in a democratic organization. One hundred per cent membership has always been the ultimate aim of every trade union; some, mainly craft unions, have already achieved it and applied it compulsorily. There is reason in the argument that only subscribers should enjoy the benefits of union action, and that all employed in the same craft or grade should combine to present a solid front in negotiations. The use, and value, of compulsion to achieve this end have long been argued, and so far there has not been general assent to the proposition that the moral obligation of the worker to support his fellows ought to be stimulated in those who fail to acknowledge it by giving the union power to exclude the recalcitrant from employment in his chosen occupation—which, in the last resort, is what it means.

The controversy has now taken a new aspect. It is the claim of some unions, notably in this case the Transport and General Workers, an "omnibus" federation covering many previously unorganized sections, that the employers shall employ only union members and shall dismiss those among their staffs who do not conform to the union's *fiat* and join up in a specified time. It so happens that the claim has been presented in its most acute political form, from the fact that it has been made to the London Passenger Transport Board—a public utility corporation established by the State—and accepted, and that a corresponding policy has since been adopted by a number of local authorities having a Labour majority. With a Labour Government intent on achieving the maximum nationalization of industry, which one can assume will be operated largely through similar public corporations, the prospect of rapid extension of the "closed shop" has aroused much concern. It has been assailed as an infringement of individual liberty, and as the first step towards the corporative State. If such developments appear extreme and remote in the present relationship between the State and the unions, they are not for that reason impossible; and there is certainly nothing remote in the threat to the workman's economic liberty and his right to earn his own living in his own way. There is also apparent a possible threat to the right

of free association, for which the unions have fought as bravely as any section of the community, and of free expression of opinion, which is a corner-stone of British liberty. It is probably the case that the unions' claim is concerned now as much as anything with ease and efficiency of administration. The danger is that the employer may be made an instrument of that efficiency. Still more, it lies in the constitutional breach when the employer is a quasi-State organization, in compelling the employer to operate at the instance of a union an economic sanction to deprive a man of his livelihood.

After a fitful interlude between August, when it was first raised, and October the controversy flared again when Parliament and the T.U.C. were meeting. A curiously naïve attempt by Mr. Isaacs, Minister of Labour and an experienced trade-union leader, to turn aside questions about the Government's attitude left him open to direct attack on the admission that the Cabinet had not considered the matter. The T.U.C., whom he no doubt considered the most appropriate body for the task, discussed it a little impatiently very soon after. The general council produced a special report on the subject. Rejecting as alien to British tradition the "closed shop" which meant that only members of one particular union might be employed to the exclusion of members of other unions, the report unequivocally supported the policy of the hundred-per-cent union shop, claiming that the liberty of the individual was not an absolute right but was subject to restrictions for social ends. How the hundred-per-cent membership was to be achieved, and used, was left to the individual unions. The discussion on this report made it plain that at any rate at the present stage the campaign is directed chiefly against breakaway unions, which are regarded as a weakening influence. The strength with which this view was advocated is deeply rooted in a history of employers who took advantage of fission in workers' organizations to play off one body against another, and the unions are determined that such circumstances shall not recur. It is also cogently argued that the proper place for the expression of minority views, and their transformation if possible into accepted policy, is within the union. Nevertheless, the careful steps of the general council in confining the issue within legitimate bounds have not removed the serious questionings evoked by the transport workers' successful demand that the L.P.T.B. shall recognize only one union for specified grades of its staffs. Not all the smaller unions are to be dismissed as spurious and dissident growths, and affiliation to the T.U.C. is not the sole test of capable representation of the workers' interests. The contention so far unanswered from any authoritative quarter is that it is surely only Parliament that has the right, in the name of the whole community by which it is elected, to exercise compulsion in restraint of a minority for the common good.

CONSERVATIVES IN CONFERENCE

THE annual conference of the Conservative party, renewed again in October after the long break since 1937, was also more notable—from the point of view of long-term policy—for its industrial aspect than for other topics which engaged lively attention. A strong demand was expressed, especially among the significantly large proportion of younger members present, for a statement

of policy. Mr. Eden outlined the party's attitude towards industry and property in a speech which appeared to mark an advance in Conservative thought. Naturally opposing to the Socialist philosophy a belief in the widest measure of individual capitalism, he epitomized Conservative aims in the words "Our objective is a nation-wide property-owning democracy". This objective has been developed since by himself and others, and its implications will figure prominently in future political argument. The appointment by Mr. Churchill since the conference of a committee of leading members of the party to make a detailed study of industrial policy is a tacit admission that the party has still to work out the application of this policy in the light of conditions still changing.

Mr. Churchill's announcement that the idea of relinquishing the party leadership had crossed his mind, but had been definitely rejected because the state of the country after a year of Socialist rule was so serious that he felt it his duty to continue, was received with manifest approval by the conference. His address at the close of the assembly, with its restatement of the Conservative creed and its emphasis on an advancing conception of industrial organization, was much to the liking of the party. It was interesting also to observe that he appeared to have a more open mind than the majority of the delegates on the question of changing the party name, and the observation that they should make sure that the name was in no way a stumbling-block to the great mass of voters without party affiliation who were "affronted" by Socialist mismanagement can in some degree be read as support for the suggestions, made earlier by Mr. Harold Macmillan, inviting a working partnership with the Liberal party—advances which have been decisively rejected by the Liberal leaders.

A CALAMITOUS SUMMER

A SUMMER so wet and chilly as to challenge comparison with the disastrous season of 1879—the worst on record from the farmer's point of view—deteriorated as the crops ripened. By the middle of August a succession of gales had brought the harvest to a standstill and seriously damaged fruit and corn. The figures of rainfall and lack of sun for the whole month were the worst for twenty years. The storms continued in September, and torrential rain flooded thousands of acres of growing crops. In a few days the amount of rain over large parts of the country was more than twice the average for the whole month. Machines were bogged in the waterlogged ground, the corn began to sprout in the stook, and much of it that had been cut was discoloured and unfit for human food. A spell of fine weather revived hopes, and, although the sodden crops made work difficult and slow, a substantial amount was saved in fair condition. But the sunny spell was short-lived, and near the end of the month occurred one of the severest September gales on record, causing serious damage to factories and buildings as well as to farms and crops, and flooding roads and railways. The latest reports of a distressing season are of yields greatly below the average and of poor quality. Costs rose steeply in the prolonged endeavour to save the crops, and autumn ploughing was thrown so far behind that the Government's expectation that 2,500,000 acres of wheat shall be sown for the 1947 harvest is unattainable.

In spite of these conditions at home, however, an overall improvement in wheat supplies made possible a reduction in the flour extraction rate to 85 per cent, and thus gave us a whiter loaf than we have enjoyed since May, when the rate was increased to 90 per cent. The alteration has really been demanded by the necessity to increase the feeding-stuffs available during the winter for the dairy herds, for the purpose of maintaining the weekly milk ration at 2 pints or a little less per head, and not by any desire to make the bread more apparently palatable. According to current forecasts we are to have bread rationing for the remainder of the year, transatlantic supplies of grain not yet being sufficiently regular to permit its abandonment earlier.

A THREATENED WINTER

AFTER such a summer the early frosts and lengthening nights of autumn make the big question of the approaching winter a topic of daily speculation. That question is coal. A series of contradictory statements by the Minister, Mr. Shinwell, has only injected bewilderment into the apprehensions of domestic users and the acuter anxiety of industrialists. The hard fact is that the target he set in summer has not been achieved, and stocks are 5,000,000 tons short of the safety level. A warning by the electricity supply companies that their stocks were so low that some form of electricity rationing was almost certain was curtly repudiated by Mr. Shinwell as "a lot of nonsense", subsequently amended, when the companies repeated their warning, to "a villainous campaign against the Government". The undertakings had the best of these exchanges a few days later, when electricity supplies were cut for a short time in some areas; and the public shivered afresh when Mr. Shinwell later told Parliament that rationing was out of the question but a restriction scheme for electricity had been considered and not finally settled.

In the more sober terms in which he reviewed coal prospects for the House of Commons Mr. Shinwell admitted that the position was grave, but maintained a reasonable confidence with a large ingredient of optimism. In this he is fortified by the increasing output, with fewer men, since the dislocations of the holidays have been passed. Average production for the first two weeks of October was 3,672,000 tons, compared with 3,552,500 tons in September. The figures have risen because of better output per head, and if this is maintained and there is no new increase in absenteeism the gap of 100,000 tons a week in current production can be closed. The Minister has called for a voluntary cut of 10 per cent by all consumers of coal, gas and electricity to help to close it. Domestic users are not to have their coal allocation reduced, but are urgently asked to cut down their consumption of gas—of which last year the total consumption was 26 per cent more than before the war—and electricity, of which no less than 65 per cent more was used. The demand for economical use of fuel is particularly directed to industry, and there has been a strong hint of more drastic steps to enforce it if necessary, for the Government seem determined that at all costs industrial dislocation must be avoided.

United Kingdom,
November 1946.

IRELAND

THE RUSSIAN VETO

THE rulers of Russia have, with characteristic regard for the rights of small nationalities, made short work of our attempt to join the United Nations. On August 2 it was officially announced that Mr. de Valera, as Minister for External Affairs, had lodged with the Secretary General an application "for the admission of Ireland to membership".* This application, which followed the unanimous decision of the Dail,† came before the Security Council in New York on August 29 and was at once blocked by Mr. Gromyko, the Russian representative, on the grounds that Ireland had no diplomatic relations with Russia. Sir Alexander Cadogan, the British representative, said that the British Government's views on Ireland were well known, but he felt it was quite useless to repeat them in view of the Russian statement. He not unnaturally laughed when the Chairman, speaking as the Polish representative, said that he would support Ireland's admission, since Poland had always had great sympathy for the heroic struggle of the Irish people for national independence.

The rejection of our application has not been taken too tragically here, and most people would be inclined to agree with Mr. de Valera's brief statement: "Comment is unnecessary; the position is self-explanatory. All I wish to do is to express thanks to the representatives of the nations who supported our application." Yet from an Irish point of view, as the Irish people fully understand, there is more to be said. Russia was, of course, within her rights, for Article 27 (3) of the United Nations Charter provides that decisions of the Security Council on other than procedural matters shall be made by an affirmative vote of seven members, including the concurring vote of the permanent members, of which Russia is one. As admission of any State to membership can be effected only by a decision of the General Assembly upon the recommendation of the Council, this would seem to end the matter.

When the question was before the Membership Committee of the Council a few days before, Mr. Krasilnikov, the Soviet delegate, intimated that it might be reconsidered at a later stage. This was a clear indication that Russia would not object to Ireland's admission if the Irish Government were prepared to receive a Soviet representative. The whole business is a sorry example of power politics at its worst for, as Mr. Hasluck the Australian delegate pointed out, the United Nations Charter contains no stipulation requiring member States to have diplomatic relations with Russia.

The Irish people are not lacking in pride or intelligence, and it may therefore be confidently asserted that no Irish Government dare seek admission to the

* It is interesting to note that the Irish Government has now ceased to use the word Eire when referring to the Irish State. In English its use has no justification either linguistically or legally; and it has never been so used in these articles.

† See THE ROUND TABLE, No. 144, September 1946, p. 373.

United Nations on such terms. The real reasons for the Russian veto are, of course, quite other. Ireland is unique among western European nations in having no organized Communist party inside or outside Parliament. But as the new Catholic Archbishop of Cashel, the Most Reverend Dr. Kinnane, recently said, we are no longer a remote island dreaming its dreams in the mists of the western seas. Through the radio, the cinema and the press we are in hourly contact with the world and, although they have made little headway, the agents of Communism are already trying to spread their subtle poison amongst us. The Irish Government and people are, however, united in their detestation of Marxian materialism and "all its works and pomps". Their political concepts are firmly based on Christian principles. So long ago as 1934 Mr. de Valera, speaking at the League of Nations Assembly in Geneva on the occasion of Russia's joining the League, expressed strong views concerning the denial of religious freedom by the Soviet Government. After the recent disclosures concerning the use made of the Soviet Embassy in Ottawa as a centre for espionage and propaganda no Irish Government could welcome the establishment of a Soviet Legation in Dublin. Moreover, membership of the United Nations, while it would have enabled us to play a small part on the international stage, would also have entailed certain irksome obligations. The important thing is that our application was supported by Britain, France and America, whose friendship with us is of real and permanent value.

Our only anxiety is lest the leaders of these free nations may in their desire to achieve a peaceful compromise betray what remains of Christendom and all it stands for. We, who were the allies of neither, feel that the only difference between Communism and National Socialism is that of victor and vanquished, and we judge the Soviet Government by its acts rather than by its declarations. As Mr. de Valera frankly admitted, during the debate in the Dail last July, the question of whether our neutrality would be respected or not during the war depended ultimately on the will of two men, President Roosevelt and Mr. Churchill. We now see that our neutrality was preserved, not by our inherent strength or statesmanship, but because the Treaty of 1921 had given us a position in the British Commonwealth which left us free to choose our own course without duress; the leaders of America and England, even when in parlous plight, respected our rights; and the British Navy held the seas so that Germany, which respected no right, was unable to invade us. If there is another war our security will depend on exactly similar factors; and we therefore view the Russian veto with perfect equanimity. We are certainly not prepared to barter our heritage for a mess of Red pottage.

Ireland has, however, been admitted to membership of the United Nations Food and Agricultural Organization, and Irish delegates took part in the recent Copenhagen Conference of that body. On that occasion the British delegates, somewhat perversely, sought to insist that Ireland should be described as Eire, to which the Irish representatives would not agree.

Mr. James Dillon, T.D., who has consistently pointed out that Bolshevism and Nazism are identical and that the only answer to both was for the United

States, the British Commonwealth and the free nations of western Europe to make common cause for the preservation of human freedom, is now the only Irish politician entitled to say "I told you so". Speaking at Letterkenny on August 15 he urged that at this time of crisis and confusion Irishmen North and South should bury the hatchet and, with both arms free, as a united nation, do their part to win for the world the freedom of religion and the overthrow of tyranny founded on materialism. That this wise course is even now faintly perceptible to our leaders is apparent from the almost identical statements made by Mr. de Valera, the Irish Prime Minister, and Sir Basil Brooke, the Premier of Northern Ireland, on October 8. Both pointed out that a small nation can no longer remain isolated, and both claimed that free association with the British Commonwealth was for Ireland the obvious remedy. Mr. de Valera, who was speaking at the annual convention of his party, Fianna Fail, reminded his audience that while by God's Providence they had escaped the last war they could not be sure that they would escape again. For the rest his speech, which was made in reply to a complaint that the people should have been consulted by referendum before the Government applied for membership of the United Nations, was devoted to his now familiar justification of his policy of "external association" as first enunciated in 1921 and now in operation.* He said in effect that as the British Government had raised no objection to his phantom "republic" he was now prepared to let well alone and look to the future.

THE NORTHERN ATTITUDE

SIR BASIL BROOKE, who was speaking in the Northern Parliament during a debate on Partition, sought to rouse religious passion in order to promote his political purpose. After averring that his Government had no hostility to the Catholic religion as such, he proceeded to assert that the Catholic Church in Ireland had been consistently anti-British and overwhelmingly anti-Ulster. The latter statement is quite meaningless; the former is patently absurd, as history bears witness. Whatever may have been the attitude of individual bishops or priests at times of persecution, there can be no doubt that the Catholic Church as such has always exercised a wise and moderating influence in Ireland and has sought at all times to restrain extreme Nationalist manifestations. For this it has often been taken to task by revolutionary leaders. It is therefore difficult to understand how any responsible politician, conscious of the danger which now threatens all that Irishmen, Catholic or Protestant, cherish, could make such a mischievous speech. It is unfortunately symptomatic of the dilemma in which the Northern Government now finds itself. While it is true that the Unionist party—a now somewhat archaic title—weathered the storm in the recent local government elections and secured their usual two-to-one majority in Belfast, they have lost two parliamentary elections to Labour, even though they won the Down election against a Labour candidate sponsored by the British Labour party.

In fact the Northern Government's present position is somewhat ironical. On many questions it finds itself at variance with the British Government,

* See THE ROUND TABLE, No. 143, June 1946, pp. 261, 262.

a much more formidable opponent than Mr. de Valera. The fact that it is supported by and allied to the British Conservative party does not make its position easier. Mr. Sinclair, the Northern Minister for Finance, in his budget speech last November boldly repudiated Lord Craigavon's famous policy of following British legislation "step by step" on the grounds that "it was certainly never intended to have the widespread interpretation that some people attributed to it to-day". He went on to say that he could not accept the theory that they should slavishly follow the whole pattern of life in Great Britain, and denied that British conditions were suitable for the people of Northern Ireland. This speech has since been followed by the rejection by the Belfast Parliament of a whole series of British enactments, such as the Local Government Franchise Act, which extended the municipal franchise to all citizens over 21 and would have destroyed the power of the Unionist party in the border counties, where their majority is already slender enough, and the Acts dealing with Trade Disputes, Health and Education. Moreover, the Northern Prime Minister recently disclosed that the British Government had been requested by his Government to extend its powers so that it may develop social, health and similar services on its own lines. At the moment his Government is faced with the difficult problem of finding work for some 3,000 unemployed. It is thus committed to an independent policy as regards both Britain and Ireland, and the implications of this position are obvious. While it may secretly rejoice that the Act of Union has been annulled, it must perforce beat the Orange drum in order to preserve its own existence.

MR. DE VALERA'S TROUBLES

MR. DE VALERA likewise has his own difficulties. The token strike of the Dublin primary school teachers, which affected, as has now been ascertained, some 40,000 children, has at last ended.* On October 31 the teachers, in deference to an appeal from Dr. McQuaid, the Catholic Archbishop of Dublin, reported for duty after eight months' absence. The Archbishop's appeal, which was made in consideration of the spiritual and moral interests of the children who are his pastoral care, made it clear that his invitation was not to be construed as in any sense prejudicial to the natural rights of the Government and the teachers or to the just and equitable claims of the teachers. The termination of the strike in this fashion of course settles nothing, for the teachers' grievances remain. It is notorious that the Archbishop has not seen eye to eye with Mr. de Valera on the questions at issue, and the Government at an early stage rejected his offer to act as arbitrator. The teachers have also announced that the reopening of the schools does not mark the end of the struggle but only an alteration of the methods by which it must continue to be pursued. It is therefore clear that we have not yet heard the last of this disastrous dispute. Mr. de Valera has throughout refused to submit the questions at issue to independent arbitration on the grounds that to do so would raise a question of fundamental principle, namely, the supremacy of the people's representatives. It can be argued, however, that such a solution, which is applied every day in industrial disputes, should not be considered as impossible because the Government is involved. The truth

* See THE ROUND TABLE, No. 144, September 1946, p. 378.

of course is that other large bodies of public servants are, owing to the increased cost of living, in a similar plight to the teachers and anything done for the latter should be universally applied, however serious the financial consequences. The "white-collar", or as one of their number recently described them the "frayed-collar", class, have of course a real grievance, for they are ground between the upper and nether millstones of increased taxation and higher prices. They have in fact to maintain a precarious respectability under well nigh impossible conditions. Recently they have begun to realize both their plight and their power and have formed an association to voice their grievances which may well become a political force.

If the strike causes parents to demand some say in the education of their children it will have had one good result. For a quarter of a century their wishes as to how their children should be educated have been ignored by a fanatical bureaucracy. English-speaking children throughout the country are being half-educated through the medium of Irish; and even prominent public officials are beginning to complain about the results. A searching inquiry into this scandal is long overdue.

THE OPPOSITION

IF there were a united and resolute Opposition the Government, faced with these problems, might well feel alarmed; but this is far from being the case. Dr. O'Higgins, T.D., one of the leading members of Fine Gael, the principal Opposition party, recently defined its policy as being one of adherence to the Commonwealth for purely utilitarian reasons, the eradication of unemployment by large-scale government projects, the drastic curtailment of non-productive services, the encouragement of economic industry and the promotion of vocational organization. There is in reality as little real difference now between the Government and the Opposition parties as there is between the Republicans and the Democrats in the United States. As another Fine Gael orator, Senator Hayes, also said recently, the principal aim of that party is to put the Government out. Unfortunately they seem to have little idea of how to go about it. For example, they have recently proposed that a special grant of £800,000 should be made to the farmers, who are certainly not the most impoverished section of the community.

The new Opposition party, the Clann na Poblachta or Republican party,* states that its aim is to reintegrate the whole of Ireland as a republic, free from any external associations save those which may be freely entered into by the nation. They also propose to open the Dail to members from Northern Ireland who wish to attend, to make the "use of political influence in public affairs a penal offence" and to curb bureaucratic control. In addition they have outlined wide and far-reaching schemes of the usual vote-catching kind, such as a minimum wage, State responsibility for providing employment, and generous projects for the development of national culture.

The Labour party remains in its divided state in spite of the disinterested and patriotic efforts of Mr. Lemass, the Minister for Industry and Commerce, to find a formula that may unite the two sets of warring unions, which are divided on the question of alliance with British unions. The Government's

* See THE ROUND TABLE, No. 144, September 1946, p. 376.

industrial relations policy* has now been put into force by the appointment of the new Labour Court, whose chairman, Mr. R. J. P. Mortished, is an excellent choice. He has been in turn a civil servant, a trade-union official, an official of the International Labour Office, and recently labour adviser to the principal Irish shipping company. The other members are two employers with experience on the Wages Advisory Tribunal, and two prominent trade-union leaders. The Court has already adjudicated successfully on an unofficial strike of railway employees.

A labour problem of a very different kind has been raised by the relative failure of the recent drive to obtain recruits for the army. In spite of the improvements in pay and conditions this force has melted away since the termination of the war, and it is now humorously suggested that the officers exceed in number the rank and file.

The recruiting drive was hampered to a considerable extent, not only by the demand for Irish labour in England, but also by the imperative need for help to save the harvest. Torrential rains in August, followed by wet weather all through September, made it necessary to mobilize every available man from the towns to help the farmers in their harvesting operations. Mr. de Valera in two urgent broadcasts appealed to the people for assistance, and there was a ready response by business firms in the principal cities, who released their employees to help in this essential work. As a result the bulk of the grain crop has been saved; but some 25 per cent of the oats crop, which is more vulnerable, was lost. It now seems likely that we shall be able to avoid bread rationing, which at one time seemed inevitable.

TRADE AND EXTERNAL RELATIONS

In other respects there is much good news to chronicle. Anglo-Irish relations continue to improve daily. The visit last summer of a British flotilla to Cork,* when cheering crowds greeted its arrival and the officers and crews were shown hospitality not only by our defence forces but by the Lord Mayor and port authorities, has, for some unexplained reason, been passed over in silence by the English press, which would no doubt have featured an isolated assault on a British sailor. This interchange of courtesies has been followed by visits from various distinguished English personalities, including Lord Mountbatten and Mr. Herbert Morrison, the Lord President of the Council. Mr. Morrison, who spent several weeks at Glengarriff, County Cork, one of our most famous beauty spots, availed himself of the opportunity to meet Mr. de Valera and other leading politicians. He was entertained by the Government; and, although he was wise enough not to talk politics, at least in public, there can be little doubt that he found occasion to discuss various problems of common interest.

Dr. James Ryan, our Minister for Agriculture, when on his way back from the Copenhagen Food Conference, met Mr. Strachey, the British Food Minister. There followed trade talks between officials representing both Governments with a view to improving food supplies from Ireland to Great Britain, and as a result the prices of Irish cattle in Britain have been increased by a penny per pound, and the British Government has agreed to purchase

* See THE ROUND TABLE, No. 144, September 1946, p. 378.

the whole exportable surplus of Irish eggs, the price to be paid depending on the quantity shipped according to a sliding scale. If the shipments of eggs in 1947 reach a specified minimum of approximately 700,000 boxes the agreement will be extended to cover 1948 and 1949. The future of this market thus depends on the Irish producers. Unfortunately, for the time being we have no exportable surplus of butter or bacon.

Irish representatives also took part in the recent informal talks of Dominion delegates as a preliminary to the United Nations preparatory economic conference, in which Ireland, having been a non-belligerent, cannot take part.

The revived Dublin Horse Show in August attracted large numbers of English visitors and was a triumphant success, breaking all previous attendance records. Preliminary agricultural statistics reveal that this year there has been a small decrease in tillage and in the number of cattle, but an increase in pigs. The balance of international payments for 1945 shows that, in contrast with the war years, imports exceeded exports by over £5,000,000, thus indicating a reversion to the pre-war trend. Emigrants' remittances from the United Kingdom totalled £7,000,000, indicating the volume of Irish labour still employed in Great Britain. The exports include 7,517 greyhounds valued at £733,277! There is also a general increase in industrial production, and generally it is true to say that the possibilities of development in this direction at present only limited by the difficulty and delay in obtaining machinery and raw material. There is a marked increase in the amount of foreign shipping arriving at Irish ports, and the American liners have resumed their calls at Cobh.

It is certain that the Irish Government will strongly and rightly resist any attempt to scale down our sterling assets, which are estimated* to exceed £400,000,000 and are the result of trading on a strictly commercial basis. They have arisen, not out of charging inflated prices for exports of either goods or services, but at prices in the former case fixed by the British Government in its capacity as a monopoly buyer of food, and in the latter determined by British trade-union rates for dangerous work in British factories. We can also quite fairly point to Ireland's contribution in volunteers to Britain's armed forces, a contribution which, in proportion to population, was equalled by any member State of the Commonwealth. In this connexion it is interesting to note that both Governments have recently agreed to a plan which will enable Irish volunteers who have returned to Ireland to receive British unemployment benefit, the Irish Government making the payments as agent for the British.

On the whole we have every reason for quiet confidence and, as Mr. de Valera recently pointed out, granted national co-operation and freedom from industrial disturbance, the future of Ireland should be bright.

Ireland,

November 1946

* Though no official figures have been published, a much smaller estimate is current in England. Informal inquiries at the Treasury suggest that £200,000,000 is a more probable figure.—*Editor*.

AUSTRALIA

THE LATE PARLIAMENT

THE seventeenth Parliament of the Commonwealth adjourned for the last time on August 9, to be dissolved ten days later. Elections were held on September 28. The seventeenth Parliament has been remarkable in a number of ways. The elections of August 21, 1943, gave the Labour party the largest majority of its history. In its three years of life this Parliament has passed rather more than an average quota of important legislation, the major Bills being designed to implement Labour policy.

Among the more important have been the two banking control Bills, which bring the whole banking system of the Commonwealth directly under the control of the Government in policy matters, through the Commonwealth Bank, which is, in turn, more directly under government control than before. Bills have been passed to establish a government authority to operate inter-State airlines, to control the coal industry in co-operation with the State Parliaments, and to extend the range of social services, thereby almost doubling the expenditure on them.

This Parliament has also made provision to establish a national university at Canberra, and for the first time has been brought before the people in a very direct way by the broadcasting of its proceedings, the Australian Broadcasting Commission's channel being used for the purpose. The broadcasts began in July, towards the end of the session, but it is too early to give a confident opinion about effects.

During the life of this Parliament the Labour party, with a substantial majority in both Houses, has been able to impose its own will and has not been much hampered by the Opposition; nor has it been inclined to accept Opposition suggestions. The Government has suffered only one serious rebuff, the defeat of its sweeping referendum proposals in 1944. There have been loud complaints from the Opposition about the imperious manner of the Labour management of the House. Too little time, it is alleged, has been allowed for the discussion of major Bills, the closure has been applied too frequently, the Government has displayed a marked reluctance to consider amendments and has insisted on having its way.

Certainly Labour discipline has been strong throughout. Mr. Chifley, as leader, has shown tenacity and firmness and is in complete control over his party. Unimpressive as a speaker, though quietly effective in debate, with none of the brilliance or wit of the leader of the Opposition, Mr. Menzies, the Prime Minister has imposed his rugged personality. His political shrewdness and force of character are such that he has gained the respect of his political opponents and commands the loyalty of his colleagues. There have been no revolts in the Labour party. The predictions of some observers, that with such a large majority there would soon be quarrelling and dissension in the Labour ranks, have not been fulfilled. Labour presents a unified front

to the world. It rests its principal appeal to the electors on the prestige of Mr. Chifley and upon what is admitted to be a substantial body of legislative achievement.

POST-WAR ECONOMY OF THE COMMONWEALTH

AUSTRALIA faces the peace-time world with an economic structure which has stood the strain of war well. There has necessarily been some distortion, due to the forcing process of industrial growth, and it will be a considerable time before world conditions settle down enough to make it possible to look at the future with even a reasonable degree of confidence. During the war an effective system for control over the economic life of the community was developed and some part of the system will remain, at least until the end of 1946. While complaints of government interference are constantly heard, and while the easing of war-time controls seems to some sections of opinion to have been too slow, the Government is able to get public support for a policy of moderate control. It seems highly improbable that the whole war-time machinery for economic planning will be scrapped, though a fierce political and industrial tussle may be expected over the precise nature and degree of control which is to be continued.

Some part of the total cost of the war is reflected in the increase of the public debt, which has almost doubled (from A£1,450 million to A£2,780 million), with a rise of interest (from A£52 million to A£82 million per annum). The increase in the national income, however, makes the burden less formidable than it appears at first sight to be, since interest as a percentage of the national income has increased only $6\frac{1}{2}$ to $6\frac{1}{2}$ per cent. Provided that the national income can be maintained and increased and the rate of interest kept low, the debt burden should not present any insuperable difficulties to the Australian economy. The business community and the public generally seem resigned to the prospect of a taxation level substantially higher than that of the pre-war years, though opinions differ sharply as to what the weight of taxation should be.* There is some compensation in the prospect of a better system of social security, and of a high level of employment, which all parties are agreed upon as a basic policy. The increasing needs of the defence system, it is universally acknowledged, must be met, and no one disputes the need for an adequate system of war pensions. The present level of taxation, however, is very high. It is about 30 per cent of the national income, whereas before the war it was about $17\frac{1}{2}$ per cent.

The main economic problems of Australia are not internal but external, and arise from the substantial dependence of the whole economy on the export market for two or three primary products. Fluctuations of price, especially in commodities like wool and wheat, inevitably have their repercussions within Australia, and although something can be done by planning to mitigate their effects Australia cannot be completely sheltered from them. A prolonged fall in the price of exports would quickly bring about grave difficulties in maintaining the balance of overseas payments.

The Labour party has taken some steps in advance to meet the situation

* See below, pp. 89-90.

in the 40-hour-week case was on March 4, and the hearings seem likely to go on until well into the New Year. It was stated in *THE ROUND TABLE* recently* that the Commonwealth Government had intervened on the side of the unions, and this was the general understanding at that time. During the hearing, however, the Commonwealth has maintained an equivocal attitude and has submitted evidence both for and against the claim.

The unions have strongly resisted the proposal that the 40-hour week should be considered together with the question of the basic wage itself, and the Court has decided in their favour on that issue.

FOREIGN POLICY AND DEFENCE

IN an important statement to the House on June 19 the Prime Minister outlined some aspects of future defence policy. Following upon the Prime Ministers' Conference in London in April, Mr. Chifley said it was clearly recognized that Australia must make a larger contribution to the defence of the British Commonwealth, that this could best be done in the Pacific, and that the approach to a common scheme of defence for this area should be by agreement between the United Kingdom, Australia and New Zealand, and thereafter with the U.S.A. and later with other nations in the area. The Government is concerned to insist, following Mr. Curtin's earlier pronouncements, upon the primary responsibility of Australia in the Pacific and to claim for Australia an effective voice in policy and in the higher control of planning at the official level. Various proposals have been put forward to implement these general principles. The immediate steps to be taken, it would appear, are to maintain service missions by each member of the Commonwealth in London and for similar missions in the Dominions. Co-operation in defence and planning for the whole Commonwealth and for each of the Dominions appears to be most easily achieved by means of regional councils rather than by a central organization.

It should be noted that the development of regional councils, as proposed by the Australian Government, has a wider significance than that of machinery for carrying out specific defence and administrative tasks. It is, on the one hand, an indication of the felt need in Australia for closer co-operation between the members of the British Commonwealth, and, on the other, it marks a distinctive contribution to the theory and to the practice of Commonwealth consultation and co-operation. To Dr. Evatt it suggests

"that an entirely new concept in British Commonwealth relations is now emerging. This concept tends to reconcile full dominion autonomy with full British Commonwealth co-operation. The same principle involves the possibility of a Dominion's acting in certain regions or for certain purposes on behalf of the other members of the British Commonwealth, including the United Kingdom itself. This is evidence that the machinery of co-operation between nations of the British Commonwealth has now reached a stage where a common policy can be carried out through a chosen dominion instrumentality in an area or in relation to a subject matter which is of primary concern to that Dominion. This principle is capable of extension and suggests the possible integration of British Commonwealth policy at a higher level by a new procedure. Its importance is very great and may rapidly increase."

* See *THE ROUND TABLE*, June 1946, No. 143, p. 280.

The whole of Dr. Evatt's important statement on International Affairs (*Hansard*, March 13, 1946) is interesting as a carefully considered statement on Australian policy, especially in relation to British Commonwealth affairs.

It is extremely difficult to gauge Australian opinion about the foreign policy of Dr. Evatt and about the part which the Minister for External Affairs has played in Paris and elsewhere. In so far as the issues have been presented as an attempt on Australia's part to secure, first of all, an effective voice in the peace settlement in Europe and in the Pacific, and secondly, to urge a more democratic form of procedure in treaty discussions, it is probable that they receive strong support. Press comment has been favourable on these matters. Australians are pleased to have the Australian point of view forcibly and consistently put forward; they whole-heartedly endorse Dr. Evatt's view that sacrifices made in war imply the clear right to full participation in peace-making. A "Big Four" dictatorship, if it was indeed suggested, would not commend itself to Australian opinion. Yet many Australians feel that Dr. Evatt has been too insistent and incline to say that our view might well have been put more modestly and with less truculence. Typical reactions from "men in the street" are that Australia cannot afford to take a high hand when it is well known that we are not able to back words with deeds.

THE ELECTIONS

THE election campaign has been marked by two unusual features. The Liberal party, the principal Opposition party, led by Mr. Menzies, has been in the political doldrums since 1943, when it was overwhelmingly defeated at the polls. At that time it was known as the United Australia party, and was notorious for the divisions within its ranks and for the apparent inability of the leading group to agree upon a policy. During 1945, after a series of conferences, it became the Liberal party, set about a considerable reorganization of its machinery, and launched an effective drive for new members and for political support. The change of name and the promise of energy and drive in organization were not taken very seriously by the confident Labour party, but the effort made by the new party in the election campaign has startled most observers. The Labour party has been forced very much upon the defensive—a rôle which it finds as uncomfortable as it is unusual. The traditional rôles of the Parties have been neatly reversed.

Some warning of what was to follow was given shortly before the end of the session when a prominent member of the Liberal party moved in the House that child endowment should be paid for the first child of each family and not, as the present Act provides, only for children other than the first. While it cannot be said that the non-Labour parties in Australia have shown themselves to be opposed to the extension of social services, a proposal of this kind, coming immediately before an election, was in itself unusual and was undoubtedly embarrassing to the Government, for it was strongly and immediately supported by the trade unions.

The Opposition leaders, from the outset of the campaign, have concentrated attention on the taxation issue, which, as the campaign went on, displaced

most other matters. The Liberal party promised a reduction of at least 20 per cent, the Country party, led by Mr. A. W. Fadden, a reduction of 28 per cent. The Opposition parties urged that reduced taxation was essential if increased production was to be achieved, and reduced taxation came to be the main plank in their platform. The Labour party, led by Mr. Chifley, began the election campaign by saying that it would make no promises and indicated that it did not intend to go much beyond the tax reductions already made. It had, Mr. Chifley protested, gone as far as financial prudence and the needs of the situation allow. As the campaign went on Labour perturbation increased, and there have been indications that some senior Ministers do not approve of the Prime Minister's orthodoxy or were worried by the Opposition insistence on this issue.

The administration based its appeal to the electors largely on its claim to have provided good government during the war years and upon its legislative achievements in the field of social services. The Opposition made a very strong bid for victory, based on positive proposals for taxation reduction. It is significant that the referendum, held at the same time as the general election, was not emphasized by either side.

The singling out of taxation as the main issue of the election is significant. The important point is that Labour has not attempted to make a bold bid for support on the basis of a rapid progress towards socialism, which might have been expected in view of the left-wing trend in the last British election. Yet it is clear that the present position cannot last and Labour must either retreat or go forward. The Opposition challenge, that reduction of taxation and the relaxation of controls over the economic life of the community will spur production and raise the national income, is very serious, and Labour cannot be said to have met it. The present position is that this community is very near the limit of what can be done in the way of distributing income already produced; there cannot be a rapid economic development unless the normal capitalist incentive of profit is allowed to work or a new form of incentive substituted for it. Both workers and capitalists are acutely aware at the moment of the homely truth that active effort will only be called forth by actual reward. With the existing high level of employment and general welfare, the most difficult immediate problems, those of housing, coal and industrial unrest, seem to be insoluble unless both capitalists and workers are given a powerful stimulus to overcome the inertia which they at present display.

It should not be forgotten that the Australian Labour party is still predominantly a trade-union party. The majority of its members are not socialists. They have worked for and continue to support Labour governments and will continue to do so, but only on condition that no fundamental change is attempted in the economic organization of the country and that the special place and interests of the trade unions are guaranteed. The support which Labour must find outside the trade unions is given on much the same, though upon less immediately recognizable, terms. Hence the extreme difficulty of the Labour leaders in evolving a policy suited to a situation in which the capitalist threatens to abandon the struggle if denied a share of his normal

pabulum, and the worker will clearly not risk a bold bid to take the whole cake for fear of the consequences.

RESULTS OF ELECTIONS

At the time of writing the counting of votes was still not complete, but the election did not show any weakening of the Labour party's hold over the electorate.

The position* in the new Parliament is:

Labour	45 (including 2 Independent)
Liberal	17
Country Party . .	12

In the last Parliament:

Labour	49
Liberal	15
Country Party . .	10
Independent . . .	1

The most striking change is in the Senate (for which the electorate is the States and to which candidates are elected by simple majority), where the Government has increased its majority from 21 to 33 seats, the Liberal-Country party representation being reduced from 15 to 3.

The Government has also received support for one of the three questions submitted to referendum, an affirmative vote being given to enable the Commonwealth Parliament to make laws for the provision of maternity allowances, widows' pensions, child endowments, unemployment, sickness, hospital benefits, medical and dental services, benefits to students and family allowances. The appeal for power to legislate for the organized marketing of primary products, and for the terms and conditions of employment in industry was unsuccessful, for although supported by a majority of the total votes cast, these proposals were not supported by a majority of the States.

Australia,

October 1946

* These figures have been inserted in London—*Editor*.

SOUTH AFRICA

THE NATIONALIST PARTY AND THE NEXT ELECTION

THE Nationalists represent the irreconcilables among the Afrikaans-speaking people of the Union. They want a Republic and a final break away from the British connexion and the Commonwealth; and because their old leader, General Hertzog, compromised on this issue they refused to follow him into "fusion" with the South African party some twelve years ago. In the years of Allied reverses during the war they rejoiced, some through hatred of Britain, the majority simply because Britain's defeat seemed to bring their dreams of "independence" nearer. They viewed the prospects of a German victory with equanimity; the third Reich, they proclaimed, would bless their republic and their freedom. They used every Allied defeat to condemn General Smuts's policy of participation in the war. The Allied victory disappointed their hopes, falsified their prophecies and seriously weakened their prestige. With a little more than two years at most before the next general election the Nationalists are therefore faced with a difficult problem, and they recognize that something more positive is required to supplement their customary destructive criticism of the present Government.

An important factor is that the next delimitation is bound to shift the weight of voting power still more away from the country districts, which contain the bulk of Nationalist support, to the bigger towns, especially on the Rand, where English-speaking, working-class and Jewish votes have to be reckoned with. These groups are, for the most part, strong supporters of the Commonwealth, but if the Nationalists are materially to increase their representation in Parliament some effort must be made to placate them and win them over. The first move in this direction was made by Dr. Malan in a speech at Somerset West last September. It seems that Republicanism is not to be made an issue at the next election; it remains a Nationalist ideal, but a more positive mandate than a bare parliamentary majority is to be asked for before this constitutional change is brought about. A possible referendum at some more distant date is spoken of. After all that has gone before it is difficult not to regard these declarations as a *volte-face* and a grave departure from fundamental principle in order to make a grasp for power.

The second plank of Dr. Malan's election platform will evidently be "the preservation of white civilization in South Africa". Here he can claim consistency; the cry is old, but its reiteration at the present time is of peculiar interest. While General Smuts is meeting criticism in many parts of the world for his "repressive" policy towards our Indian community, he and more particularly his first lieutenant, Mr. Hofmeyr, are being charged in their own country with excessive Liberalism. It is not only the Nationalists who profess to see in the grant of a communal franchise to the Indians the thin end of the wedge; even this modest concession to democratic principle is regarded in

many places as symptomatic of a dangerous tendency on the part of General Smuts's party to pay more and more attention not only to the material interests but also to the political rights of the non-Europeans, leading ultimately to the abolition of the colour bar and the abdication of white control in South Africa. The Nationalists, it cannot be denied, are on safer ground here; they are appealing to the fear, the ever-present fear, of 2 million-odd whites whose destiny is bound up with that of some 9 million non-whites, and the latest census (1946) shows that the latter are increasing at a greater rate than the former. Even General Smuts professes openly that one object of the Union's now vigorous immigration policy is to redress this unfavourable balance. It is hard to say how Dr. Malan will fare on this issue at the polls, nor is there space here to discuss the many ramifications, economic as well as political, of this country's greatest problem. But one generalization may be ventured upon: the policy of preserving white civilization by repressing the non-Europeans, though it still has its champions, is slowly but surely losing ground.

THE NATIVE MINE-WORKERS' STRIKE

ON August 12 some 50,000 native mine-workers came out on strike for more wages. They marched on Johannesburg, were met by the police and driven back in disorder; five were killed and many injured. The strike failed, and within a few days the men were back at work. The strike has been widely attributed to Communist agitators, but, while there may be some truth in this, no proof has been forthcoming, and in any event it would have no great significance as an explanation. The plain fact is that in these days of high living costs the native mine-workers have understandable grievances and no established means of discussing them peacefully with their employers. In 1944 a Native Mine Wages Commission recommended higher rates of pay; its recommendations were not implemented in full for the reason, to put it shortly, that the gold-mining industry, unlike practically every other industry, is unable to pass on extra costs of production to the consumer; the price of gold is fixed, and even small increases in wages threaten the lower-grade mines with extinction. But this does not alter the fact that the outcome of the strike in violence and bloodshed was deplorable, and the obvious moral to be drawn is that arrangements must be made for the peaceful discussion and settlement of native workers' complaints. At present there exists an African Mine-Workers' Union, but it has no official standing and is virtually useless for the purposes of collective bargaining, since natives are not recognized under the Industrial Conciliation Act as "employees". The strike will have had one good result if it paves the way to remedying this defect and to the greater encouragement and training of native workers in trade unionism.

South Africa,
October 1946

(The Editor is grateful to The Round Table Group in South Africa for curtailing their quarterly record of Union affairs in order to leave space for the expression of an individual view on a topic of immediate controversy which appears on pp. 28-34.)

NEW ZEALAND

THE DRIFT FROM LAW

PUBLIC order is based on the law. Many have noted with increasing apprehension what may perhaps be described as "the drift from the law": the tendency of politicians to usurp the functions of the courts and of groups of persons to take the law into their own hands. We have not been free from these baneful tendencies in this country.

There have been cases of political interference with judicial authorities and an increasing number in which the Minister is made the final arbiter and citizens denied the right of appeal to the ordinary courts of law. When reporting the Servicemen's Settlement and Land Sales Bill *THE ROUND TABLE** pointed out that the administration of the measure would be difficult. This proved to be only too true. Quite recently the chairman of the Hamilton Land Sales Committee, a lawyer of standing, was retired by the Minister of Lands and Rehabilitation (Mr. Skinner), who said: "I have reluctantly come to the conclusion that you are not rightly disposed to, nor have a due appreciation of, the principles that the Act seeks to apply." The dismissal was thoroughly ventilated in Parliament on a no-confidence motion that was decided on strictly party lines. The specific charges made against the chairman, harsh treatment of Crown witnesses and failure to keep land prices down, could not be sustained; and it was shown that out of 4,800 cases decided by the committee there had been only 31 appeals to the Land Sales Court, while in only one of the 11 cases of appeal by the Crown was the committee's valuation changed, and then it was increased. As no decision of the committee could be reached without the consent of at least two of its three members it was difficult to understand why the chairman should be retired and the other two members retained, one a Labour ex-M.P. and the other an ex-chairman of a branch of the Labour party. The Hamilton Law Society decided that "there had been an unjustified interference with an officer exercising a judicial function" and objected to the procedure under which the chairman had been condemned without being heard. The Council of the N.Z. Law Society unanimously passed the following resolution: "That this council strongly affirms the principle that there should be no ministerial, political, or other interference with the administration of any judicial office, and that no holder of such office should be dismissed without good and sufficient cause and without having adequate opportunity, before an independent tribunal, of answering the charges against him."

The retiring Chief Justice, Sir Michael Myers, when being bidden farewell by the legal profession, made specific reference to the recent tendencies. He reminded the legal societies of their duty and expressed disappointment that they had not been more active in resisting attacks on the status of the courts. He cited the Prevention of Profiteering Act, 1936 (which so far had not been

invoked), under which "an information is laid by direction of the Minister and has to be brought before a magistrate specifically chosen or appointed by the Government (that is, the Minister). Such magistrate, under the statute, is to receive a special emolument, and his decision is final; there is no right of appeal from it. . . . That is an encroachment upon the jurisdiction of the Court, and a curtailment of the rights and liberties of the subject."*

The drift is seen in another direction. There has been a good deal of evasion of the provisions of the Servicemen's Settlement and Land Sales Act by collusion between vendor and purchaser. To prevent these abuses the Government proposed that in any case in which there had been greater consideration than that sanctioned by the Land Sales Court, the purchaser could sue the vendor, recover the excess amount paid and receive a certificate exempting him from prosecution for his own offence. The law societies strongly objected to this type of procedure. The proposals, which were originally gazetted under the Emergency Regulations, were subsequently embodied in the Servicemen's Settlement and Land Sales Amendment Bill. When the Bill came before the Statutes Revision Committee the objectionable clause was dropped, and instead it was provided that if criminal proceedings are taken and if the court finds that a breach has been committed, it shall fine the vendor the whole of the excess consideration, in addition to any other penalty, and the court may award part of the excess consideration to the purchaser. But it was still provided that the offender who "makes the discovery" (i.e. informs) shall be protected against prosecution. After the Bill was passed it was discovered that it contained for an offending vendor a loophole which has been closed by subsequent legislation.

In another field there has been a drift from law. On a number of occasions trade unions have refused to load some kinds of produce because they did not approve of the external policy involved in the export of these goods. If sections within the State are to be free to interfere when they do not approve of the policy of the Government of the day we are on the road to anarchy. But when, apparently following this example, some members of the R.N.Z.A.F. refused duty until they were given a forty-hour week, the Cabinet decided that those who would not accept service under the existing conditions should be released from the Air Force.

THE BUDGET

It is many years since a budget was looked forward to with such a mixture of expectation and apprehension as marked that delivered by the Minister of Finance (Mr. W. Nash) on August 15. As the war years were behind us many expected large remissions of taxation, especially in view of the Minister's statement in London that the budget would be an "election winner". But in the minds of others there was a mild fear, for they remembered that last year when the fighting ended Mr. Nash had revised his budget by increasing the impositions. To both friend and foe the budget was a problem. Both expected that the "election winner" would contain gifts to the voters; friends expected benefits and foes good grounds for criticism. Mr. Nash dis-

* See *THE ROUND TABLE*, No. 133, December 1943, p. 95.

* *N.Z. Law Journal*, vol. XXII, No. 14, p. 191.

appointed and surprised both. The last epithet that could be applied to the financial provisions of the budget was "vote-catching". There was no further reduction in the national security tax on wages, no reduction on tobacco, cigarettes and beer, the luxuries or necessities of the working man. The Minister said that his guiding principle had been the encouragement of production. Hence the abolition of the excess profits tax, gold export tax, the primage duty on books and periodicals and the sales tax on building materials, clothing, household furnishings, dried fruits, surgical and dental instruments, a reduction in the surcharge on income tax from 33½ per cent to 15 per cent and the restoration of the income tax on companies to the basic rate plus 15 per cent. This left very little for the man in the street to cheer about and not much for the Opposition to criticize. So Mr. Nash described the budget as "practical idealism" and the Opposition said it was "a rich man's budget". The reductions included in last year's budget amounted to 8.9;* the reductions provided in this year's budget amount to 12.3, making a total for a full year of 21.2 and for this year 18.0.

In this budget we return to peace-time procedure and the cost of the armed forces reverts to the consolidated fund, the war expenses account is provided with only sufficient funds to meet the expenses of J Force, the proportion of rehabilitation being charged to this account, and the outstanding commitments of the war. These costs will be met by funds in the account at the beginning of the year, by money received from the sale of surplus assets and by National Savings (estimated to produce 6 millions for the year). All taxation receipts, other than those for social security, are being credited to the consolidated fund.

In regard to the consolidated fund the total estimated receipts are 100.382 and the expenditure forecast in the main estimates is 99.465 and in the supplementary estimates 0.917. The main items in the receipts are: customs 14.5; sales tax, 14.25; income tax, 30.75; departmental receipts, 10.501; and in the expenditure—debt services, 25.387; social services, 34.737; stabilization, 13.789.

Notwithstanding the increase in the social-security charge from 15. to 15. 6d. in the £, a bigger transfer from the consolidated fund will be necessary to meet the costs of the increased benefits. Social-security tax is estimated to produce 19.9, and 18.0 will be provided from the consolidated fund. Family benefits are calculated to cost 12.62; other monetary benefits, 16.512; medical benefits, 5.806.

On March 31, 1946, the public debt was 624.511, a net increase for the financial year of 21.273. At the beginning of this year the loans of 16.107 at 5 per cent and of 13.511 at 4 per cent (nearly all domiciled in London) were repaid by the issue in New Zealand of 29.618 at 2½ per cent, taken up mainly by the Reserve Bank and by Treasury accounts. These transactions and those in connexion with the memorandum of security repayments give a net reduction in overseas charges of 2 millions per annum.

Of the total debt 221.775 was due to the recent war and 58.297 was owing from the first world war. All the former and part of the latter are held in New

* Except where otherwise indicated figures are £N.Z. millions.

Zealand. Of the civil debt of 344.439, 225.416 is held in New Zealand, 118.162 in London and 0.861 in Australia.

NATIONAL DEVELOPMENT POLICY

IN addition to the financial proposals for the year the budget contained a review of Labour's achievements and a forecast of the party's policy. In 1945-46 it had been intended to borrow 16.5 millions for purposes other than war, but lack of materials and man-power caused the amount to be reduced to 12.98. The whole of this amount was financed by funds received by State departments for investment. For the 1946-47 programme the following estimates have been made (last year's figures in brackets): Housing 7.5 (5.71); electric supply 3.1 (2.92); land settlement 3.5 (1.5); education buildings 1.25 (1.188); railways 1.156 (0.851); highways 1.5 (0.1); other public works 2.994 (0.711). Provision is made in the estimates for National Airways. The interests of Union Airways of New Zealand, Australian and New Zealand corporation, owned by the United Kingdom, Australia and New Zealand Governments, is being established to operate a service across the Pacific. Recently it was announced that so far it had not been possible to arrange reciprocal landing rights between Australia and U.S.A. Hence the British Commonwealth Airlines will run a service between Sydney and Vancouver. In the meantime the service will be fortnightly and will be under Australian National Airways.

The whole of the loan funds required for the National Development Programme will be provided by State departments and from 3 per cent "tap loan" issue at present open for public subscription on the local market. About 8 millions have already been received from this loan, of which 5.5 are earmarked for purposes of development. Mr. Nash also announced that the government housing programme envisages the construction of 12,000 houses per annum during the next five years. Discussion in the House elicited the fact that this target was the total aimed at, of which the Government would be responsible for 4,000 a year. The Government also intends to purchase the whole of the privately owned coal-mines in New Zealand and to run them on a national basis. The State is also to provide for "the public ownership and operation of road transport services in those cases where such is necessary and desirable in the public interest". These declarations have created uncertainty and apprehension among those operating the industries affected by this government policy. In the Finance Bill (No. 2), brought down on the last day of the session, the Minister of Finance is given authority to acquire shares on behalf of the New Zealand Government in a company to be incorporated in New Zealand by the Anglo-Iranian Oil Company. The objects of the company include the importing, storing and distribution of petroleum products. The New Zealand Government will hold 51 per cent of the shares of the new company.

LICENSING COMMISSION

THE manufacture and sale of alcoholic liquors have for many years been bones of contention in the political and social life of this country. Every three

years electors have been called upon to vote on the main issues; year after year the public has protested against the existing conditions, and government after government has promised an enquiry. Last year a commission was set up, with Mr. Justice Smith as chairman. The taking of evidence proved much more time-consuming than was expected, so that presentation of the report was delayed till last month. Unfortunately the commission represented the contending factions, so that what might have been expected has happened. There is a majority report, signed by the chairman and four other members, and three minority reports, each signed by one of the three remaining members.

The report, of some 900 pages, covers so many topics, great and small, that it is possible to touch on only a few salient points, especially as the report is not yet printed. The majority report aims at the public control of the trade, subject to the approval of a national poll. This is recommended despite the fact that State control has never had the support of more than a small fraction of the voters at any election. One of the dissenters, the Hon. F. G. Young, M.L.C., who is national secretary of the Hotel and Restaurant Workers' Association, has said: "The proposed sweeping elimination of private enterprise and the substitution of a huge corporate control scheme savours more of a plan for a new totalitarian State than for the freedom-loving people of this country." But it is not quite so bad as that. The report recommends that there be set up a Liquor Manufacture and Sale Board (consisting of five persons appointed by the Governor General in Council) to acquire all breweries in New Zealand and to conduct bar licences. The profits of the Board would be used (i) to refund to the State the sum advanced for the purchase of the breweries, (ii) to provide money for a Central Liquor Fund (under the Public Trustee) from which loans could be made, through the State Advances Corporation, for improvement of hotels, and which could allocate finance for cultural, philanthropic and recreational purposes. The report also recommends a Liquor Trade Inspection and Advisory Board to provide proper supervision of the trade; that bars be open from 8 p.m. to 10 p.m. on all days except Saturdays and Sundays, and on Saturdays from noon to 6 p.m.; that new licences be granted to certain types of clubs; and that light liquors be served with meals in restaurants from noon to 2 p.m. and from 5.30 p.m. to 7 p.m. In view of the present unsuitable distribution of licences, due to shifts of population, a Liquor Licence Distribution Committee is recommended. It should consist of a judge of the Supreme Court and two or four other members, and shall every ten years redistribute licences in accordance with the needs of the people; and provision should be made to compensate those who lose licences. It remains to be seen whether the new Parliament that will meet next year will have the courage to deal with these thorny questions.

POPULATION

In the long view the Dominion needs population to enable us to defend these islands; in the short view we need more men and women to deal with our urgent man-power difficulties. The Parliamentary Population Committee has just submitted a unanimous report. But it is clear that the committee found

the problems baffling because of the political, economic and social repercussions of any large measure of immigration. It is difficult for politicians to be forthright and far-seeing in this field. The committee finds that there is no need for additional labour in agriculture. But this is so only if Parliament has given up hope of the more intensive cultivation of lands already in use or of the development of sub-marginal lands. The committee considers that we require operatives for our secondary industries, but in view of the scarcity of houses large-scale immigration is undesirable. However, in some occupations, such as hospital nurses, domestic workers, coal-miners, saw-millers and operatives of certain expanding industries, some "selected" immigration is necessary and is recommended. The committee thinks these immigrants should be sought in Great Britain, Norway, Sweden, Denmark and Holland; but the man-power problems of Britain may compel us to look to the other countries. It does not favour the immigration of southern Europeans, on the ground that these people are not easily assimilated. But wise men see that what we need most urgently are people with different abilities and temperaments that will give the variety on which progress depends.

To make immigration easier it is suggested that single men and women should be the first immigrants, since they will not create so many housing difficulties as married people with families.

The committee has come to the conclusion that the urban drift is a bogey, for with mechanization in agriculture a smaller number of workers is required on the land. Yet the committee notes that 63 per cent of the European population of these islands live in urban areas and 37 per cent in counties; and admits that there is cause for alarm in the depopulation of certain rural areas, especially in Otago but also in a lesser degree in Canterbury, Hawkes Bay, Nelson, and Taranaki. If the committee had studied the *Abstract of Statistics* it would have found a different view. "As an indication of this drift it may be observed that the proportion of population in cities and boroughs was 63.1 per cent in 1945 and 59.3 per cent in 1936. Associated with the trend is the marked increase in counties which border on the larger towns." The threat to social security is indicated by the fact that, in 1901, 6.76 per cent of the population was over 60 years of age; in 1945, 13.57 per cent. One is forced to think that the committee has neither gone deeply enough into these problems nor looked far enough ahead.

The committee finds that the birth-rate is not such as will produce an increasing population. The committee suggests that a small secretariat should be attached directly to the Cabinet and make a continuous study of population problems. Perhaps this last suggestion may prove to be the most important made by the committee.

BRETTON WOODS

THERE has been a good deal of comment on the absence of any reference to Bretton Woods in the Governor-General's speech at the opening of Parliament, or in the budget. Last year the Government was invited to send a representative to the ceremony of signature of the Bretton Woods Agreement, not as a signatory State but as an observer, for this country had not

ratified the agreement by December 31, 1945. On January 1 last the Minister of Finance explained why New Zealand had not signed, viz. that the financial negotiations between the Governments of U.K. and U.S.A. had been so prolonged that it had not been practicable for the New Zealand Government to bring the question before Parliament. But the Minister informed the American authorities that it was "the intention of the New Zealand Government to bring the Agreements before Parliament immediately it assembles, together with the recommendation of the New Zealand delegate to the Bretton Woods Conference that they be approved". The Minister further said that it was expected that the New Zealand Parliament would be able to consider the agreement in time to enable the Government to give the necessary notice to the fund and the bank by July 31, 1946.

It is not difficult to understand, therefore, why the people are concerned with the prolonged silence on what they had been told was a most important question. Had not the Minister, who led the New Zealand delegation to Bretton Woods, said, "There were twenty-one days of debate and the resulting proposals that will be considered later probably are more important from the point of view of the trade and production of the post-war period than any other single conference held inside history"? But there has been no official reference to it except when the leader of the Opposition (Mr. S. G. Holland) introduced the subject into his speech on the budget without getting any response from the Minister of Finance. On the other hand, in that debate a government member said, "I think the last of Bretton Woods has been heard of in this House." An authoritative official statement is long overdue.

DAIRY ACCOUNTS

A DIFFERENCE of opinion arose between the Government and the organized farmers as to whether the cost of holding down the price of butter and cheese on the local market should be borne by the Government or by the industry. As a very large sum was involved it was agreed to refer the question to a commission of three judges of the Supreme Court. The commission, by two to one, decided that the Government was entitled to debit to the Dairy Industries Stabilization Account the cost of holding down the retail prices of butter and cheese on the local market. It was a legal interpretation of the agreement and was not, in the language of counsel for the Government, "a question of equity and good conscience". Notwithstanding the decision, the Government announced that the cost of stabilizing the price of butter and cheese (amounting to £N.Z. 1½ million) will not be debited to the Dairy Industry Stabilization Account this year but will be met by the Government from the consolidated fund. The decision of the Government was by no means approved by some trade-union leaders, who considered that the action of the Government was an attack on stabilization.

New Zealand,
October 1946



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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE EMPIRE AND THE MIDDLE EAST

EVENTS have been moving rapidly in the Middle East. The British Government has at last made a declaration of its views on Palestine, and has decided to lay the whole problem before the United Nations. The negotiations for a new Anglo-Egyptian treaty have broken down after many months. Agreements of importance have been announced between the British and American companies interested in Middle-Eastern oil. Is the general pattern of British policy in the Middle East, as disclosed by these events, satisfactory? The answer to that question closely affects the wider peace structure and is of deep concern to the whole Commonwealth.

A Vital Base

BRITISH Middle-Eastern strategy in the two great wars of this century was based upon the key position of the Suez Canal. In the first our principal object was to maintain our communications through the Mediterranean to India, Australasia and the Far East. In the second those communications were broken after the fall of Crete, and our supply-line between East and West had to be routed round the Cape; but the Suez base remained vital to us for the defeat of Germany's land attack upon the Middle East.

Axis penetration to the Indian Ocean would have been fatal to our wider strategy. But there was also a more immediate danger. If Germany had overrun the Middle-Eastern oil-fields, she would also have captured those of the Caucasus. Sea power, land power, air power, are dependent upon adequate supplies of oil fuel. If we had lost the Middle-Eastern supplies and become dependent upon those of America alone, while Germany's oil resources were *pro tanto* increased, the fortunes of war might well have been entirely different.

Germany attempted three separate lines of attack upon the Middle East—through Russia in the north, through Syria in the centre, and through Egypt in the south. The centre attack took the form of air landings in Syria designed to reinforce a rebellion in Iraq. This was defeated in the latter part of 1941 by our advance to Baghdad from Transjordan and then by the occupation of Syria and the Lebanon. The brunt of this fighting fell upon an Australian and an Indian division, which both greatly distinguished themselves. Arab forces from Transjordan and a small Free French contingent also participated; and we were fortunate in the fact that the Arab rulers of Iraq, Transjordan, and Saudi-Arabia stood loyally by us. The attack in the south was eventually defeated by the decisive victory of Alamein, in whose glory every part of the Empire shared; it was a united Empire achievement. The northern offensive, which swung down from the Don Basin upon the Caucasus, was also painfully near success until arrested finally by the great victory of Stalingrad. Those two battles, Alamein and Stalingrad, fought within a few weeks of each other, will assuredly both rank in history among the decisive battles of the world.

None of these operations, which turned the tide of war, could have been mounted, sustained or crowned with victory in the absence of a Mediterranean base directly accessible to shipping from Eastern waters. That base was the Suez Isthmus. There was, and is, no other base for operations in the territories washed by the Mediterranean, whether north or west of Egypt, which could have been effectively supplied when the Mediterranean was closed against us. (A doubtful but conceivable and solitary alternative is Akaba, which could not be made available without the expenditure of many millions and would even then be of small value if the Suez Isthmus were under hostile control.) The campaign which kept the Germans from the Lebanon, Syria and Iraq depended on the Suez base. So did the great build-up of the Empire's resources which carried the 8th Army and the Royal Air Force across North Africa to the German capitulation in Tunis. So did the vigorous activity by sea and air which kept the Afrika Korps short of reinforcements and supplies. It was fortunate indeed that the Anglo-Egyptian Treaty of 1936 gave us in the Suez Isthmus a Mediterranean base open upon its eastern side to reinforcement and supply from every corner of the globe.

The Egyptian Treaty Negotiations

LITTLE wonder, therefore, that widespread dismay was caused by the United Kingdom Government's line of negotiation on this subject in its treaty discussions with Egypt. The attitude of the South African, Australian and New Zealand Governments, when consulted, was diplomatic, for the reason that they were unable to undertake any share of the peace-time cost of security in the Middle East; but anxiety was undoubtedly expressed, and it was natural.

Insufficient regard had been paid during the six months following the end of hostilities to Egyptian national feeling upon the occupation of Cairo and Alexandria, where we had no treaty rights when once the war was over; and in these conditions there was reason for the view that we should be prepared to waive our treaty rights of occupation in the Canal Zone, though valid till 1956, if some form of security more palatable to Egyptian sentiment could be substituted for it. It is, however, seldom good diplomacy to give away your most important interest before you are assured an adequate return; and it is utterly mistaken to suppose that surrender wins immediate respect and friendship—it more frequently does the opposite.

Much comfort was therefore given by Mr. Bevin's statement to the House of Commons on May 24; and, in the absence of detailed information upon the subsequent course of negotiation, that declaration remains the one solid factor in a situation of much uncertainty. This is what Mr. Bevin said:

"There is one thing on which I will give the Committee an assurance. I will be no party to leaving a vacuum. There must not be a vacuum. If the Egyptian Government try to force a situation in which there is a vacuum—meaning that we have gone and there is nothing there for security instead, regional defence or other organization—I can never agree."

It seems that subsequent negotiations produced agreement upon the

measures to be taken to preclude a "vacuum"; but their character is only vaguely known.

It is to be noted, however, that statements have been made, and not contradicted by Ministers, to the effect that the British Government desired to establish a base in Palestine. Any such idea would be a new departure in our Palestine policy, not easily reconciled with the terms of the existing Mandate. If persisted in it would presumably require approval by the United Nations in a new trusteeship agreement; and it suggests that the measures agreed upon to preclude a vacuum in the Suez Isthmus are not regarded as adequate.

The Anglo-Egyptian negotiations have, however, lapsed through disagreement upon the ultimate right to independence claimed by the Sudan—an issue which the Egyptian Government are submitting to the United Nations. In the meantime, and until a new treaty is negotiated, we retain our rights of occupation in the Suez Canal Zone. The negotiations will assuredly be resumed, and it is earnestly to be hoped that they will then be carried forward on a broader basis and in a happier atmosphere. But much will turn in that respect upon our relations with the Arab League, and those will be governed almost exclusively by the course we take in Palestine.

Oil: A Key Problem

PALESTINE accordingly remains the cardinal issue in British Middle-Eastern policy. In order, however, to study it in proper perspective, it is necessary first to deal with another subject which still governs our strategic interest in the Middle East and our need of co-operation with the Arab peoples. That subject is our war preoccupation—oil. Even now that Germany has been eliminated as a military power, we cannot afford to take any chances about the security of the Middle-Eastern oilfields and the transport of oil from them. In peace, as in war, our very life depends upon them. Without cheap and plentiful supplies of oil to offset the shortage of coal, recovery and prosperity will not be possible for us. Without security for oil supply in war, the Forces of the Empire would be immobilized, its communications ruptured and its cohesion lost.

The Americas apart, there is no reserve of oil yet found comparable with that already under development in Iraq and on both shores of the Persian Gulf. American consumption of petrol is rising so rapidly that it may soon exceed the total production of the Western Hemisphere. We therefore cannot count on oil from that quarter and must make sure of the only other great proven reserve, the Middle East, which holds almost as large a proportion of the world's known resources as the Americas—42 per cent as compared with 46 per cent. The political and economic problem of peace-time is to ensure the steady exploitation of the Middle-Eastern oil-fields on terms which benefit the Middle-Eastern peoples without impairing their independence, and enable the product to be delivered cheap to distant consumers.

The oil agreements recently announced need close consideration from that point of view. The Anglo-Iranian and American-Arabian oil companies have much crude oil but inadequate machinery for refining and distributing

it. The continental American companies have the necessary machinery but can no longer count on supplies of crude oil for world distribution from the Americas. These complementary interests have accordingly been combined, and the two new pipe-lines by which it is hoped to carry oil from the Iraqi, Persian and Arabian fields to the Mediterranean seaboard are part of the new design.

To ensure a sufficiency of cheap oil for essential peace-time needs we must be able to rely upon the friendly co-operation of all the States from which the oil is derived or through which it has to pass. For Britain that is a vital political necessity which she shares with other European, Asiatic, and Pacific countries, and will share in rapidly increasing measure with the United States. For security in any great emergency she must be able to count without a peradventure upon defence of the oil-fields and the transport routes. With the growth of air power, tankers are unlikely to find safe passage through the Mediterranean in a major war. To preclude intimidation by the threat of war and the possibility of war itself, the Commonwealth must therefore ensure the safe passage of oil through the Indian Ocean from the fields in Persia, Arabia, and Iraq. That means, in the first place, adequate sea and air defences with the necessary bases from Simons-town in the Cape Peninsula to Koweit in the Persian Gulf; but it also means security for the oil-fields against air bombardment and air-borne attack. Air command needs to be organized in great depth. There can be no security for the British Empire or the Arab League against intimidation or aggression if the Middle-Eastern air bases which played so critical a part between 1940 and 1943 are not guaranteed against hostile occupation in any future emergency by an adequate system of regional defence.

The first essential is to prevent the growth of fears and jealousies among the major Powers upon the oil question. This is one of the issues that call for frank discussion, in the first place, between Britain, the United States and Soviet Russia. The conduct of the Soviet Government towards Persia since the evacuation of Azerbaijan has been unexceptionable. The oil agreement between the British and American Governments, negotiated some time ago, has not been signed; but progress with it appears now to have been resumed, and it is highly desirable that a similar understanding should be concluded with the Soviet Union. Everything indeed that can be done by statesmanship and diplomacy to secure some real measure of international accord upon the question of oil should be done without delay or half-heartedness; and measures should also be taken to ensure the widest possible distribution of oil at reasonable prices. This latter consideration should not be left entirely to private control; it must be watched and supervised by Governments.

A Regional Security System

BUT, when all this has been done, the question of security against war and intimidation by the threat of it should not be sacrificed to any other consideration; it is, for the Empire, an imperative necessity. The fact is that one of the two great reservoirs of an element essential to modern civilization

lies in territory inhabited by nations which do not possess the industrial and other resources necessary to ensure their own independence and immunity from aggression. It was clearly foreseen by those who framed the Charter of the United Nations that security must be built up by regional systems of insurance against aggression comprising the States most vitally concerned. The sooner and more firmly such regional systems are established, the better the prospects for world peace. The interests of the British Empire and the Arab League are in this respect completely complementary; neither can be safe without a regional system of security worked out in partnership.

For this the goodwill of the Arab States is indispensable, and on that our course of action in Palestine will be the deciding factor. It has been noticeable, indeed, that outside Egypt very little interest has been taken in the Anglo-Egyptian negotiations. What fills the Arabic press and broadcasts is Palestine. Nor is feeling about it confined to the politically-minded sections of the population. It runs deeply through every class and country; it is, in fact, universal.

Policy for Palestine

THE British Government has now declared itself against both the Arab proposal of immediate independence for Palestine under a preponderantly Arab government and the Jewish proposal of a Jewish State sovereign over a large part, if not all, of Palestine. Its plan would imply the discharge of our Mandate as we have always interpreted it—that is, the building up of a unitary, self-governing, bi-racial State in an undivided Palestine.

In principle, this policy is the right one. It is hard to imagine anything more destructive of respect for British character in the Middle East than an abdication from our Mandate, whether in the form of supporting one or other of the rival Arab and Jewish proposals or of washing our hands of responsibility and letting the United Nations face the question without advice from us. The first course has been rejected: to follow the second would be equally to surrender to extremism and violence—an abdication at once dishonourable and disfiguring.

It is true that we are in any event bound in due season to secure the confirmation of our Mandate in a new trusteeship agreement, and that the plan put forward by Mr. Bevin would require for its successful discharge the co-operation of other Powers in one essential matter—the provision of asylum in other countries for the greater number of dispossessed European Jews. But our right to claim co-operation in both those ways will be immensely fortified if we can show that we are standing firmly and courageously by the undertaking which we gave to Christendom, Islam and Jewry when we accepted the Mandate a quarter of a century ago. The awful trouble which has since come upon the Holy Land was not of our making, though we have failed more than once, and more particularly in recent months, to tackle it with adequate courage and determination. It is a trouble of international origin, and we are entitled to demand of our chief allies in the war and of the United Nations that they shall at long last recognize the fact; for

only so can the strife and bitterness with which the cause of nationalism in various forms has afflicted the Holy Land be permanently lifted from it.

The case for the Mandate as originally conceived was based upon the international character of the Palestine question. It has never been better stated than in the memorandum submitted by a most representative Arab, Feisal, first King of Iraq, to the Paris Peace Conference in 1919. This is what King Feisal wrote:

"In Palestine the enormous majority of the people are Arabs. The Jews are very close to the Arabs in blood, and there is no conflict of character between the two races. In principles we are absolutely at one. Nevertheless, the Arabs cannot risk assuming the responsibility of holding level the scales in the clash of races and religions that have, in this one province, so often involved the world in difficulties. They would wish for the effective superposition of a great trustee, so long as a representative local administration commended itself by actively promoting the material prosperity of the country."

The King-Crane Commission, appointed by President Wilson in the same year, found that such an arrangement would be acquiesced in by the Arabs, their preference being first for the United States and second for Great Britain as trustee. Neither that nor any other trusteeship being acceptable at that time to the United States, the duty devolved on us; and we might have discharged it with complete success but for a complex of world events and movements entirely beyond our control.

The Sources of Present Troubles

FIRST of these was the Hitler persecution of Jews in Germany. This created a demand for Jewish immigration into Palestine from 1933 onwards in a volume which threatened the Arab inhabitants with dispossession or subordination. Under the harrow of that persecution, Zionism developed into a fiercely national movement which came at last to demand as its right the creation of a Jewish sovereign State in Palestine—a demand entirely inconsistent with the Mandate and with the spirit of our many undertakings to the Arab world. Next, there came into being within the Jewish community in Palestine a highly organized military movement, inspired mainly by Jews from eastern Europe, through which a considerable proportion of Jewish youth became addicts of terrorism in its most loathsome guise.

It was the same concatenation which prevented us from establishing representative government in Palestine. Proposed at intervals in various forms, it was rejected at different times for different reasons by both Arabs and Jews. But in this the Arabs have a genuine grievance against us, since our failure to insist upon it when resisted only by the Jews made them feel that they had lost all voice upon policy in a country whose future is of the deepest political and religious significance to them.

It is also true that Britain's position as an impartial trustee has been most gravely impaired in latter years by division of opinion in Parliament upon the interpretation of the Mandate and by irresponsible declarations on the part of great political organizations and leading public men. These, hanging like a curse upon Britain's present Government, have led to needless vacilla-

tion and terribly costly delay. But, whatever may be said in criticism of our discharge of the Mandate, the primary responsibility for the present awful state of Palestine rests upon Hitler Germany. Of secondary responsibility no future historian is likely to acquit the United States.

Last, but by no means least, has been the refusal of the Western Powers to face their common responsibility for relieving the appalling misery and helplessness of Jewry in central and eastern Europe since the end of the war. Europe created that problem, and no statesman in his senses can ever have believed that its solution was possible solely by immigration into Palestine. Yet the Western Powers, ourselves included, have failed since the war to take action, in any way commensurate with the needs, which involved cost or generosity on their own part in their own territories.

It is not to be wondered at that Zionism in its militant form, American support behind it, and the pressure of illegal Jewish immigration connived at by the Western Powers have reduced King Feisal's wise appraisal of the needs of Palestine to dust and ashes in the Arab mind. One extreme has bred another, and the Arab League has reiterated for many months past that it will be content with nothing less than acknowledgement by the world of an independent Arab State in Palestine. The fumbling and nerveless diplomacy with which the British Government has so gravely impaired the great position in the Middle East held by this country at the end of the war is no doubt responsible in part for the hardening of the Arab attitude. If weakness towards intransigent extremism is shown in one quarter, it comes to be expected everywhere; and the Arab League has undoubtedly been led by fear of a surrender to Zionism to overplay its own hand.

The True Interests of the Arabs and the Jews

A MORE realistic Arab statesmanship would have given weight to other considerations. The Arab States owe their present status as independent members of the United Nations in the first place to the strength and steadiness of Britain, which saved the Middle East from conquest by German and Italian arms, and in the second place to Britain's American and Russian allies. While, therefore, they may feel reason for distrusting and opposing the attitude of some Western States towards Palestine, they ought not to forget that their international position is still in essence weak without the support and sympathy of a powerful friend amongst the greater Powers.

Nor should they ignore the fact that the future of Palestine can never be simply that of an Arab member of the Arab League. It is a Holy Land for Christianity and Jewry no less than for Islam, and their objection to partition of it in the interest of the Jews would have carried much greater weight in the mind of Christendom if they had remembered the wisdom of King Feisal and opposed the Zionist claim with something broader than a narrow nationalist argument of their own. The annulment of the Mandate in the sense which they desire could never have been effected by British fiat without question by other Powers; and the Arab States might well have found in that event that Jewish international influence was stronger than theirs. If they are to protect themselves for ever against the establishment of a

Jewish State, they must now do their utmost to make self-government possible for an undivided Palestine. The relations between Arab and Jew have deteriorated terribly since King Feisal wrote his memorandum in 1919. But it remains as true as ever that only co-operation between the two Semitic peoples under the aegis of a powerful trustee can exorcise the spectre of perpetual strife and bloodshed from the Holy Land.

It will be happy, indeed, if the moderate forces in Jewry are also able now, for their part, to reassert themselves. It is an inescapable fact that only a minor proportion of the Jewish race throughout the world can ever find a home in Palestine. Would the creation of a Jewish national State in Palestine have been of advantage to Jewry in other countries or otherwise? Britain in particular was bound to weigh that question, since consideration of it formed part of her original pledge to the Jews and was inserted in the Balfour Declaration at the express request of a very authoritative body of the Jewish people. "Nothing", said that pledge, "shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in any other country."

It is an article of the Zionist faith that statehood in Palestine is necessary to the dignity, welfare and contentment of the Jewish race throughout the world. But a Jewish State in Palestine would inevitably have been drawn into the vortex of international affairs because of its strategic position, forming as it would a bridgehead in the heart of the Arab world. It is difficult to believe that such a new entity, surrounded as it must inevitably have been by Arab hatred and fear, would have conduced to tranquillity in the Middle East or to peace in Palestine. The very great number of influential Jews who have always been opposed to political Zionism have therefore had good reason for their anxieties. The blind fervour of Jewish zealotry in Palestine brought terrible suffering upon the Diaspora in the days of the Roman Empire, and in our time it has unquestionably given a dangerous and deplorable edge to anti-semitism. For all these reasons we believe that the British Government will be serving the best interests of world Jewry in holding by the Mandate and the Balfour Declaration as originally understood. The Jews can give a new life of peace and prosperity to Palestine by accepting autonomy in their own communes and co-operating in the central government as now proposed without sacrificing their agelong dream of making Palestine once again their cultural and spiritual home. They can never do so otherwise; for the cultural and spiritual claims of other races and faiths upon it are as strong and deeply founded as their own.

A Challenge to Christendom

THE utmost that the British Government can do for peace in Palestine will not, however, be sufficient for that purpose if the problem of the dispossessed Jews in Europe is not accepted as a common responsibility by the States of Christendom. Barbarism in Europe created that problem; war between the Western Powers, and the aftermath of war, have accentuated it a hundredfold. The East cannot be morally burdened with it, nor can it

ever be solved by immigration to Palestine. If other nations with room for immigrants will do their share, a reasonable though much smaller proportion of homeless Jews may justly be directed to Palestine. Arab acquiescence in that course may be fairly claimed if the major responsibility for solving the problem is accepted by the Western Powers who created it, and the Arab world is relieved from its haunting fear for the Arab majority in Palestine.

Political Zionism, for its part, was driven into extremism by Western indifference to that problem and by the refusal of Western Powers to take any practical steps towards solving it. Western treatment of the Jews in this matter has, to use plain English, been as selfish and immoral as Western treatment of the Arabs. How can either be fairly exhorted to bury hate in Palestine so long as the attitude of Christendom is one of utterly un-Christian cynicism?

This is an international responsibility on which we trust that the British Government will challenge the United Nations with far more determination than it has hitherto shown. Doubtless its weakness has been due to its own shortcomings towards the Jews. These cannot be made good at Arab expense, whatever support other great Powers such as the United States may offer for that course. The solution of the problem is a matter of such vital import to the whole Commonwealth that the Dominions should not hesitate to make common cause with the United Kingdom in insisting that the United Nations should deal with it as what in truth it is—the most urgent and imperative of international obligations in the wide chaos of suffering which the war has bequeathed to us. If ever there was a case for vigorous and united diplomatic action by the nations of the Commonwealth, it is here. If the United Kingdom does not appeal for such action, it will fail in its duty both to the Commonwealth and to all Christendom.

All the treaties, in their most important provisions, conflict with the principle solemnly pronounced in the Atlantic Charter (to which Russia later adhered) that no territorial changes should take place without the consent of the populations concerned. Disregarding the recovery by France of Alsace and Lorraine and by Rumania of Transylvania, which merely restore the inter-war position, there is probably not one of the many territorial changes made or to be made by the treaties, except, perhaps, the restoration of Austrian independence, which would be endorsed by the population concerned; and one of the few changes which would have been so endorsed—in the South Tyrol—has not been made. No single plebiscite has been held, or is likely to be. To be sure, the right of self-determination is not this time recognized by the peace-makers, in spite of the Atlantic Charter. But it is still recognized, to a considerable extent, by the Western conscience; and its deliberate flouting in the treaties will lower the regard in which they are held and so injure their prospects of enduring. For a peace treaty can last no longer than its signatories maintain the will to enforce it.

The German Vacuum

THE very emptiness of the German vacuum increases the difficulty of making a good German peace treaty. It strengthens the temptation to disregard German interests and rights—of the latter, in the contemporary climate, it still seems absurd to speak. And the absence of any present threat from Germany deprives the victors of any bond of union. In 1919 both the allies and Germany had seriously to consider the prospect of a resumption of hostilities, should Germany decline to sign. This time no prospect of active German resistance exists to moderate the treaty's severity, though passive resistance, taking the form of a refusal to sign any treaty ratifying the present Polish western frontier, is a possibility the victors might do well to consider.

Finally, it is the total extinction of Germany as a contemporary factor which has given the peace treaties a character so unnatural that their prospects of long endurance as the basis of European public law must be considered slender. For these treaties, properly regarded, are not contracts ending war between the victors and the vanquished; they are armistices in the undeclared war—if that is not too strong a term—between the victors that followed the defeat of Germany in 1945.

When its purpose is achieved the partners of a victorious alliance always fall out. But seldom so radically as this time. In 1815 and 1919, in spite of the intense rivalries generated behind the façade of common purpose, plenty of real community of interests and aims still united the allies—not to speak of the bond represented by standards of international conduct and good faith respected in common. Nearly all these are lacking to-day, and the only link—fear of Germany fifteen years hence—is vitiated by the fact that it is no longer fear of Germany alone. Thus the peace treaties are in reality little more than an exhausted breaking of the clench between East and West. As such, but hardly as peace treaties in the traditional sense, they may deserve a warm welcome.

The five treaties now concluded do little more than regulate status, extend certain armistice penalties and provide for the evacuation of occupying troops. The last is certainly an important service. The allies had sprawled all over Europe, and none would get off first. Getting them off is the five treaties' main purpose, rather than ending the war.

The same may prove true of the German treaty. Here, too, the treaty will probably involve some mutual removal of allied incubi; and no doubt, when they are gone, rank growths will be discovered underneath. But the peculiarity of the German peace treaty will be that it will register, rather than inflict, Germany's worst losses. For these, and in particular for the decision on the German eastern frontier and the transfer of populations—together one of the most radical and immoral transactions of modern history—Potsdam was responsible; and there seems little likelihood at the moment that the peace treaty will modify them.

This is not the place for a discussion of the German peace treaty. Yet at least Germany, unlike Italy and the four satellites but perhaps like Austria, does represent, quite apart from the special problems of her economic and

military potential, a geographical constant in Europe whose status and relations with other Powers will necessarily continue to be determined by treaty. If there were no other arguments for a little justice and realism in the German treaty, this necessity would provide one; for both will have to be sought some day, and the more remote the peace treaty leaves them the harder the transposition will be. Treaties about Germany and against Germany will remain the order of many a European day. Of treaties with Germany it is indecent yet to speak; but beneath all the tensions between the allied Powers lurks one uneasy unacknowledged shadow—the possibility that Germany may, sooner or later, recover her *Bündnisfähigkeit*.

Multilateral Conventions

THREE main types of treaty have been under discussion in recent months, of which peace treaties are only one. The second, of which the German treaty may perhaps be considered an example but on so large a scale as to constitute almost a separate category, concerns the geographical constants of Europe. There are certain areas, or geographical features, which lie on the border of rival spheres of influence, or overlap them. As those spheres expand or contract, old areas of tension lose their critical character or new ones acquire it. The rival interests of the Powers in such areas have traditionally been harmonized by multilateral treaties, such as the Spitsbergen Treaty of 1920, the Danube Convention of 1921, or the Montreux Convention of 1936 on the Straits. Each of the areas regulated by these treaties is in dispute again; and for each a new or revised convention is sought. Progress has in every case been slow; and here, too, as in other spheres, it may prove too early to make satisfactory arrangements which demand a stability and firmness of outline that Europe in its slow recovery has not yet achieved.

Nevertheless, one such multilateral convention for a disputed area has been completed—the Trieste Statute. The special difficulty of reaching it proves that conventions of this character involve greater difficulties than peace treaties proper; all the same, the Statute deserves to be regarded as the most significant achievement of treaty-making since the war. Each side had to renounce its hopes of a solution in its favour, and acknowledge the need for compromise. The durability of this compromise, and its practical success in promoting the welfare of Trieste itself and the important commercial interests of neighbouring countries which centre on it, will be a good test of the reality of the balance Europe is struggling to achieve.

Premature Alliances

THE third type of treaty under consideration is the full-fledged alliance; and the fact that there is so much talk of alliances at so early a stage after the war proves how widely the inadequacy of the peace treaties, made or yet in the making, is already recognized, and how great is already the haste of certain Powers to supersede them—or rather in this case underpin them—by a new treaty structure. That such a new structure normally emerges after a war and its peace treaties we have already seen; but it is not normal that it should emerge at so early a stage.

It is natural enough that peace treaties should be accompanied by guarantees exchanged among the victors; indeed, the obligation they undertake to enforce them constitutes such a guarantee. But the effort to establish a separate framework of alliance independent of the peace treaties, before the new period of "normalcy" they should inaugurate has had time to develop—and, indeed, before they have even come into force—is a new departure. Such alliances are designed to prevent a new war; but diplomats, like strategists, are too apt to look back, and the war they now plan to prevent looks very much like the last one rather than the next. If the pattern is repeated, these alliances may prove effective; if it changes they will not. And it seems too early to be as sure of the way things are going as statesmen should be before they embark on alliances contemplating war.

They are able to do so, in fact, only because of the profound unreality, everywhere felt but nowhere publicly confessed, of having at this moment such alliances at all. If they do little harm, it is because they do not mean much. Though it may be safe, however, to conclude a treaty without meaning, it is much more prudent not to. To do so only adds to the lamentable inflation of treaty currency. Few treaties to-day are worth what all treaties used to be. You cannot buy certainty with a treaty to-day; all you can hope for is to strengthen the favourable chance.

Treaties have depreciated partly because too often between the wars they were broken with impunity, partly because there are too many of them, partly because of the unrealistic character of many which still formally exist but have ceased to express the real intentions of the parties to them, partly because too firm a faith in the League of Nations or the United Nations has caused a widespread feeling that bilateral treaties, and especially treaties of alliance, are something disreputable in themselves. Added to these causes is the fact that no sooner is a treaty concluded to-day than important differences of interpretation by the several parties arise.

The complicated system of alliances which already binds Soviet Russia and many of the States of Eastern Europe to each other does at least express a genuine reciprocity of intentions on the part of Governments. Those which bridge, or seek to bridge, the gulf between East and West have less reality. The Franco-Soviet alliance of 1944 seems so far to have given little satisfaction or confidence to either party. The Anglo-Soviet alliance of 1942 proved an admirable instrument of war, but Russian complaints of its unreality in the changed circumstances of peace have only too much justification.

An alliance binding two parties, whose policies and interests are in conflict in half a dozen fields, to co-operate in an eventuality that cannot conceivably arise for years is bound to seem unsatisfactory; yet it is doubtful whether the British proposal to prolong it, or the Russian wish to revise it if it is prolonged, could make it more realistic. What, on the face of it, could be more grotesque or irresponsible than the extension for a further thirty years of an alliance which still has fifteen years to run? And what revision could give this treaty a character—such as a true alliance must have—so dominating in the policy of the parties to it that all their actions accord with it? Only a lively and mutual fear of the contingency against which a treaty provides

can give that treaty life—a truth which suggests that the contracting of alliances against Germany could with advantage be postponed for a few years yet.

Mr. Byrnes's proposal for a four-Power pact to guarantee the continuance of German disarmament has four great advantages over such an alternative as the extension of the Anglo-Soviet treaty. First, it would bind all four Powers, not two only. Second, it would for the first time extend an American guarantee to Europe. Third, it would be closely linked with the German peace treaty. Fourth, it would be superior by just as much as German rearmament is nearer than German aggression. So far, save from the British Government, Mr. Byrnes's proposal has had a distinctly cool reception.

Such criticism and reserve might well have been kept for other projects which have had an easier passage. Even about the proposed Anglo-French alliance there is a disquieting air of unreality, ardently though all Englishmen desire effective collaboration with France. What may be doubted is whether such collaboration, for which a sufficient basis of common attitudes and interests exists, will really be strengthened by an alliance. For an alliance opens the way to different interpretations, if not—between France and England at all events—of its terms, at least of the intentions behind it. Either party might be led by the conclusion of an alliance to suppose that the other had abandoned policies it still, in fact, retained; and to irritation and misunderstanding, increased rather than dissipated by such a supposition, might soon be added charges of bad faith.

Improve Relations First

THE truth is that too often in contemporary treaty-making the cart is put before the horse. You cannot improve relations by concluding an alliance; but it may be reasonable to conclude an alliance when you have improved relations. Mistaking the will for the deed can only lead to unreality and further depreciation of the standards of international good faith. The world to-day is not, in fact, governed by treaties, save in a few exceptional cases where they correspond to interests and express acceptable compromises. Perhaps the moral is that less attention should be paid to treaties and more to the real bonds by which States to-day can be united. Only the development of such bonds—be they based on commerce and mutual dependence, on common cultural traditions, on confidence in standards of reciprocal conduct or even on sentiment—can contribute to the real unification of Europe.

Unofficial projects for a Europe united on such a basis may prove more effective in the long run than governmental plans for yet more treaties. Europe cannot be united by treaty any more than the British Commonwealth is. The Dutch-Belgian economic union, one of the most promising of Anglo-European developments, is taking shape organically, not by treaty. Anglo-American co-operation, the most real and effective international force in the world to-day, is not based on a treaty. Nor probably can Germany, which even the most catastrophic defeat in history has not extinguished, be extinguished by treaty. The vacuum in Europe must be filled. Germany is still at its centre; and in one form or another she must be allowed to do much of the filling.

ECONOMIC PROGRESS REPORT

A YEAR has passed since the American Loan Agreement was signed—the first year of the transition from war-time to peace-time economy. It seems opportune to draft a progress report.

When the war ended Britain was largely committed, and has since become more fully committed, to a general line of policy in international economic relations which is intended to promote the widest possible freedom of trade. To this end she has been one of the prime movers in the setting up of the International Monetary Fund; she has accepted—with whatever doubts and misgivings—the currency and economic clauses of the Anglo-American Financial Agreement; she has sponsored the proposals for international negotiations on trade barriers and the establishment of the International Trade Organization; and, not least, she has taken a leading part—with reckless disregard, as it might be said, for her own acute economic difficulties—in UNRRA and in other relief and rehabilitation measures.

The Fundamental Needs

TWO points must be made which, perhaps because they are simple and certainly because they are fundamental, are apt to be lost to sight in our debates. The first is that Britain has an interest greater, perhaps, than that of any other nation in seeing peace preserved, not only in the sense of preventing war, but in the wider sense of fostering good relations between the nations. Economic frictions are one of the most powerful causes of political differences. Even if conflicts can be localized, we can seldom expect to avoid their economic repercussions.

The second point is that we in Britain are a great importing nation. Though conceivably the United States might at some date exceed the absolute figure of our imports, relatively they can never become so dependent upon imports as we are and must continue to be. For the United States, imports are, so to speak, a balancing item. United States Administrations of recent years have been persuaded—and their view is shared fairly widely throughout the country—that in order to maintain a high level of domestic prosperity the United States must achieve a high volume of exports; and they have moved some way towards accepting the less palatable corollary that the world at large can pay for a high volume of exports only if those exports are balanced by a sufficient volume of expenditure abroad, expenditure in which imports must become an increasingly important factor. With Britain the position is reversed. We import because we must, to provide ourselves with food and other material necessities; we export because we have to, in order to pay for our imports.

Thus any policy we adopt in Britain must be judged in relation to the two fundamentals: to maintain world peace, and to enable us to import what and whence we need.

The end of the war found us with a shortage of man-power and an urgent

need to make good both the damages of war and the accumulation of many years' unsatisfied civilian needs. In addition we had the profound deterioration of our external position: the loss of foreign earnings assets, investments and shipping, and the increase in external liabilities.

Hence the call for an increase of exports to 75 per cent over the pre-war volume. And hence the prolonging of austerity at home, by the emphasis on production for export even in the face of crying domestic needs and the continued limiting of imports even where surpluses are appearing abroad.

The Balance of Payments

HOW far have we progressed on the way to recovery? The data for a considered appreciation are still incomplete. But the trade figures for the year are a useful starting-point.

	(£ millions)		
	1936-38	1945	1946
	(yearly average)		
Retained imports . . .	866	1,052.7	1,247.3
Exports . . .	477	399.3	911.7
Excess of imports . . .	389	653.4	335.6

(Movements of bullion excluded.)

The comparison with pre-war is, of course, obscured by price changes. The Board of Trade estimates, of volume, for what they are worth, show retained imports in 1946 as 69 per cent of the 1938 level, and exports as 99 per cent of 1938.

Given the changes in the structure of our overseas trade, these figures have no great precision, but they bring out several important considerations. Roughly speaking, they indicate that prices of both imports and exports have about doubled; the pound is worth about half its pre-war value in international trade. This is a useful, if not exact, yardstick for comparing present with pre-war starting figures.

Among our imports, food and raw materials are running at about three-quarters of their pre-war level, and manufactured goods about half. Even ignoring the luxury goods and semi-luxuries which would normally enter into the last-named heading, it is clear that these figures reflect a fairly tight squeeze, as is only too apparent from the food situation, the shortage of raw materials in industry and of necessities in shops.

Such a low level of imports is partly forced on us by the present phase of world scarcities and is partly an act of deliberate self-denial. Even when the former passes the latter may still be necessary to us. But a greater volume of imports is essential to our well-being, to say nothing of our comfort.

As to exports, 1946 started off well and continued not too badly. (Not too badly, that is, in terms of totals; but in one essential particular, the destination of exports, there are disturbing features.) It is true that the exporting industries continue to enjoy a seller's market which has more than compensated for all the real difficulties of a period of rapid reconversion. By and

large, however, we can take much encouragement for the future from the resilience which British industry has shown in converting back to peace.

On the balance of trade, the excess of imports over exports, at £335 million, is not only less in terms of sterling than the 1936-38 figure, but is no more than 40-50 per cent of the pre-war level if the changes in the value of money are taken into account.

In 1936-38, it is estimated, we had a deficit on merchandise account of £389 million, and net government expenditure overseas of £7 million. On the other side of the account we had a net "invisible" income of £353 million, made up of £105 million from shipping, £203 million from overseas investments, £45 million from miscellaneous sources, of which insurance earnings and merchanting commissions were the main individual items. This left a net deficit of £43 million, not so large an amount as to cause us any serious embarrassment.

Our sources of invisible income have been rudely disturbed by the war. Shipping losses and the realization of foreign investments have left us much poorer in foreign-exchange earning assets; and we have run up enormous overseas liabilities. It may be estimated that, in round figures, our net invisible income in 1946 was of the order of £300 million—rather less in terms of sterling than pre-war and barely half as much in terms of goods. This has to be set against an adverse trade balance of £335 million.* The picture so far does not look too unpromising.

Overseas Military Commitments

BUT this comparison has omitted—deliberately, in order to bring the point into focus—one most important factor, government expenditure overseas. In 1936-38 the net debit on this account was inconsiderable—only £7 million. In 1946 it was immensely larger. During the war the figures ran into hundreds of millions of sterling a year, notwithstanding that much expenditure on behalf of the British Government was financed by Canada and the United States under Mutual Aid and Lend-Lease, and that expenditure of Canadian and United States forces brought substantial foreign-exchange earnings into the country. The end of the war left substantial non-recurrent expenditure to be cleared up in 1946, and a legacy of much higher and more expensive military establishments to be maintained.

This military expenditure overseas is not only one of the largest individual variables in our external position but is in a sense the critical item. And since it is determined by politics, not by economics, its vagaries must remain a nightmare to anyone who attempts to appreciate, let alone to plan, our economic future. Incidentally, if the statement given earlier of our basic objectives—to preserve the peace and to obtain our essential imports—is accepted, here is another and not unimportant aspect of their interdependence.

That is a consideration which, quite apart from its high political content,

* No account has been taken of relief shipments, free of payment or on credit, which enter into the trade figures but do not help the current balance of payments, or of certain compensating factors on the other side of the account.

should be kept firmly in the minds of Ministers and officials. Control of Service expenditure must be firmly reinstated, not in any niggling and unconstructive form, but in the form of a close and intelligent scrutiny, running right down the line from the highest levels, of the economic aspects of our strategic policy. In the past we have on occasion assumed military commitments that we were militarily incapable of implementing. Let it not be forgotten that there are also economic limitations on our strategy; that it is not enough to solve the man-power and production problems, and that our capacity to assume foreign-exchange commitments may indeed be a decisive question in the coming years.

Hard and Soft Currencies

SO far this review has been concerned with the general position. We must see how we stand, not only in relation to the world as a whole, but in relation to the "hard currency" areas of the world. It may be well to give a more exact definition of what this means. The terms "hard" and "soft" currencies are often loosely or indeed inaccurately used.

Some countries conduct all their dealings with the outside world in sterling, and hold in sterling all their external reserves. Alternatively they may be debtor countries who need all the sterling they can get to meet their commitments to the United Kingdom for goods and loan services. Such countries can, and indeed are glad to, accept sterling pretty well without limit; the only limit in fact being that they cannot accumulate cash indefinitely and sooner or later require to spend some of it on goods. These are the extreme cases of "softness" in currency.

Passing along the scale, there are those countries which, while ready to hold fairly large balances in London over a period of time, will not add to those balances indefinitely, and beyond that point require payment in some other form—probably gold or dollars. Finally there are the countries which, for whatever reason, will not hold sterling at all or, more accurately, will only hold such working balances as are needed for the day-to-day conduct of their business. Such are the United States in particular, and a number of countries of the so-called "dollar area", including Canada (with certain qualifications), Switzerland and one or two lesser ones.

We should not hold it against the United States, for example, that they will not help us out by accumulating sterling balances. They are only following our practice. We trade widely in sterling, and refuse to hold large balances in the currencies of most of our customers. On the contrary we expect them to trade with us in sterling and hold balances as necessary in London. This is no more than the United States does in relation to us.

The sum total of our dealings with any one country, in a day, a month, a year, or whatever the period, will comprise a great number of separate payments, both in and out; probably also there will be cross-payments to third countries. If, over a given period, the United Kingdom is in deficit and the country in question is a willing holder of sterling, no problem arises; the creditor simply holds a rather larger balance at the end of the time than at the beginning. If, however, the country will not hold any more sterling, the

balance must be settled in some other form, and in practice this usually means payment in gold or in United States dollars.

Hence the need for us to hold reserves of gold and dollars, to cushion both the day-to-day and the longer-term fluctuations of our external position. And hence our pre-occupation with "hard currencies".

Moreover, no currency is absolutely "soft". No country can afford to trade only with Britain—to supply us with its products and buy only those which we care to supply. And that is what absolute "softness" would imply.

This point is important in relation to the sterling area. If Britain were not prepared to supply out of its own reserves of dollars and other foreign currencies what the sterling area reasonably needs, our present ability to trade freely with the countries of that area in sterling would quickly end. They may readily keep their reserves in sterling, but they cannot and will not cut themselves off from trade with the rest of the world.

The Dollar Deficit

AS with the overall position, we can start with the trade returns. Though they are only part of the story, they are at least available in some detail. Comparison of 1946 with 1938 figures by areas reveals important and disturbing changes. There is an immense improvement in our position *vis-à-vis* the easier countries, a marked deterioration *vis-à-vis* the more difficult. The improvement is partly illusory, since the figures include the substantial shipments we have made for relief and rehabilitation purposes. Even so, there would appear to be a very marked strengthening of the British position in relation to these regions.

On the other hand, the figures for the United States and other "hard currency" countries are markedly more unfavourable. The balance against us is certainly much heavier in terms of goods, let alone of money. To some extent this was to be expected. With many of our normal sources of supply disrupted by the war, we expected to be abnormally dependent on North America in this transitional period.

The balance of visible trade is only one factor, though an important one, in our economic relations with North America. There are the invisible items—interest and dividends, freights and shipping disbursements, films and so on—on which the balance is certainly more unfavourable on many counts than before the war. That, however, is not the whole story. Those countries, the sterling area in particular, which trade in sterling look to London to supply their dollar requirements, in so far as their own direct dealings do not provide them. If these countries had no surplus sterling resources, any improvement in our account with them would indirectly benefit our account with the dollar countries. The sterling area would then have to meet its debts to us either by selling us more of its newly mined gold, or alternatively, being short of external resources, would have less to spend and would therefore make less demands on our dollars.

This was, broadly speaking, the position before the war, when our external position as a whole was balanced, though somewhat precariously. The United Kingdom then had a favourable balance of payments with the sterling

area, an unfavourable one with North America. The sterling area, to balance its account with us, sold us its newly mined gold and the dollar proceeds of its exports of tin, rubber and other raw materials. This process gave us sufficient gold and dollars to balance our own account with the United States and Canada.

Now, however, when the sterling-area countries have almost unlimited sterling resources—of the order of £3,000 million—any improvement in our account with them has little effect on their capacity to spend in the dollar countries and therefore brings no appreciable relief to our own dollar account. In other words, much of our increased export capacity is now going to repay our war debts to the sterling area (and to a lesser extent other countries) and not enough is earning us new *real* purchasing-power abroad.

This is one of the main reasons why examination of the trade figures, which at first sight seem not unencouraging, must leave one disquieted. Thanks to the American and Canadian loans, we have for the present large dollar resources readily to hand. But we may be running through them much too fast. Our dollar reserves were not published before the war (after the abandonment of the gold standard in 1931) and are not published now. We know, from the figures issued in connexion with the Washington negotiations, that they had crept up during the latter part of the war from a dangerously low to a barely adequate level—around £450 million. How they have moved since then can only be guessed. But we have the fact that up to the end of January we drew \$700 million from the American credit and \$540 million from Canada. If, as we are told, the former figure is disturbingly high, the latter, which represents nearly 45 per cent of the total available, is positively alarming. Until our relations with the sterling area and other holders of sterling balances are brought into manageable shape, this drain may continue unendurably. We have affirmed, in the American loan agreement, the intention of taking suitable means by mutual arrangement to deal with those balances within a period of twelve months expiring next July. It is clearly a matter of urgency to do so, quite apart from that agreement.

Import Requirements

THE other main reason for anxiety is the fact that our imports are at present, in volume, no more than 70 per cent of the pre-war level. It would be an interesting exercise to try to estimate the level of imports we should aim at; and oddly enough, although there has been much discussion of the target level of our exports, which after all is only consequential on our need for imports, there has been little said about imports themselves. The American loan agreement envisaged a level the same as pre-war. This may have been a rather facile assumption. Our social structure, and the distribution of wealth, have profoundly changed. As likely as not, our importing habits will have changed quite considerably. A well-thought-out policy for agriculture could materially reduce the proportion of our food that we have to draw from overseas. The war has shown what can be done in the short-term, and it remains to be seen what could be done in the long. Luxury imports, too, may well be less. But a higher standard of living generally

will mean a greater total consumption of both food and raw materials. Some observations by Ministers have indicated that the level should be set higher than before the war, although no one seems to have ventured to name a figure. If we have fixed our import standard too low, our export standard, too, will need to be raised.

The Way to Solvency

IN conclusion, what emerges? First and foremost, of course, the need for increased production. This is absolutely fundamental, and if we fail we shall fail in any worthwhile course of policy both abroad and at home.

As for the hard-currency problem and the sterling balances, we must not base our hopes of salvation only on increasing our own exports to dollar countries, or other sources of direct dollar earnings. The magnitude of our deficit in direct account with the dollar countries is too great to allow of such simple remedies. If we were prepared to cut ourselves adrift economically and politically from the United States, we might go some of the way. But what responsible opinion in this country would seriously desire or advocate such a course? Bear in mind too that, with the United States, Canada would go also, by sheer inescapable necessity.

Nevertheless dollar exports are valuable, and should be encouraged as far as is humanly possible. It is useless to think of direction of exports by government control, since this would far more likely stultify exports to other destinations than promote export to the dollar countries. But, short of direction, something valuable can be done, and undoubtedly the Board of Trade are alive to the fact.

Dollar exports, however, are really valuable only if they are continuing; to take advantage of a short-run seller's market may be easy, and may look impressive, but in the long view the dollar earnings are insignificant, and much time and energy may be wasted which could be better employed elsewhere. Why, for instance, have we bothered about exporting motor-cars to America? Our chances of keeping a foothold in that market, except for a few specialities are negligible; and those same cars exported to the sterling area might have helped to build up a continuing trade of far greater value. Obviously the more the sterling area buys its cars from us, the less it will call on us to provide dollars for American ones.

A better hope lies in following, more consciously and vigorously than before the war, the policy of developing the production and sale of those materials under our control, in the overseas Empire, which America buys. Gold, tin and rubber have been the classic instances in the past, but there are many others. These are the types of imports which America can accept in really large quantities. Three-cornered trade—where, for instance, America buys from Malaya, Malaya buys from us, and we from America—has some prospect of success; bilateral trade, whereby we sell to America enough to pay for what we buy, has none.

Does this expose us uncomfortably to a possible American slump? Very possibly. But short of putting a *cordon sanitaire* round the United States, and of devising a closed economy for ourselves and such partners as we can find

to join so doubtful an enterprise, we have to face this risk. Some measures can be taken to guard against it, or forestall it. Some protection may be given by the International Monetary Fund if it comes into effective operation. In essence, however, it is a matter of choosing between a course which, notwithstanding its risks, *can* succeed, and one which can only offer prospects at best of mediocre comfort, and at worst of political and economic disaster.

Meanwhile we need to look much more closely at our import policy. How far are our rulers prepared to be constructive—to encourage positively the import of more machinery, the purchase of foreign patents and so on, which can enhance the efficiency and productivity of our industry? Or will they merely practise one of the worst forms of cheeseparing, the exclusion of foreign machinery and foreign ideas whenever some more or less adequate substitute can be unearthed at home? There are too many signs of the latter, too few of the former, type of planning. We cannot prosper on an *ersatz* economy.

These problems have to be tackled without delay. Our domestic prosperity depends on our success in restoring our external position, and time is against us. Ministers are too pre-occupied with long-term political issues and cannot give current administration the time and attention it demands. Nor can their officials, who are over-burdened with new legislation. Meanwhile the country's economy suffers. The neglect of good administration has become almost universal. In one respect a spell of bad weather has brought it catastrophically to light: in others it acts as a cumulative poison. What Britain needs is to be allowed to get on with to-day's questions and to take to-morrow's in their proper sequence.

Finally, let us have less secrecy and more frankness about these fundamental issues. If a democracy is to take an intelligent interest in governing itself, it must have the data on which to form its judgments. The ordinary man, when confronted, apparently out of the blue, with a foreign-exchange crisis, is merely resentful. It is not much better to serve him periodically with selective and carefully predigested statistics in White Papers. The British people have shown what they can do in face of difficulty or even disaster if they know the reasons clearly.

We can see much to alarm us ahead, and perhaps a little to encourage. To succeed, we need sound nerves and above all good leadership. If an economic Dunkirk threatens, must we wait till it overtakes us before mobilizing our national energies, or can we forestall it? It would be a tragedy if through lack of courage and sense of proportion in high places we failed in an undertaking on which depends the well-being of so many, in these islands and elsewhere.

THE UNITED STATES OF INDONESIA

By a Netherlands Correspondent

THE article on the Netherlands-Indonesian situation in THE ROUND TABLE of last March concluded with a reference to the proposals which had been put forward on February 10, 1946, on behalf of the Dutch Government by the then Minister of Overseas Territories, Professor Logemann. Although they amounted to a big step forward from the position taken up after the crisis created by the formation of the Republic when Japan collapsed, subsequent developments were to show that the Netherlands had to proceed still farther on the road of concessions.

In February 1946 the Dutch Government was not yet prepared to recognize the Republic, which it had at first regarded as an "incident" of Japanese fabrication. It still looked upon the Republic as the negation of democratic principles and the rights of the majority of the Javanese and Sumatran peoples—outside Java and Sumatra the Republic was not even *de facto* in possession—and as existing by the terrorism of an extremist minority. The proposals provided for a régime of far-reaching autonomy "within the Kingdom", which meant that the Republic's claim to sovereignty would have to be abandoned; with the proviso, however, that after a period of five years the peoples of autonomous Indonesia would be given the opportunity to decide, with unqualified freedom, their future status. In other words, while the Dutch Government admitted the Indonesian claim to self-determination, they considered that the conditions for a genuine expression of opinion could be brought about only by the preliminary restoration of democratic law and order under the auspices of the Kingdom.

These proposals came near to leading to a settlement. Much was already gained when Mr. Shahrir, the Prime Minister of the Republic, proved able to accept them as a basis for negotiation, even though he made it clear from the start that the Republic could not be abandoned. This highly cultivated Indonesian leader undoubtedly realizes the need of some form of co-operation with the Dutch, and with that object in view has been doing his best, all along, to strengthen his control over the extremist forces on his own side. Soekarno, the President of the Republic, who was at first regarded by the Dutch with particular suspicion and dislike as a Japanese collaborator and tool, was gradually seen to be working with Shahrir.

The early stage of the negotiations, which began on March 13 in Batavia in the house of Sir Archibald Clark Kerr, now Lord Inverchapel, who acted as chairman, was accompanied by several moves on the part of the Indonesians calculated to raise the hopes of an understanding. Extremist leaders in the Republic were arrested, and a serious beginning was made with the evacuation of Dutch internees, of whom scores of thousands of men, women and children were still living in camps in the territory over which the Republic held sway. On the Dutch side, too, opinion was moving. Early in

May, after an exchange of views in Holland with Republican delegates who had come over for the purpose, Professor Logemann made a statement in the Dutch Parliament to the effect that the state of feeling in Indonesia would necessitate a recognition of some sort of republican government within the framework of the Kingdom. Parliament subsequently approved this statement.

Netherlands Opposition

IT is small wonder that there was a good deal of bitter opposition. Distrust of the Indonesian leaders and of their ability to make good their promises in the face of extremist unruliness was widespread; the returning evacuees with their tales of woe, their stories of the confusion reigning in "the so-called Republic", their resentment at what was to them the incomprehensible attitude of the British, exercised a considerable influence over public opinion.

The Government at The Hague which had been formed shortly after liberation, when there was no means of testing public opinion in the ordinary way, was a progressive one; its leading members, including the Prime Minister, Professor Schermerhorn, were members of the Socialist party. Later the old pre-war Parliament (a general election being still impracticable) was called together, and there the Conservative parties, "Liberals" and Protestants—"Anti-Revolutionary" and "Christian-Historical" parties—made themselves the spokesmen of these criticisms. The Government, however, retained the support not only of the Socialists but also of the Catholics. The latter group, numerically very powerful, occupied a middle position and made it necessary for the Government to proceed with caution.

It may have been due to this that the negotiations of the early summer of 1946, which at one time looked so hopeful, failed in the end. The Republican negotiators had receded from their original claim that the Republic was to be recognized as extending over the whole of Indonesia; it was in fact an untenable claim, since Dutch authority had been fully re-established in all the islands outside Java and Sumatra, and conditions in the last-named island were in a state of utter chaos. The Republican Government nevertheless clung to its claim to Sumatra as well as Java, and it was among other things the refusal of the Dutch to recognize it in Sumatra which brought about the rupture.

In the Indonesian counter-proposals of June 1 the basic idea of the declaration of February 10—an autonomous structure, which might, however, in accordance with the further declarations of May, be called a Republic, within the framework of the Kingdom—was abandoned, and the suggestion was put forward of an alliance between two sovereign States. This was considered unacceptable on the Dutch side, and the negotiations came to an end.

A Conciliatory Policy

AT the same time the general election in Holland, which had at last been held, weakened the position of the Socialists. In trying to win over *bourgeois* elements by emphasizing their character as a Labour party after the English pattern, they lost heavily to the previously unimportant Communists, who

obtained 10 seats against the Socialists' 27 out of a House of 100. As a result, the position of the Catholics, who obtained 32 seats, became even stronger. The new Government, based on a Socialist-Catholic coalition, and under the chairmanship of a Catholic, Mr. Beel, nevertheless continued the conciliatory policy of the old, and was indeed in a better position to do so, being able to claim, so long as the coalition held, that it had a mandate from the electorate. Mr. Jonkman, who replaced Professor Logemann at the Ministry of Overseas Territories, belonged, like his predecessor, to the Labour party.

Under the Schermerhorn Government Dutch military forces in Indonesia had already been energetically strengthened. When the crisis first broke out none had been available. Now that there was a regular Parliament in being the Constitution was altered, with the assent of all parties except the Communists, sanctioning the sending of conscript troops out of the country. Gradually that policy began to bear fruit. In November 1946, 47,000 Dutchmen were stated to be serving with the colours in Indonesia.

The Conference of Malino

MEANWHILE, Governor-General Van Mook was quietly beginning to organize the new régime in the islands outside Java and Sumatra, where on July 1, 1946, the Allied Commander-in-Chief had handed over complete responsibility to the Dutch. At Malino, on Celebes, a conference of delegates from these regions was held under Dr. Van Mook's chairmanship.

It goes without saying that every word spoken in criticism of the Republic and not absolutely consonant with its policy was denounced by Republican propaganda as proof that the conference had been packed, that the speakers were mere puppets of the Dutch, and so forth. There is no doubt, however, that the delegates had been selected in an honest desire to have all sections represented, and that the discussion was entirely free. In fact, to Dutch Conservatives, who had always boasted of the loyalty of these populations, it was rather disconcerting to notice that the general trend of opinion at Malino went far beyond the measures of autonomy which it had been thought would satisfy them.

Yet on the whole the conference certainly meant an enormous strengthening of the moral position of the Dutch. In spite of the obvious sympathy with which the Republic of the Javanese was regarded and the spirit of emulation that it aroused, the claim of the Republic to embrace the whole of Indonesia in its unitary constitution, which would have ensured Javanese ascendancy, was decisively repudiated; it was also clear that friendly co-operation with the Dutch was still prized. Several areas were in favour of the maintenance of the Kingdom, and the prevailing opinion was for sovereignty linked up in some way or other with Holland. In the end it was decided that a United States of Indonesia should be set up (Java and Sumatra, Borneo, and the Great East, that is, Celebes, the Moluccas, the smaller Sunda islands and New Guinea); pending the organization of this new structure, the Kingdom was to be preserved; once it was in being, the relations between it and Holland were to be discussed at an Imperial Conference.

Fresh Negotiations

THE British had withdrawn from the outer islands; the moment was approaching when they were to recall their troops from Java and Sumatra as well; November 30, 1946, had been fixed as the date by which the last British or British-Indian soldier was to leave and the Dutch were to take over. Even before the conference of Malino was opened the British had tried to end the deadlock by suggesting the reopening of negotiations between the Republicans and the Dutch under their own mediation. The proposals of February 10 had by now vanished into the limbo of still-born creatures, and an entirely new start would have to be made if a trial of strength by arms were to be avoided.

On both sides there appeared a willingness to attempt such a new start. Undoubtedly the conference of Malino was making an impression on the saner minds among the rulers at Djocjarta, and they regretted the guerrilla warfare which was creating a more and more ungovernable temper in their armed forces. In Holland the new Government prepared for the negotiations by obtaining from Parliament—Socialists, Catholics and Communists voting against Liberals and the two Protestant parties—a law constituting a Commission General of three—including Professor Schermerhorn, the late Prime Minister, as chairman—to conduct, in conjunction with Dr. Van Mook, the negotiations required for a settlement "within the framework of the Kingdom".

When the Dutch Commissioners met Mr. Shahrir and his colleagues, under the presidency of Lord Killearn, the first step was to arrange an armistice, which was, of course, essential for the creation of a better atmosphere; promises were also obtained that the remaining Dutch interness in the interior (still a good many thousands) were to be evacuated. The negotiations led to an agreement which was signed at Linggadjati on November 16, 1946.

The first reaction in Holland when the details of the document became known was a gasp of astonishment. Even in Government circles it was thought that the Commissioners had allowed themselves to be carried away by their desire to effect a reconciliation with Indonesian nationalism. The Conservative opposition denounced the agreement as running counter to the condition which had been laid down by Parliament: "within the framework of the Kingdom". The Commission General was accused not only of having exceeded the Queen's declaration of December 7, 1942, which had been supposed to govern all the various proposals emanating from the Dutch Government and which had spoken of reforms within the fabric of the Kingdom, but, indeed, of having violated the Constitution and disrupted the realm.

It was asked how the Catholic member, Mr. Van Poll, who had always publicly insisted on observance of that condition, could have set his hand to an instrument of this description, and it was expected that the Catholic party would refuse to ratify the agreement and that the Government would fall. In the end, however, the Catholics, with one single exception, voted

with the Socialists and the Communists, and the agreement was ratified by a majority of 65 against the Conservative opposition of 30. But this result was achieved only by "interpretations" of the agreement, intended to keep open the possibility of obtaining further safeguards in the course of the negotiations which are still to be held on the practical working-out of the Linggad-jati document.

The agreement does not in fact contain more than the barest outlines of the future constitutional relationships; a further complication is that the minutes of the discussions held between the two delegations are taken as forming an integral part of the agreement.

The Linggad-jati Agreement

THE agreement opens with a preamble, in which it is described as an act of pacification, seeking to lay a foundation of mutual understanding, trust and co-operation by indicating certain outlines of a projected new partnership. The Government of the Republic is recognized by the Netherlands as being in *de-facto* control of Java, Madura and Sumatra. The two Governments declare that they will co-operate for the establishment at an early date of a sovereign, democratic and federal State, to be called the United States of Indonesia. The component parts are to be the Republic, Borneo, and the Great East. At the same time it will be possible for nationalities provisionally included in one of these three States—such as the Sundanese, Ambonese, Bataks—to claim a separate position within the federation, or a special relationship with the U.S.I. and the Kingdom.

The Kingdom, by which term had hitherto been understood the Netherlands *plus* the overseas territories, is now to be "transformed" into a Netherlands-Indonesian Union, which, under the crown of Queen Wilhelmina and her descendants, is to combine the "Kingdom" (new style), consisting of the Netherlands, Surinam and Curaçao, with the United States of Indonesia.

The Constitution of the U.S.I. will be drawn up by a constituent assembly of representatives of the Republic and the other component parts. The Statute of the U.S.I. will be framed by a conference of representatives of the Kingdom (new style) and the U.S.I. It will have to be ratified by the respective representative assemblies.

The Netherlands Government and the Republican authorities will do their utmost to have the reforms accomplished before January 1, 1949. As soon as practicable the armed forces of both contracting parties will be reduced, after due mutual consultation. Thereupon the portions of the Republic now occupied by Dutch troops—in fact all the more important coastal towns—will be incorporated in the territory of the Republic.

Differences arising during the period of transition will be resolved by consultation and, if necessary, by arbitration.

The Outlook

THE agreement of Linggad-jati has not put an end to the Dutch-Indonesian crisis. Even its supporters admit that there are still troublous times ahead. Much has been left to be settled in further discussions. Even so important

a problem as that of the powers to be exercised by the Queen as head of the N.I.U. is still entirely unsolved. The Dutch signatories have proceeded on the assumption that there is among the Indonesians a party who are sincerely anxious for co-operation and whose hands will be strengthened by a full recognition of Indonesia's new-won dignity and equality. Their signing has been an act of faith. Whether this will receive applause at the hands of history or be met with ridicule and reproach depends on the view one takes of the strength of Indonesian nationalism and its ability to cope with the practical problems confronting it.

With Dutch Conservatives it is a settled conviction that the Republic maintains itself only by force and that the large masses of the people in Java, as elsewhere, would respond to a firm policy on the part of the Dutch, realizing that only they can ensure, as they did in the past, order and even-handed justice among the different classes and national groups. To them the idea that a policy of concessions can ever lead to stability is an illusion. Not only do they paint a frightful picture of the confusion and decay prevailing in the Republican area, but they are confirmed in their scepticism by the undeniable fact that the armistice is continually being violated, and by the reckless statements breathing anything but reconciliation which ever since the agreement have been uttered by Indonesian leaders. Shahrir may be a well-meaning person, and Soekarno not so black as he used to be painted, but will they be able to control their extremist followers?

On the other hand, opinion on the Left is no less firmly convinced that a policy of "firmness" will lead straight to a "colonial war", and that from such an adventure nothing but evil can come. They charge their opponents with blindness to the facts in Indonesia and in the world. The great forces of Asiatic nationalism, they argue, cannot be met either by tinkering with measures of reform or by violence. Fortunately in Indonesia there are still elements of reasonableness and of friendly feeling for the Dutch, whose civilization has after all profoundly penetrated Indonesian society and ways of thinking. Moreover, the Republican Government is conscious of its inability to deal satisfactorily with the enormously complicated technical and economic problems which are inseparable from a highly modern society such as had been growing up under Dutch rule, and they are anxious to make use of Dutch capital and Dutch expert knowledge. Gratify their national sentiment, and it is still possible to envisage a future in which the two peoples, on a new footing, will work together for the advantage of both.

There is something in this argument which appeals to business interests as well as to democratic and internationalist idealism. As a result of the agreement, a mixed commission will be set up to see to the restitution of property rights of non-Indonesians within the territory of the Republic. No restriction is made with respect to key industries, the nationalization of which was nevertheless from the beginning a point on the Republican programme. Maybe this is the "good price" which Shahrir in October declared himself to be willing to pay for liberty.

It would be rash to prophesy as to the prospects. The agreement has not

yet been ratified by the Republican Assembly, although important groups have declared themselves in favour; and, while in The Hague ratification was accompanied by "interpretations", in Djocjacarta these were expressly eliminated. The continued violations of the armistice are another danger symptom.

Meanwhile, developments outside Java and Sumatra look distinctly promising. The State of the Great East has actually been set up, and a Prime Minister, a native of Celebes, has been chosen by the representative Assembly. Almost immediately after entering upon his office he flew to Holland, where he was received by the Queen and had interviews with the Minister of Overseas Territories and other members of the Cabinet.

Postscript

Since the above was written, things have taken a turn for the worse in Java. The "interpretations" of the Linggadjati agreement which were attached to its approval by the Dutch Chamber, not only in the speech of the Minister of Overseas Territories but also in the motion of the majority parties by which that approval was given, are now considered by the Republican Government to constitute a bar to their ratifying the agreement. Comment on this announcement shows opinion both in Holland and in Indonesia to be very much divided as to its significance. It will in any case cause delay in the signing of the document without which the hoped-for *détente* can hardly materialize, although some people still regard it as possible, or even probable, that a new exchange of views will clear up what is described on behalf of the Dutch Government as a misunderstanding.

It is also observed, however, that there seems to be a recrudescence of extremist opposition to Shahrir, who is still apparently working for reconciliation. Altogether the outlook is more uncertain than ever. Nevertheless, as both sides are so obviously reluctant to face a rupture and a trial of strength, one may hope that some formula will be found to safeguard the prestige and sentiment of the Republicans without surrendering the guarantees which the Dutch Chamber has expressly and deliberately pronounced to be indispensable.

SOUTH AFRICA AND THE UNITED NATIONS

THE Union of South Africa suffered two blows to its pride during the Session of the United Nations at Lake Success. The first came when the General Assembly rejected General Smuts's application for the incorporation of South-West Africa in the Union: the second, when the Indian Delegation not only secured a debate upon the treatment of Indians in South Africa, but also obtained sufficient support to pass a resolution asking the Governments of India and South Africa to report to the next General Assembly on the measures they had taken with regard to the treatment of Indians in South Africa.

South-West Africa

THE first episode may be dealt with quite briefly. As is well known, South-West Africa has been administered by the Union since the Treaty of Versailles under a "C" Mandate, which authorizes this country to administer the former German colony "under its own laws as an integral portion of its territory". The Mandate, it should be noted, was granted not by the League of Nations, which was not then in existence, but by the Principal Allied and Associated Powers (Great Britain, France, Italy, Japan and the U.S.A.) in whose favour Germany had renounced all right and title to her overseas possessions. The only deduction from virtual sovereignty was the undertaking to make an annual report to the League and submit to criticism of that report.

In pursuance of the Mandate the administration was very closely assimilated to that of the Union. The public, railway and police services were in fact unified. Union nationals having flocked in, the European population is now mainly non-German. The desire by both parties for complete absorption is therefore natural and proper. On the death of the League of Nations it was open to General Smuts, had he so wished, to incorporate the Territory by single-handed action. Instead, as a constitutionalist, he preferred to submit the Union's plea for incorporation of the Territory to the United Nations.

In support of his plea, General Smuts was able to produce a unanimous resolution of the Legislative Assembly—a purely European body—passed in May last, in favour of incorporation, and the results of an informal referendum of the natives, which indicated that 208,850 were in favour of incorporation, 33,520 were against, while the views of some 56,000 could not be ascertained.

General Smuts's request, however, was rejected so decisively by the United Nations Assembly that rejection must have been inevitable. The rejection has been taken calmly because it makes no practical difference to the situation. It is unthinkable that any other State should be granted the administration, for the simple reason that no other State could desire the

administration except, following the example of Germany, as a base for an attack upon the Union. Integration can still be pursued to the farthest point, to the extent, for example, of admitting representatives of South-West Africa to the Union Parliament. General Smuts has, however, signified the Union's readiness to submit reports on the Territory to the Trusteeship Council.

Ulterior Motives

WHAT did arouse resentment was the source of the main criticism—India and Russia—and the production of general charges of ill treatment of natives, many of them entirely baseless. At one time it seemed that the progressively more liberal native policy towards which the Government is cautiously feeling its way might suffer a serious set-back as a result of these misrepresentations and the support given to them by certain emissaries from the Union. That this result has been averted speaks volumes for the improvement in public morale on this delicate subject, and for the sound judgment of such leading champions of the natives as Mr. Rheinallt Jones, a former Senator representing the native people, who roundly condemned the campaign of misrepresentation. Since native affairs in South-West Africa will be administered by the Union, whether or not incorporation should take place, it was obvious that the campaign against incorporation was not concerned with that Territory but was framed from ulterior motives as a general indictment of the Union, for which General Smuts's application served as an opportunity.

In spite of this, a number of leading journals have drawn the moral that South Africa should examine its conscience in regard to the 8,000,000 natives in its care. And it cannot be denied that many prevailing views are too antiquated to bear examination.

At this very moment, for example, a conflict is raging between the Government and the building trades unions over the Government's proposal to train natives as building artisans for the purpose of overcoming the shortage of native housing. When members of one union were appointed as instructors, they were peremptorily ordered by their union to resign, and felt obliged to do so. Apparently the Government means to stick to its guns and it has now obtained the necessary instructors. But the incident sheds light upon the attitude of some of the European trade unions towards native workers. Their determination to retain existing economic privileges, though springing no doubt from fear of unemployment, none the less coincides with and reinforces the belief of the more backward Nationalists that the native, as the descendant of Ham, is intended by Divine law to be a hewer of wood and drawer of water.

The Indian Problem

THE United Nations resolution in regard to the Asiatic Land Tenure and Indian Representation Act, passed in the last Session,* raises much more serious issues—issues which affect the prestige of the United Nations

* See THE ROUND TABLE for June, 1946, p. 287.

even more than that of the Union. In its original form the resolution tabled by the Indian Delegation read:

"that the treatment of Indians in the Union should be in conformity with the international obligations under the agreements concluded between the two Governments and the relevant provisions of the Charter."

When this came before the Steering Committee, General Smuts pointed out that the Indians referred to were not Indian nationals but Union nationals, and that the matter was therefore essentially one of domestic jurisdiction, which is excluded from the province of the United Nations by Article 2 (7) of the Charter. In addition, the alleged international obligations were not specified, nor have they been elucidated to this day.

The problem, however, was referred to the Legal and Political Committees, Mr. Vishinsky (Russia) making the astonishing statement that "Indian nationals are being robbed of their rights". Weeks later, before the Joint Legal and Political Committees, Mrs. Pandit, as leader of the Indian delegation, had the acumen to drop her own proposal in favour of a French-Mexican proposal, the full text of which runs:

"The General Assembly, having taken note of the application made by the Government of India regarding the treatment of Indians in the Union of South Africa, and having considered the matter: first, states that, owing to that treatment, friendly relations between two member States have been impaired, and unless a satisfactory settlement is reached these relations are likely to be further impaired: second, is of the opinion that the treatment of Indians in the Union should be in conformity with the international obligations under the agreements concluded between the two Governments and the relevant provisions of the Charter: third, therefore requests the two Governments to report at the next Session of the General Assembly the measures adopted to this effect."

This resolution, which is rather stronger, as well as more verbose, than its predecessor, was carried, after a confused debate, by 24 votes to 19, and was subsequently confirmed in the General Assembly by 32 votes to 15, with 7 abstentions.

A Domestic Issue

GENERAL SMUTS'S contention throughout was that the complaint was excluded by Article 2 (7), but that, as a difference of opinion existed, the question whether this Article had that effect should be referred to the International Court of Justice. He went so far as to suggest that the scope of the reference should be extended to include facts, as well as law, and that in order to establish the facts the Court might send a Commission to South Africa. In his contention he had the full support of the British Attorney-General, Sir Hartley Shawcross, in a brilliant speech, and of the United States delegate (Mr. Fahey), who also emphasized that the resolution, if agreed to, would constitute a decision that international obligations do exist between the two Governments, whereas the existence of such an obligation is in doubt.

It was of no avail. Reason had lost its sway, and emotion, personified in Mrs. Pandit, a born orator, swept the Assembly away. It is of some interest

to record that, of the Caribbean and Latin-American States which make up so large a proportion of the voting strength of the General Assembly, Chile, Colombia, Cuba, Dominica, Guatemala, Haiti, Honduras, Panama, Uruguay and Venezuela voted for the resolution; Argentina, Brazil, Costa Rica, El Salvador, Nicaragua, Paraguay and Peru voted against; while Ecuador and Bolivia abstained. Strangely enough, Australia also abstained. What carried the day was the solid block of votes controlled by Soviet Russia. In view of the fears expressed in the Union that the result foreshadowed a coalition of non-White against White nations in the United Nations, this analysis is not without value.

Legally speaking, General Smuts's view of the position was uncontestedly right. Article 2 (7) says flatly that

"Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any State, or shall require the members to submit such matters to settlement under the present Charter."

The mere fact that other Articles permit the discussion of matters which may or may not, according to circumstances, fall within this description cannot limit the prohibition where it applies. The complainants being Union nationals, the complaint, although actually brought by the Indian Government, is clearly a matter of domestic jurisdiction. The highest claim that could be made was that the various Articles of the Charter are inconsistent and require interpretation. In that event the proper body to resolve the inconsistencies is a Court of Law, and the International Court exists for this very purpose.

The debate showed very clearly that both the Indians and the Russians appreciated that argument and realized that it could not be met by direct approach. They therefore side-stepped it throughout. Mr. Justice Chagla, for example, said that it would be fatal to allow the International Court of Justice to be dragged into politics, without explaining how it can operate at all, if not in the political arena. Mrs. Pandit said: "It is too late now to argue that fundamental violations of the principles of the Charter are matters of domestic jurisdiction of member States"; but she did not offer any interpretation of Article 2 (7) which would justify the Assembly in by-passing it. Mr. Vishinsky (Russia) said that the Union had tried to shift the matter from a political level to a legal one, and passed on without attempting to show that the Union was wrong in doing so. He was concerned chiefly with Indian grievances dating back to 1904, and pointed to the Cape Town Agreement of 1927 as proof that international obligations were at stake.

A Painful Impression

THIS conspiracy to becloud the case for the defence with irrelevant rhetoric has made a painful impression upon all sections of opinion in the Union. Many who are prepared to admit that the Indians have not always had a fair deal in South Africa still feel that the Union's representatives were entitled to fair play, and did not receive even ordinary courtesy. The soreness was

accentuated by the fact that not one opponent thought it worth while to refer to the grant to the Indians by last year's Act of representation in Parliament—a forward move which no one would have thought possible a few years ago—and that the communal representation accorded to 250,000 Indians was generous in comparison with that of nearly 8,000,000 natives. Nor did the Indian delegates mention that economically, in spite of minor restrictions, South African Indians are infinitely better off than their cousins in India. As the Union Memorandum remarked:

"The immigrant descendants of the 'Scheduled Castes' of India have achieved on South African soil a standard of freedom from want and fear that their compatriots in India have never attained."

The practical failure of efforts to induce them to return to India shows that they appreciate the fact.

Among General Smuts's supporters there is some tendency to blame lack of adequate publicity for what he has called the "unbelievable misunderstanding about race and colour conditions and their handling in South Africa". But in the time available no propaganda could have coped with the flood of misrepresentation which was transferred from Durban, via Delhi, to Lake Success. "From the hasty consequences of this emotional flood", says General Smuts, "only time, patience and further thought can save the Organization."

Will these be forthcoming? If not, it is plain that the United Nations must suffer shipwreck on the rock of minority complaint. Few countries in the world are without their minority grievances, and if the Assembly undertakes to listen to them all, at the instance of other Powers who happen to take an interest, the position must become chaotic. More, it must become dangerous to peace.

The United Nations was founded to establish world peace. Is it to become a cockpit from which national rivalries will emerge freshened and sharpened? What will happen if at the next session Liberia demands an investigation of the lynching of negroes in the United States, or Great Britain demands an inquiry into the fate of the hundreds of thousands of Estonians and Latvians deported without trial to Siberia? These and similar questions have been widely posed. General Smuts's supporters feel, broadly, that although their leader has received a public snub, at the hands of a body he was largely instrumental in creating, it is the prestige of the United Nations rather than that of South Africa which has suffered.

The Nationalist Attitude

THE attitude of the Opposition parties followed the lines that might have been expected. Certain sections demanded that the Union should cut itself adrift from the United Nations before worse should befall. The leader of the official Opposition, Dr. Malan, began by saying gloomily that "the condemnation of the world has fallen on our necks, and the future of our white race and our western European civilization is at stake". Later, however,

he adopted a more reasonable line. In a by-election speech he declared that the Nationalists would stand behind General Smuts, if he would treat South-West Africa in such a way that there would be no difference whether the Territory were incorporated or not, and if he declined to report to the United Nations as required by the resolution. If he did so report, they would oppose him tooth and nail, because that would mean that South Africa agreed to external interference in her own domestic concerns. Rather than submit to that, the Union should withdraw from the United Nations.

In the four days' debate in the House of Assembly, beginning on January 21, Dr. Malan demanded that the Union should "give no effect" to the request that South-West Africa should be placed under United Nations trusteeship; that the territory should be granted a status equal to that of the provinces of the Union, with representation in both Houses of Parliament; that the Government should decline to confer with the Government of India upon the Indian question, except with the object of having the Indians removed; that the grant of representation to Indians should be withdrawn as "undesired and futile"; and that a joint committee should be set up to devise a comprehensive policy for dealing with the coloured problem in all its aspects. Extreme as they were in some respects, these demands fell far short of those made earlier by his more intransigent supporters. In particular, he studiously refrained from advocating that the Union should cut adrift from the United Nations.

The Position Unchanged

IN his reply, General Smuts announced that the Government would report to the United Nations that South Africa was unable to make a proposal for trusteeship in respect of South-West Africa, though it was willing to make available reports on its administration. "We are simply going to say that it is impossible to submit a draft proposal which would ignore the wishes of the people." In effect, the position will remain unchanged. With regard to the Indians, the Prime Minister did not specify what steps he proposed to take in response to the General Assembly's request that the two Governments should report at its next session the measures adopted to keep the peace. The Indian Government has stated that it is awaiting the first move from South Africa. General Smuts does not intend making such a move, and his statement that the Asiatic Land Tenure Act—the main bone of contention—must stand rules out any productive negotiation.

On the two main issues, therefore, the Prime Minister found himself in agreement with the Opposition, and the debate fizzled out with the adoption of an amendment from the Government benches approving of his conduct of the discussions from first to last.

South Africa,
January 1947.

CONSCRIPTION AND THE NATION

THE SOCIAL IMPLICATIONS OF COMPULSORY SERVICE

THE slow response to the drive for voluntary recruits for the Services and the slow reduction in our international commitments have forced the Government to decide that the present temporary scheme of conscription will have to be given a further lease of life. However temporary the extension may be made to appear, it will in fact mean military conscription in peace. Even under the present scheme, the Forces will be partly conscript until June 1950. Whether called permanent or temporary, it will become part of the pattern of the nation's peace-time life. As such it must fit into its proper place, and full consideration must be given to its reactions upon those other parts of the pattern, our industrial, educational and social life, over some of which it was possible to ride somewhat roughly during a state of emergency.

The Task

CONSCRIPTION can never be a substitute for the voluntary recruitment of long-service Regulars. They are complementary methods of providing the forces needed under arms at any one moment and the necessary reserves capable of rapid embodiment. In 1938 the three Services with voluntary recruitment numbered 335,000; and by January 1939 this had been raised to 470,000. It is not the task of this article to assess our future military needs. But it is widely accepted that for some years our commitments will need a standing force of not less than 750,000 men in the three Services and at least a million in the immediate future. It seems unlikely that voluntary recruitment will produce more men than in 1939. Indeed it will take a vast improvement in recruiting even to approach the 1939 figure.

A single age-group in the next few years will contain about 300,000 young men, of whom some will be medically exempt and some will be excused military (but not other) service on grounds of conscience—an essential feature of any conscription scheme in Great Britain. It is necessary to assume deferment in certain cases; but over a period new deferments will be balanced by the termination of old. An age-group might thus produce some 250,000 conscripts. To reach the target of 750,000 men, including Regulars, the period of conscription could not be less than a year. But this would assume that voluntary recruits exceeded the numbers in 1939. It seems that the period can certainly not be less than eighteen months.

At the end of his period of compulsory service a man will be expected to undertake compulsory periods of reserve training, possibly as a member of the Territorial Army or the Reserve of the Navy or Air Force. Apart from the voluntary Territorials who would provide the long-service officers, N.C.O.s and technical specialists, the Territorial Army and other Reserves might contain one million men or more, according to the length of service required. The necessity and implications of service in the Reserves have

attracted less attention than the fact of conscription itself, but it is an inescapable corollary.

In order to consider the social implications of conscription it is necessary to make some assumption about the normal age of conscription. Whatever the age may be, provision for deferment on grounds of personal hardship will be necessary. But, in order to preserve the justice, both real and apparent, without which no scheme will be thought tolerable, exemption will be given only on grounds of medical unfitness and of conscience. There can be no easy way of doing or of compounding compulsory military service.

There are arguments, mainly on educational grounds, for fixing the age at either 18 or 21 or 22. But it could serve no useful purpose to balance the contentions against one another. To raise the age from 18 to 21 (and the arguments are against any intermediate age) would compel the country to forgo the greater part of three age-groups which, *ex hypothesi*, it cannot afford to do. There would be virtually no calling up, except of those previously deferred, for three years.

In discussing the social implications of conscription, we must then have in mind a scheme in which the young man will, unless he obtains deferment or exemption, be called up soon after he is 18 for compulsory military service over a period which is unlikely to be less than eighteen months. He will then have to undertake further periods of compulsory military training during the next four or five years of his civilian life.

The Industrial Implications

IN June 1939 our total occupied population was 19,750,000, of whom 477,000 were in the Forces, 1,270,000 engaged on supplies for the Forces, and another 1,270,000 were unemployed.

In 1951, which is the most convenient target date, some of our pressing immediate shortages should have been overcome, and our working population may be half a million more than in 1939. But additional men for the Services will not be the only debit against that, and there may be compensating credits too. More man-power is needed for building and export. If, as may be hoped, the school-leaving age will by 1951 have been raised to 16, there will be a further severe drain on our man-power. On the other hand, by comparison with 1938 there may be markedly fewer employed on munitions or unemployed. If all these items are balanced, the needs of conscription included, then production for the home market, together with commerce, finance and services, may have to make do in 1951 with between a quarter and half a million fewer men and women than in 1938.

But against this must be set the long-term increase in productivity which past history leads us to expect. This may not be very noticeable from year to year. But there is no doubt that it continued throughout the war, and the check which has been experienced since is, let us trust, only temporary. Over the period of twelve years from 1939 to 1951 the extension of the normal trend of increased productivity *with the same hours of work* would be more than sufficient to wipe out the net reductions in man-power discussed above.

From an industrial point of view, therefore, conscription may not neces-

sarily mean a reduction in our standard of living. It may mean only a temporary withholding of a rise to a standard above that of 1938. This has two lessons. First, the implications of conscription are not only personal to the conscript and his family and his friends. They touch us all through our pockets and our comfort. Secondly, conscription must compete for man-power both with our material aspirations and with our demands for greater leisure. Whether we can have all three in the next few years depends upon productivity; and that in turn depends upon hard work, technical advances and managerial ability.

The industrial implications are not confined to the direct influence of conscription upon the man-power available. For the sake of argument, it may be supposed that the country is prepared to forgo some improvement in its standard of living to meet our defence commitments.

But industry may well point out that the country is adopting a very extravagant method of meeting those commitments. The extravagance will in some cases be so manifest as to reduce the acceptability of the scheme and especially of the reserve training. In June 1945, before the demobilization scheme had made any inroad into the numbers in the Forces, about 1,200,000 in the age-groups 20-29 were still civilians. In other words, in every age-group about three one-third of the conscripts would not be called up in an emergency. Three men would have to be trained for every two soldiers in the order of battle. This is an unfortunate but essential concomitant of a fair conscription scheme, since exemptions at the age of 18 according to occupation would not be fair. It may be possible to distinguish, even then, the future skilled craftsman in the shipyard. But the even more important physicist may not yet be marked out. This kind of waste may be more obvious during the period of reserve training, when the reservist will probably already have taken up the work in which he will remain for years. It may be difficult to persuade him that it is his national duty to spend a fortnight a year driving a tank when his war station will be making boots for the infantry. Laws must seem reasonable; otherwise they not only fall into neglect but result in evasion with relative impunity.

A final industrial concomitant of conscription deserves to be mentioned. A Government deciding upon a permanent system of conscription will have to decide also upon the future of the Reinstatement in Civil Employment Act. There were sound psychological grounds for this Act during the war. But it has not proved altogether easy to work in practice, although potential difficulties have been eased by goodwill on both sides and by an extreme dearth of man-power. It is true that in peace-time there will not be the anomaly of the office boy who returns as a brigadier. But if called up at the age of 18 the conscript will leave as a youth and return as a man. When the full provisions of the Education Act are in force, his industrial experience will be limited to two years of part-time employment.

The Educational Implications

CONSCRIPTION will affect two important types of education. The calling-up age of 18 comes in the middle of the usual apprenticeship course, and it may be assumed that ordinarily deferment will be granted for the

however, necessarily follow that there will be any corresponding decline in the birth-rate, although there will be such a decline in all walks of life if conscription is the sign of continued international tension and uncertainty for the future.

It is not, apparently, proposed to continue the conscription of women, presumably for the sound practical reason that there would not be the military tasks for the numbers available. But the advantage which women will gain by an eighteen months' start in civilian life cannot fail to have its influence on such questions as that of equal pay.

An important social aspect of war-time conscription which has not received the attention it deserves was the large number of young men who lived away from home for the first time. Peace-time conscription will mean an earlier break-up of a large proportion of working-class family units. It will mean similarly that friendships may be less local and intermarrying in small communities less frequent.

It is interesting to contemplate the possible effects of conscription upon local loyalties. There is no sure guide. Will the Londoner become even more cosmopolitan and, if that is possible, even less interested in London as a community? Will the Scotsman retain in the best tradition his accent and his characteristics? It would be a pity, to put it no higher, if the national unity, which the Norwood Committee foresee may be strengthened by conscription, were enhanced at the expense of those local loyalties which have in the past been its foundation. The partial preservation of the old infantry regiments will help here. Of still further aid will be the integration of the conscript reserve with a literally Territorial Army.

There is a further factor in conscription which is bound to have an important effect upon the everyday life of the individual and the family. Before embarking upon a system of permanent conscription any Government would do well to give the greatest attention to the conditions of training in the Reserve. This training will, it must be remembered, be compulsory. Nothing could be more calculated to make conscription thoroughly unpopular than irksome regulations for compulsory training which seriously interfered with social life.

That the Army conscripts should do their reserve training with the Territorial Army will undoubtedly be convenient. But the Territorial Army before the war made demands upon leisure time which taxed the enthusiasm of even the most ardent volunteers. No Government can expect to compel young men who have given up two years of their time to military training to give also for the next four or five years one or more evenings a week and alternate Sundays for the same purpose. Nor will it be practicable for the small town to provide serious training facilities for men from all Services and all types of unit. Training must therefore be confined to a continuous period of two or three weeks in the year.

Lord Pakenham, speaking for the War Office in the House of Lords on October 14, stated that our garrisons abroad would have to be found largely from Regulars, owing to the short time during which conscripts will be available after the completion of training. But Regulars, like conscripts, have to be

trained; and not the least of the implications of conscription is the fact that there will be in this country a larger body of troops than before the war, needing more camps, more airfields and more training-grounds.

It may be for this reason that the Service Departments are at present reluctant to commit themselves to the release of large areas of land. It will certainly require vigilance to ensure that conscription does not mean the permanent military occupation of some of our finest stretches of open country, such as Ashdown Forest and large parts of Dartmoor. On the other side it is fair to point out that, if a conscript army had to be trained in the waste places of the Empire, it would probably lose heavily on the educational side and tend to divorce the conscript at an important age from the political, social and cultural influences of his home community.

It is obvious that the Services must give the peace-time conscript conditions unknown to his war-time predecessors. For voluntary enlistment and conscription are complementary. The cautious recruit will not volunteer for seven years until he has tasted his compulsory service. The flow of volunteers will depend directly upon the good name which the Services establish among the conscripts. Whatever the citizens of this country think about conscription—and the indications are that a short period would be not unpopular—in prospect it is bound to be irksome to the conscript. It will be up to the Services to prove that the prospect is pleasant and that conscription is not eighteen months taken out of a life but a real and vital part of it.

BURMA: THE STRUGGLE FOR POWER

By a Correspondent lately in Burma

BURMA is now being called upon to work out her own political salvation, a task which she may find more difficult and painful than her extreme nationalists anticipated. This tremendously important moment in her history had to come sooner or later; that it has come rather sooner than many people in Britain seem to have expected need occasion no surprise. For long years we have told Burma that our policy was eventually to grant her full self-government; but for various reasons successive British Governments never felt able to define their policy more precisely than to say, in effect, to Burma: "Some day under certain circumstances you will become fully self-governing. When that day will come we do not know, but you may rest assured that come it will."

Pre-war Self-Government

ALTHOUGH we were indefinite with regard to the actual date for the fulfilment of our undertaking, we nevertheless pursued a policy which was designed to prepare the Burmese people for the heavy responsibilities which self-government brings with it. When this last war broke out, constitutionally Burma was the most advanced unit of the British Commonwealth and Empire, with the exception of the great self-governing Dominions. Burma enjoyed what practically amounted to home rule as far as her domestic affairs were concerned. Admittedly the Governor had certain reserve powers which could be used to deal with emergencies, but these powers were hardly, if ever, used. Burma had her own representative Legislature, with a Council of Ministers responsible to it, just as the British Cabinet is responsible to Parliament.

The Burmese can claim with some justice that they worked the 1937 Constitution with considerable success, despite its failure in a number of ways to satisfy their nationalist aspirations, denying them, as it did, the right to any say in matters concerning defence, external affairs, or the frontier areas. They can, however, point with no small measure of satisfaction to the achievements of the Legislature of 1937-42, just as they can claim that during those years they demonstrated that they are not incapable of governing themselves. We are not therefore being asked to hand over the reins of government to a country which is completely inexperienced in managing its own affairs.

It may be that a number of people in this country would have preferred to keep Burma under a longer period of "training" before setting her off on her own. It is difficult to see, however, what virtue there could be in postponing the grant of self-government. Burma would be no more fit for self-government in, say, five or ten years time than she is now, while it is too much to expect of any people that they should adopt a really responsible

attitude in all their affairs unless and until they are given full responsibility for those affairs. Any attempt to postpone things would only mean more and more unrest and political tension in Burma, maybe accompanied by serious disorders directed against Great Britain.

The political atmosphere of 1941 was bad enough; even then Burma was disgruntled, suspicious, suffering from a bad dose of frustration. Since that time Burma has undergone a great experience from which she has emerged more determinedly nationalist than ever before. The wave of nationalism which has swept over the East has to be seen to be believed. Burma reckons that she has every right to full self-government if by any chance we meant what we said when we proclaimed that we were fighting the last war for "freedom"; she has seen what has happened in Indonesia and India and what is taking place in Indo-China, and her leaders were inclined to wonder whether they might not have achieved more by taking up arms against us than by relying on peaceful negotiations. In view of our past promises to Burma, it would have been tragic had we been forced to fight the Burmese, for whom all the British serving there have a very genuine affection, which for the most part is reciprocated in full measure.

As far as broad policy is concerned, therefore, His Majesty's Government were undoubtedly right in reaching such an agreement as was recently concluded with the Burmese delegation. Burma no longer need feel that she must concentrate all her efforts on her "battle for freedom", on her battle against us. She now can set about fighting those much more serious battles which will have to be won before she can hope to repair that dreadful devastation which war brought to her. She can—but whether she will or not remains to be seen.

U Aung San

EVEN if her "battle for freedom" is over, a battle for power within Burma seems rapidly to be taking shape. Inevitably the name of U Aung San comes into this phase in Burmese affairs, if only because he is himself still the most influential individual in the country and is also the possessor of the most powerful private "army", which gives him a flying start in any domestic struggle for power.

U Aung San, who graduated from the Rangoon University only in 1938, has had a full life so far. He has always been an extreme nationalist, hotly engaged in fighting for his country's freedom. In 1940 his activities interested the police to such a degree that Aung San deemed it advisable to leave Burma by the "underground" route. He made his way to Indo-China, where the Japanese got into touch with him, eventually taking him to Tokyo, where he underwent military training. In due course the Japanese invaded Burma, Aung San accompanying the main invasion body. His task was to organize a Burma Independence Army to operate with the Japanese against us. This he did, it being estimated that he had about 5,000 men in the field during our retreat into Upper Burma and beyond.

Men of all types joined him, ranging from genuine young nationalists, who were ready to die in what they considered to be a righteous cause, to tough

"bad hats" to whom there appeared to be every prospect of picking up considerable quantities of loot. Aung San's B.I.A. acquired an unenviable reputation among the Burmese for the ruthless and, in many cases, cruel manner in which they dealt with those of their fellow countrymen who incurred their displeasure or suspicion. There were ugly stories of Karens and Chinese being massacred under revolting conditions. The B.I.A. (later reorganized under the name of the Burma Defence Army, of which Aung San became Commander-in-Chief) were undoubtedly treated with respect by their own countrymen. In thinking of the future of Burma it is worth while to bear this point in mind, since, as will be shown in a later paragraph, Aung San's army is still in existence in the form of his People's Volunteer Organization; Burma has not forgotten that it was uncomfortably unhealthy to get at cross-purposes with Aung San's men, nor is there any reason for them to believe that those particular leopards have changed their spots.

It was not long before Aung San and his colleagues learnt to loathe and distrust their Japanese allies, so much so that but a few months after they had "driven out the British" they were in contact with us once again, seeking help for their Resistance Movement, which was being organized by one Thakin Soe—this in spite of the fact that the Japanese had made Aung San into a Major-General and had persuaded their Emperor to decorate him with his own Imperial hands.

The Resistance Movement, under the name of the Anti-Fascist Organization (A.F.O.), gained strength immediately. Though most of its active spirits were Communists, men and women of all parties rallied to it, as being a cause above mere party politics. In other words, the A.F.O., which later was to become the Anti-Fascist People's Freedom League (A.F.P.F.L.), started life not as a political organization but as a national movement against the Japanese. In the light of later events it is important to remember this.

When the Japanese started their retreat, Aung San's 8,000 to 9,000 men of the Burma Defence Army rose against their old "Nip" comrades-in-arms and slaughtered a very large number of them. Whereas legitimately we might have signified our displeasure with Aung San for his 1941-42 exploits, it was considered expedient to overlook his past misdeeds. Among his own people his stock rose sky-high. Already he had displayed considerable courage in openly criticizing the Japanese during the occupation; now he had gone one better and had placed an all-Burmese army in the field against Burma's enemy—what was even more important, an army raised and led by Burmese officers. Not since the days of the Burmese kings had such a national army been in existence. Aung San had not only liberated Burma from their intolerable guests; he had also revived some of the glories of the Burma of their fathers.

The Anti-Fascist People's Freedom League

DURING the period of British Military Administration all political parties remained within the fold of Aung San's A.F.P.F.L., but by no means all of them were happy in this affiliation; for it was clear to many that, either consciously or through lack of experience, Aung San was aiming towards a One-Party State on the best "Fascist" model. Leaders of moderate

opinion reacted strongly against this in private, but were far too frightened of what might happen to them publicly to oppose Aung San and his extremist friends. It was not until the civil Governor declined to accept the demands made upon him by Aung San that the moderates felt sufficiently confident to take their own line.

Aung San went into active opposition against the Governor, but his A.F.P.F.L. started to disintegrate. First U Saw's old party, the Myochits, announced their willingness to co-operate with the administration; then Aung San's own old party, the Dobama Asiayone, followed suit. Soon Aung San was left only with the Socialist and the Communist parties, together with a few individuals. But Aung San was still Aung San and his A.F.P.F.L. were still a power in the land, with a nation-wide organization stretching from Myitkyina to Mergui.

It was an interesting organization in that some branches were controlled by Socialists, others by Communists, while yet others had no particular political significance, being composed of the remnants of the local Resistance Groups, who were not very politically conscious. But every action taken by each branch was taken in the name of A.F.P.F.L. The Communist branches organized "no rent" and "no revenue" campaigns among the cultivators, and gained popularity for A.F.P.F.L. in their districts; the Socialists took a bigger view and went all out against these campaigns on the ground that they were both wrong and demoralizing, all of which went to the credit of A.F.P.F.L.; while other branches co-operated with the administration in clearing up war debris, chasing dacoits and the like, A.F.P.F.L. thereby gaining considerable kudos. (It will be appreciated that communications in Burma at that time were so bad that very few people were in a position to get an over-all picture of what was happening.) A.F.P.F.L. were in the happy position of "having things both ways" with a vengeance.

Nevertheless all was not well at their headquarters in (most inappropriately) Churchill Road, Rangoon. The Socialists and Communists started a battle royal, and the Communists themselves staged their own party war, which led to a split into two sections, one led by Thakin Soe, the other by Thakin Than Tun, who was generally considered to be the brains behind A.F.P.F.L.

Aung San, meanwhile, was carrying on with his anti-Government work, staging vast protest meetings, supporting every kind of industrial and labour unrest. A.F.P.F.L. were also busily engaged in raising money for continuing their struggle against "the British imperialists and expansionists". The Burmese press was 100 per cent with them. The methods they employed to achieve their ends were certainly not above question. One newspaper did venture some criticism, only to find that edition being burnt in the streets in the name of A.F.P.F.L.; there was many a tale of "political dacoities" being committed in the name of the same organization; the ordinary citizen was "advised" to attend Aung San's mass meetings; bus-drivers and tonga-wallas were strongly "advised" to lay on cheap or free conveyance for those who accepted A.F.P.F.L.'s "advice"; shopkeepers who refused to close their shops in support of A.F.P.F.L. found themselves regretting that decision. The League was given a new name by the Burmese, who now styled it the

"Anti-Freedom People's Fascist League"—but they still held it in great respect.

Aung San's next venture was the organization of the People's Volunteer Organization (P.Y.T.), which started, as far as the public was concerned, as a quite innocent Old Comrades Association for ex-Resistance Group men, on the lines of the British Legion. The difference between those two bodies soon became apparent. The British Legion neither wears its own uniform nor does it indulge in military drilling and other martial exercises, both of which the P.Y.T. did. Aung San was building up his private "army", which is now a respectable force of at least 30,000 men, with a reserve on which he could call composed of members of the various dacoit bands which are scourging Burma, some of whose leaders are reputed to be old Resistance men.

Recently Aung San has had to expel both Communists, Soe and Than Tun, from A.F.P.F.L., leaving him only with the Socialist party and his P.Y.T., the remainder of the political leaders being ranged against him, on the ground that his methods and outlook are totalitarian while they are democrats. They feel, however, that so long as Aung San is allowed to maintain his own army their voices will not be heard.

The Coming Election

SOON there is to be a general election in Burma. It is difficult to find any among Aung San's opponents who think that there can be a fair election under existing conditions. For this reason they ask that the British Government should send out observers to supervise the voting, arguing that there is an even better case for sending such a team to Burma than there was for dispatching one to Greece or Poland.

At the moment the Burma Government is, in fact if not in law, the Governor's nominated Executive Council on which Aung San's A.F.P.F.L. has a majority. As there is no elected Legislature, this Government is responsible to none. The next election apparently will be for the purpose of forming a Constituent Assembly, whose task it will be to devise a new Constitution. This Assembly is not intended to take the place of the Legislature, nor will Aung San and the Executive Council have to appear before it to answer for their actions. This state of affairs will continue for an indefinite period until such time as the Assembly can produce a Constitution capable of obtaining approval by the general public.

Aung San's opponents would prefer to have in being some elected body with power to criticize the Executive and, if need be, to vote them out of office in a democratic way. As it is, they argue, Aung San will in fact be dictator of Burma, it having been agreed by His Majesty's Government that the Governor will not interfere with the work of the Government; they point to the opportunity which Aung San has, through his nominee in charge of the Home Department, of making his own arrangements for the forthcoming elections, placing in position his own civil-service followers who could exercise pressure on the districts of which they are put in charge. Doubtless these fears are not unfounded, as the Home Department has always

been considered essential to any party when making election preparations. In general it would appear that the recent agreement between His Majesty's Government and the Burmese delegation can only have strengthened Aung San's hand at the expense of moderate democratic elements.

As far as the Communists are concerned, Thakin Soe has already announced that he and his men will take no part in the elections but will do their best to "smash them with all our strength". It is apparent that the strength of these Communists is not altogether negligible; within the last few weeks they have adopted a militant attitude and have had more than one brush with the police, besides staging demonstrations against the heart of government, the Secretariat. Thakin Soe has proclaimed his determination to seize Aung San and to have him tried by the "People's Tribunal" as a traitor.

In fact Burma appears to be in the throes of serious unrest, which is the start of the struggle for power. It might be said that under these circumstances we should adopt a more cautious approach with regard to handing over full powers to the Burmese. But in one form or another this struggle will have to take place sooner or later. It will, however, be most unfortunate if the elected representatives of the people—presuming a free and fair election can be held—are denied the opportunity of discussing in their own Parliament the affairs of their own country but are forced to devote their whole time to constitution-making. Free debate is a most necessary safety-valve at a time like this.

The Peoples of the Hills

AS far as the Hill peoples are concerned, Aung San has made no secret of his desire to bring their affairs under the purview of the Burmese Council. He does his best, too, to create the impression that, were it not for the interference of British officers of the Frontier Service, there would be no difficulty in persuading the frontier areas to throw in their lot with their Burmese cousins. The attitude of the Hills may have altered recently, but only a short time ago there was little or no evidence to support Aung San's contention; indeed the main fear of the Karens, Kachins, Shans, and others was lest they should be sacrificed to the Burmese on the altar of political expediency.

It will be remembered that a few months ago the Karens sent over a delegation to press their claim for a Karen National Home free from Burmese control; the Shan chiefs have asked for a separate Shan Dominion, while the Kachins have said that sooner than go in with the Burmese they would prefer to join up with the Chinese. The ultimate aim of all concerned must be to bring about the unification of Burma, but it is unlikely that the Hill people will willingly agree to federate with the rest of Burma until they have become better educated and more confident in their ability to get a square deal from the Rangoon politicians—and until time has exercised its healing power; for during the war the loyal Hill peoples suffered much at the hands of the Burmese who were co-operating with the Japanese.

One can only hope that no attempt will be made to rush these old friends and allies of ours into decisions which they may later regret, and that they

will be given ample time to make up their minds. Whatever Aung San may say, we cannot forget that we owe these Hill peoples a tremendous debt of gratitude. While Aung San was fighting against us, they fought for us; while the B.I.A. and the B.D.A. were co-operating with the Japanese, the Hill peoples were killing them. They fought for us when our fortunes were at their lowest ebb; it may or may not be sheer coincidence that Aung San's troops did not come into action until we had the Japanese on the run.

Burma may well find "freedom" a troublesome business at the start. Her fate is in her own hands now. We can only hope that she will respond to the voices of those leaders who believe that it is essential for her to maintain the British connexion and who appreciate that a country can be free even though she does remain a member of our great brotherhood of nations. If in any way we contribute to handing over the country to those elements to whom democracy means little or nothing, then her fate would indeed seem to be a grim one.

One prominent Burmese suggested to the writer that we might see enacted in Burma a civil war between the Communists under Thakin Soe and the "Fascists" under Aung San, and that only after that battle had taken place would moderate opinion come into its own. On being asked what he, as a convinced nationalist, would like us to do, his answer came quickly:

"You may be getting tired of us and our struggles for freedom. You may even think that you will be well rid of us, but surely after all these years and after all the friendships which have been made between our two peoples you cannot be indifferent to our fate. The first act that you should take is to ban all private armies and to see to it that such teeth as they possess are really drawn. Then you should send out observers—international observers if you like—to make quite certain that if elections are to be held they will be both free and fair. It would be no good sending them out at the last moment. Send them now so that they may see for themselves and hear for themselves what is going on. Finally the Executive Council, which is the governing body, must be made answerable to some body of Burmese opinion which is truly representative of the people."

With those conclusions most of us in Great Britain can agree.

ISOLATIONISM REVIVED

POLITICAL and economic conditions in the United States are very much more encouraging than they were in later 1946. President Truman, freed by the voters from his inherited obligations to the extreme Democratic Left, has struck out for himself. He has taken a mid-ground position which is very difficult for the Republican majority in Congress to undercut. Indeed, in his early messages to the new Congress, Mr. Truman has shown a strength and gathered a prestige which he never had before. He is better off with an anti-Truman Republican Congress than he was with an anti-Truman Democratic Congress. Last year, he could not control his own party's majority in Congress. This year, he leaves the legislative initiative to the Republicans, and shapes an independent course which has many elements strongly appealing to the voters.

Economically, inflation seems to be levelling off and the power of organized labor has been much deflated. The extreme tactics of John L. Lewis with his coal strike, and many other unions with their lawsuits for portal-to-portal pay—the most amazing travesty of justice in modern American history—have put organized labor into sweeping public disfavor. Strong anti-labor legislation has been introduced into Congress. Indubitably, the power of the unions will be sharply curbed within the next few months.

Secretary Marshall

THE appointment of General George C. Marshall as Secretary of State means no fundamental change in foreign policies, but it brings a very able and experienced hand to the helm. General Marshall's wartime service, capped by his difficult year and a half in China, has fitted him for this post as few men have been prepared. His job as Chief of Staff involved complicated and significant foreign relations much of the time. He was a participant, one way or another, in most of the historic wartime meetings. More than that, General Marshall himself possesses the qualities of the great diplomat and administrator. He is firm, but urbane. His personal characteristics are endearing. His smile is irresistible. He is as able an expositor of a difficult and complicated problem as could be found. He speaks fluently and lucidly. He keeps his head. He knows administrative organization, and is an able judge of men.

All this praise sounds fulsome. But this correspondent had the opportunity of conferring with General Marshall for a thorough review of the developing situation every three or four months during the entire war. There is no question of the new Secretary of State's capacity.

Most useful of all, perhaps, General Marshall is to the Russians the man who held Winston Churchill to the pledge of the second front in the West. He is the American who was required most frequently to overcome the persistent and understandable desire of Mr. Churchill to concentrate on the Mediterranean and avoid what he feared would be a catastrophe on

the Channel beaches. To the Russians and their friends it seemed that Mr. Churchill wanted British and American troops in the Balkans for the purpose of flanking the Soviet Union. To the Russians General Marshall is the man who had to prevent this operation.

The whole situation, of course, was much more complicated than this brief summary indicates. But, without accepting these interpretations as all historically accurate, they are certainly the way the Russians look at the situation. Therefore, General Marshall should have good chances of succeeding in his diplomacy at the Kremlin. He is known and trusted.

But General Marshall is certainly not going to alter the Byrnes-Vandenberg policies of firmness. American diplomacy has now decided that it is necessary to be dogmatic and resolute with the Russians: that there is no such thing as "talking things over" with them. These policies, which always had strong British support—indeed, British diplomats pioneered much of the way—produced such striking successes in New York as 1946 ended that they are not likely to be changed at the Moscow Conference. But there will be added to firmness the personal goodwill and prestige of General Marshall. It is, of course, absurd to suggest that the personality of one negotiator is of more than modest importance in so gigantic a problem as relations with the Russians. But in General Marshall's background and equipment the United States makes its best possible contribution to this difficult problem.

The bi-partisan character of American diplomacy will not be disturbed by the change in Secretaries of State. The Republicans are quite as fond of General Marshall as they were of Secretary Byrnes. But the general swing of the Republicans in a reactionary and isolationist direction is a much more serious threat. Senator Vandenberg, a converted isolationist, remains a pillar of international co-operation. But he is now almost the most extreme internationalist in Republican ranks in the Senate, and much of his party is far, far behind him.

The Republicans

HOWEVER, the real character of the Republican majorities has not yet been revealed. It may be that their few spokesmen are not representative, and that a much broader area of realistic world co-operation exists than might be assumed. Certainly Senator Vandenberg, as chairman of the Foreign Relations Committee, will exert a powerful influence. But the most influential Senate Republican, the man who seems most fully to embody the new Republicanism, is Senator Taft, and he is a curiously oblique isolationist. Nevertheless, Senator Taft is an extremely able man, and like Senator Vandenberg, now that he is no longer a political oppositionist, may follow a realistic co-operative policy.

The newer Senators have many internationalists among them, including some experienced war veterans. But behind the Republican party is the figure of Col. Robert R. McCormick, publisher of the *Chicago Tribune*, who has a firm grip in Illinois politics, and is a factor in some adjacent states. Col. McCormick has his own spokesman in the Senate, Senator Wayland Brooks of Illinois, who is now a real power in the party. Between them,

and with assistance from other vigorous party leaders of the type of the Republican whip, Senator Kenneth Wherry of Nebraska, there is a strong isolationist corps. Their influence is likely to be strongest in 1948 in seeking to veto a Presidential nominee who is committed to a broad world policy.

The first test of Republican foreign policy may well come on the issue of reciprocal trade agreements. The State Department opened preliminary tariff hearings in January, looking to the eighteen-nation trade conference in Geneva in April. The Administration has long been committed to a freer trade program for the whole world. It is the keystone of official American economic policy. As an essential step, the Administration not only wishes continuation of its authority to negotiate generalized reciprocal agreements, but it also seeks further international tariff reductions on a bargaining basis. The State Department has announced items which will come up for negotiation at Geneva, and has invited interested parties to make general statements, either for or against.

Republican groups in House and Senate were opposed to extension of the reciprocal agreement program last year, but Democratic votes put through the extension. Now that the Republicans are in a majority, they have the chance to halt the tendency toward lower tariffs which has been an essential of Democratic policy since 1933. Already, various Republican stalwarts in Congress have issued statements of objection to lower tariffs.

Although Senator Vandenberg recognized, in a speech coincident with the opening of trade agreement hearings, that "peace and economics are inseparably akin", and although he indorsed continuation of reciprocal agreements "in one form or another", he gave only qualified approval. He intimated that generalized lower tariffs from specific reciprocal agreements might not continue.

A New Line-up on Tariffs

IT is not too much to say that the reciprocal agreement program is in danger. This time, the support for tariffs does not come from the manufacturing interests in the United States, as it has traditionally, but from the raw-materials producers. The contestants in the perennial protective tariff controversy in the United States have virtually changed sides in the last generation.

Raw materials are the chief beneficiaries of present American tariffs. There is a 42-cent tariff on wheat, a 7-cent tariff on long-staple cotton, a 4-cent tax on copper imports, a 21-cent tax on petroleum imports, a nearly 2-cent tariff on sugar and so on.

There are three main arguments against further tariff cuts: that recent reductions under the Hull agreements have not yet been tested in a normal trading period; that many raw materials need tariff protection to provide an adequate supply in event of war; that many foreign products are produced under such low living standards that their admission will severely damage full employment here.

Against these arguments is the paramount fact that the United States is now exporting at the rate of \$14,000 millions a year and importing at the rate of

\$7,000 millions. If we do not balance our exports with imports, there is no alternative to a loan policy as reckless and uneconomic as that of the 'twenties. Moreover, a freer-trade policy on the part of the United States is the keystone to freer world trade. There is no hope for success for the projected International Trade Organization if the United States does not lead the way with a low-tariff program. Hopes of helping the world back to economic security and sanity—and to political stability as well—would be gravely jeopardized if the United States failed to follow through.

If countries which are debtor to the United States cannot sell enough here to pay for the goods that they need they will, of course, turn elsewhere. "Such a development", said President Truman in his important Economic Report, "would tend to break the world into trading blocs, and could have profound effects upon world politics and the prospects for creating an enduring peace." Moreover, it is a period of scarcities—hardly a time for high tariffs. And if the United States cannot carry through its lower-tariff program at this time it is unlikely to be able to do so at any time in the next six years.

Probably, as the issue is threshed out more thoroughly, and the interests of manufacturing and exporting industries become more clearly expressed, the Republican Party will take a more sympathetic attitude than its few extremists have hitherto expressed. But the strength of the raw-materials interests should not be under-estimated. Frankly, the outlook is not good for great new progress toward freer trade. We may be able to hold the present lines, which amount to a reduction of 31 per cent in the average level of import duties as compared with those prevailing in 1930 under the Smoot-Hawley Act. And on a normal volume of trade, this reduction alone is far from a bad start.

Budget Balancing

FOR the first time in eighteen years, the federal budget estimates which the President has sent to Congress are in balance. But the budget will remain in the black only if several things happen: if business holds up and the revenue estimates prove correct; if the governmental agencies live within the budget and don't start appealing for supplemental appropriations; if Congress keeps the tax revenue at present levels or accompanies tax reduction with an equivalent reduction in federal spending; if Congress agrees to continue wartime excise taxes and increases postal rates.

These are large "ifs", but they are not impossible. If the United States is ever to balance the budget, it had better do it at a time when there is a conservative Congress and the economy is flourishing. If this Congress cannot balance the budget, it will be clear that the political obstacles to a balance are insuperable.

However, the Republican Congress declares it wants to do two things to President Truman's \$37,500 millions budget. It wishes to cut expenditures by \$3,000 or \$4,000 millions (some have actually proposed a cut to \$30,000 millions). And it wishes to cut personal income taxes by a straight 20 per cent.

President Truman insists that his \$37,000 millions budget cannot safely be cut. He says it is a "tight" budget. To prove his point, he claims that

\$33,000 millions represents "fixed charges" that neither the President nor Congress can safely reduce. There is much to support the President's claim. Among these "fixed charges" are the following: \$11,200 millions for the armed forces, which the President says at this figure are down to their lowest safe minimum; \$5,000 millions for interest on the national debt; \$2,000 millions for refunds due under the tax laws; \$3,500 millions for international affairs and loans; \$7,300 millions for veterans' services and benefits; \$2,600 millions for development of natural resources, including atomic energy, transportation and communication; \$1,400 millions for agricultural programs and price supports. Total: \$33,000 millions.

Obviously, Congress can cut some of these "fixed charges" if it chooses. It can reduce the sums for international affairs, for development of natural resources, for the agricultural program. But such items cannot be eliminated altogether, and they cannot be cut very drastically. Most of them are actual and genuine commitments. Some of them, like veterans' affairs, are politically untouchable.

The remaining \$4,000 millions in the budget covers other items—all the old-established governmental departments and agencies. Here is where the axe is likely to fall most freely. Congress is quite ready to cut down the size and scope of these departments. But there are few among them that can be eliminated altogether. In fact already the axe has fallen quite heavily on these activities. The wartime emergency agencies are almost gone. Of 26 emergency agencies existing on VJ day, 21 have been liquidated and 3 others are on the way out. Of 3,770,000 governmental civilian personnel at the wartime peak, 1,470,000 have already gone. It remains to be seen how many more can go.

The Republicans have tentatively agreed to keep wartime excise taxes, which are mostly on luxuries. And they are determined to cut income taxes if they can do so while balancing the budget. They believe that a lowering of the income-tax rate will stimulate business and produce the same or a greater revenue yield at the same time. For the first time, as a result of legislative reforms enacted last year, the President's budget is merely advisory. It has now been put in the hands of the two spending and the two taxing committees of Congress. They are holding open, joint sessions, and they will set an over-all ceiling for expenditures which it will be difficult for easy-spending Congressmen to break through later on. In this respect American legislative practice has taken a step in the British direction.

The Economic Outlook

A BALANCED budget will have a sound effect on the American economy. So will our international trade policies. But the balance wheel to both is the relationship between production and purchasing power within the United States. Indeed, this factor comes close to being the most crucial over-all criterion in world recovery and stability today. It has a profound political effect. The Russians, for example, appear to be thoroughly persuaded that the United States faces a severe economic collapse within a few years. At that time, they say, a Fascist upthrust is inevitable in the United

States—a Fascist drive which would include some kind of holy war against the Soviet Union. Therefore, runs the argument, Russia cannot make firm commitments with the United States because these are all likely to be swept away in an economic cataclysm. When the American collapse comes, continue the Russians, the great opportunity for Communism will come elsewhere in the western world and ultimately in the United States.

These arguments are not all nonsense. The effects of mass unemployment in the United States as an emotional and practical aftermath to the years of hysteria and intoxication through which we have been passing are indeed incalculable. The effects of an American collapse on the rest of the world are equally foreboding. For that reason, Americans are becoming more and more determined to avoid such a collapse. Ups and downs in the economic cycle are doubtless unavoidable, but it is the purpose of the American Government and people to prevent shattering collapse. That is the objective of the Economic Report presented by President Truman to Congress. The President's Council of Economic Advisers have succinctly and moderately presented the current situation—and its likely results—in a report which some Republicans derided as a "New Deal campaign argument" but which the country generally has taken soberly and slowly begun to study.

The report points out that American business is receiving exceptional profits in 1946–47, but the average worker is not able to buy as much with his higher wages as he was in 1942. The \$46 weekly take-home pay of the average factory worker in October 1946 bought only about as much as the \$35 he received in April 1942.

Industry today is producing more than ever before in American peacetime history, and in 1947 should produce about 5 per cent more. But consuming power is being pinched by higher prices. Purchasers seem unlikely to be able to absorb the vast quantities rolling from the horn of plenty. Moreover, people's wartime savings are being consumed. These savings, which in 1944 rose to a peak of 28.3 per cent of "total disposable income", have now dropped to 9.5 per cent. Thus there is not much of a backlog any more to support buying.

This all means that lower prices are likely to be forced by lower purchasing power. And how are prices to be cut? The President's committee bluntly advises industry: shave down your profits and cut prices. Cut prices, especially food, clothing, house furnishing, building materials. That is the only alternative to wage increases. Unless prices drop, there will certainly be a business slump, though not necessarily a depression.

The American industrial tradition is to reduce prices. American business has learned that this is the way to higher profits on a larger volume of trade. So every expectation would be that, as production mounts in volume, prices will begin to go down. That is the first step on the road to economic stability here—the first way to flatten out the threatened slump.

As for longer-range defenses against a severe depression, the President's advisers are also at work. For one thing, they place reliance upon restored economic order in the world—and that, again, comes back to tariff policies. But they are also preparing programs of public works within the United

States. There are plenty of jobs that have been postponed throughout the war. Our highway system needs extensive rebuilding. Our vast airports are becoming antiquated under pressures of multiplied traffic. The railways need extensive retooling and wholesale replacements of rolling stock. The need for private housing has scarcely been touched.

All these bases for sound support to a slowing economy are now jeopardized by the high price level. But, as production mounts, there seems no possible likelihood that prices will retain their present unbalance. The serious crisis, admittedly, is five or six years away. But by that time the whole world picture may be altered, and, if the world is then making the progress toward restoration and stability which it ought to be making, the chances of American stability are that much the greater. We shall then be doing our part; for, despite surface reactionary tendencies today, great lessons have actually been learned.

Who will be President?

AS was said at the beginning, President Truman has been steadily regaining prestige. That does not mean that his chances for re-election in 1948 are very good. But he certainly cannot be counted out. In some ways, his strategic position is excellent. Congress will have to take the responsibility for putting through labor legislation—and it is bound to be profoundly unpopular with the trade unions. It is even possible that such legislation will be so severe that the President will veto it, and in that case the Congressional majorities are likely to pass the measures over his veto. That will leave Mr. Truman in a good position to regain great labor support in 1948. Similarly, he may have farm support if the Republicans, in their efforts to cut the budget, prune away the present subsidies to agriculture. And there are numerous other group interests which the President, by maintaining the integrity of his position, can weld together in 1948.

But, of course, the odds are still on a continuation of the Republican tide. The Presidential aspirants are thicker than they have been for many years. The chief Republican contenders remain Governor Dewey, Senator Taft and Senator Vandenberg. Former-Governor Stassen is in fourth place, at present. There is occasional talk of General Eisenhower, but he has never declared a party affiliation, and it is not known whether he would choose to be a Democrat or a Republican.

In short, a very interesting and decisive year lies ahead. It will be decisive in determining the place of America in the world for many years to come. There is no question of our firm and fundamental support of the United Nations, as it rises in its skyscraper home in New York. There is no question of our acceptance of obligations throughout the world. Isolationism is only possible as a vain political argument. And experience in office—even as a Congressional majority—will prepare the Republican party for the inescapable facts of modern life in an interdependent world.

United States of America,
January 1947.

IRELAND AFTER TWENTY-FIVE YEARS

DECEMBER 6, 1946, was the twenty-fifth anniversary of the signing of the Anglo-Irish Treaty of 1921. It was perhaps as natural that the Fine Gael party, bereft of all but past glory, should commemorate the occasion, as it was that their opponents, the present Government, now safely anchored within the British Commonwealth, should desire to forget its hideous aftermath, for which they were principally responsible and which has bedevilled our national politics ever since.

One can still remember the relief with which the news of the Treaty's execution was received and the weary months of wrangling and disillusionment that followed. Michael Collins rightly described it then as giving us "freedom to achieve freedom", and from it undoubtedly has derived every vestige of political liberty since achieved, even Mr. de Valera's quasi-republican Constitution of 1937. As General Richard Mulcahy, the leader of the Fine Gael party, said at the public celebration in Dublin on December 5, the Treaty admitted Irish sovereignty in peace and war, recognized our army and our flag and gave us back our purse. Yet the Government refused to participate in the celebration or to permit the proceedings to be broadcast. Nor have they yet taken steps, as promised, to erect a permanent memorial to Arthur Griffith and Michael Collins, the two chief architects of the Treaty. To do so would be an admission of the fatal error made by Mr. de Valera and his supporters when they opposed by armed force the Treaty's application.

The Treaty in Perspective

YET there is another side to the picture, and it is perhaps permissible for a Nationalist of an older and more moderate school, looking back over the last quarter of a century, to assess the true value of the Treaty. During the recent celebrations the chairman of the Fine Gael organization in Cork said that it seemed strange that most people under thirty had not the faintest idea of what December 6, 1921, meant to his generation. He might have added with equal truth that these young people had also no idea how the Treaty was secured. To understand its results one must first understand its origin.

The Treaty of 1921 was in fact the fruit of the Sinn Féin policy, which in the last analysis was based on physical force and equivocation. That policy was initiated by Arthur Griffith at the beginning of the century as the so-called "Hungarian Policy"—an attempt, based on the Renunciation Act of 1782, to secure the creation of a dual monarchy for Great Britain and Ireland on the model of the former Austro-Hungarian Empire. This policy, which had the merit of recognizing the fundamental unity not only of Ireland but also of the British Isles, was eventually abandoned, under extremist

pressure, after the abortive and quite unjustified rebellion of 1916, in favour of a demand for an Irish Republic. Although that republic had neither a *de jure* nor a *de facto* existence, acts of increasing violence and terror were, throughout the years from 1919 to 1921, committed in its name. Faced with the ever-growing anarchy and chaos, the inevitable result of these activities, the Sinn Féin leaders were forced to compromise. They divided, after the Treaty, into those who made a virtue of necessity and by accepting it sought to salvage something from the wreck, and those who, some honestly and others dishonestly, preferred to maintain the fiction that an Irish Republic really existed.

The Treaty of 1921 was thus the fruit, and a bitter fruit indeed, of a policy which, because it had never been consistent, ended in an unsatisfactory compromise. National unity was in effect bartered for quasi-sovereignty over three-quarters of the country. Even its protagonists accepted the result with mental reservations, although it must be counted the finest act of Mr. Cosgrave's Government that they refused to be disloyal to their bond, and that, in spite of almost superhuman difficulties, they rebuilt the national structure for the shattering of which they were in part responsible.

Subsequent events have provided sad proof of the Treaty's inherent defects. Ignoring the implications of geography and economics alike, our Government have now taken refuge in the pretence that we are an independent nation both politically and economically. The results are often absurd. A short time ago, in the same issue of a leading Irish paper, one column contained the loud complaints of our Minister of Agriculture, Dr. Ryan, that Irish turkeys were being treated as "foreign" birds on the British market, while in an adjacent column it was solemnly reported that during proceedings in an Irish court a person of Irish blood born in Manchester was described as an alien! Common sense would surely suggest that we cannot have it both ways—we cannot have our turkey and eat it. The ludicrous turkey wrangle apparently arose from an official misunderstanding and was finally settled by a price adjustment under which the British Government in effect recognized the pseudo-republican origin of Irish turkeys but did not treat them as ordinary aliens!

Contradictory Policies

THE initial equivocation and pretence from which the Treaty derived are therefore still with us and permeate our national policy. Our Minister of Agriculture also boasted recently, with indeed some truth, that Irish store cattle were the best in the world. Yet this assertion seems to make complete nonsense of the statement made by one of his colleagues a few years ago, during the fatuous "Economic War", that the cattle trade was disappearing and the sooner the better. The Minister for Agriculture also had to admit, during a recent debate in the Senate, that the British do not want our fat cattle; the Irish farmer has therefore to produce store cattle—the raw material of the cattle trade—for which he gets only raw-material prices.

In truth, of course, cattle are our most vital export and pay for half our

meet this situation two new hydro-electric power stations and one turf-fired station are in process of construction.

Our dependence on British coal is illustrated by the recent decision of the Irish Railway Corporation to close several branch railways and reduce train services on the main lines to one train a day each way of four days a week. British coal imports average normally 26,000 tons a week. The Government are seeking to obtain supplies elsewhere, Irish coal supplies being negligible. The power situation has been further complicated by the wet autumn, which saturated the turf banks and rendered them unfit for immediate use. As a result the domestic turf ration has been drastically reduced and in some districts is virtually unobtainable.

Increase of production, both industrial and agricultural, depends largely on increased power and mechanization, but improved organization of agriculture and an increased supply of imported feeding-stuffs and fertilizers are also essential. Here, again, considerations of general economic policy are involved. Recent schemes for improving the supply of cheap agricultural credit, and for substituting a motor haul for small branch railways, are steps in the right direction.

As regards social conditions the Government has just taken powers to establish three new Ministries of Social Welfare, Health and Local Government to replace the old Department of Local Government and Public Health. Whether this multiplication of Ministries will effect an improvement in our social services remains to be seen, but it is at least certain that in these matters we cannot hope to rise to the standard of our neighbours. Surveying our economic position as a whole, we may well re-echo the recent statement of M. Blum: "To decrease prices and to increase and modernize production—these are the two conditions necessary for our country's salvation."

Labour Unrest

LIKE other countries we have recently had our share of labour unrest. Its most serious manifestation was an unofficial strike of operatives in the four sugar-beet factories which lasted for several weeks at the most crucial period of the year when the beet was being delivered. As a result the sugar ration was reduced by one-half for some weeks. The real reasons for this disturbance have not been clearly explained, although it was obvious that more than mere questions of wages were involved. In the end the timely intervention of Father Hayes of Tipperary, the President of Muintir na Tire (People of the Land), an organization for the social development of agricultural districts, led to an agreement by the strikers to submit their grievances to the newly constituted Labour Court.* Public opinion, influenced by diminishing sugar supplies, played some part in this result. The Sugar Company has agreed to pay the beet-growers £225,000 as compensation for damaged crops. To meet this charge, and the increased wages, the price of sugar has been increased by a penny per lb.

The Labour Court has also dealt successfully with claims for higher wages by railway and electricity-supply employees. The Industrial Relations Act

* See THE ROUND TABLE, No. 145, December, 1946, p. 82.

renders a union liable to a fine if it assists or promotes a strike in contravention of an agreement with an employer freely made and registered. Labour conditions have, however, been rendered far more difficult by internal trade-union strife. For practical purposes the Irish trade unionists may be divided into four sections: the vast majority who are interested only in obtaining higher wages quite regardless of the result; a large body of older trade unionists who desire to maintain their valuable connexion with the British unions; a smaller group who are prepared to go to any extreme to sever that connexion; and finally, a very small but active group of well-trained Communists who operate chiefly in Dublin. As each group naturally seeks to outbid the others, such strains and stresses make negotiations with employers doubly difficult.

Northern Reverberations

NORTHERN Ireland has also had its due share of labour and other trouble. Butchers and bakers (but not candlestick-makers) have recently struck or threatened to strike. A storm of criticism, which had its origin in the worst kind of religious bigotry, was also directed against the Education Bill introduced by the Northern Government because its provisions are just and fair to the Catholic schools. The Government, however, refused to be stampeded by this perverse clamour, and Dr. John Waddell, Moderator of the Presbyterian Church, publicly protested against it.

The Northern Government has given further proof of its good sense by releasing, for health reasons, David Fleming, a political prisoner, who had been on intermittent hunger strike for some time, as well as several junior members of the I.R.A. held for minor offences. The Irish Government followed suit by announcing next day that they also had released twenty-four I.R.A. prisoners. That an effective liaison exists between the two Irish Governments is proved by the recent arrest in Northern Ireland of Henry White, a member of the I.R.A. who has been wanted for several years by the Irish Government on a charge of murdering a detective officer near Dublin on October 24, 1942. White was subsequently taken to the border, handed over to the Irish police, tried by the Military Tribunal and condemned to death. An appeal against the conviction, which was based purely on circumstantial evidence, has been made to the Court of Criminal Appeal.* *Habeas corpus* proceedings before the Northern High Court of Justice were unsuccessful, and an appeal to the House of Lords was dismissed for want of jurisdiction.

External Relations

THE various domestic anxieties referred to have to some extent overshadowed our external problems. Yet we are conscious of, and grateful for, the almost unanimous decision of the United Nations Assembly to refer back our application for membership of the United Nations to the Security Council.† We realize, nevertheless, as was stated by one authoritative person

* The Court decided, on February 6, that the correct conviction in point of law was one of manslaughter; they therefore sentenced White to twelve years' penal servitude.

† See THE ROUND TABLE, No. 145, December, 1946, p. 77 *et seq.*

connected with the Security Council, that, owing to the increasing attack on the veto by the small nations, only a miracle can secure our admission in the near future. The debate, however, elicited several flattering tributes to our position, notably those of Mr. St. Laurent, the Canadian delegate, who pointed out that our neutrality proved we placed a high value on peace and were able to carry out an independent national policy; and that of Mr. Cuenco, the Philippine delegate, who said that our history identified us with the sufferings of humanity in its pursuit of freedom. Mr. Gromyko commented with some acidity that to say Ireland brought no assistance to the United Nations during the war was a very conservative statement indeed.

Many Irishmen feel, however, that Ireland has more fruitful work to do nearer home in supporting Mr. Churchill's noble plea for a United Europe. They think, as he does, that "the schism between Communism on the one hand and Christian ethics and Western civilization on the other is the most deadly, far-reaching and rending that the human race has known". They see a sadly weakened and spiritually unprepared England whose integrity is being slowly sapped by the sentimental materialism of its Left-wing politicians, a France paralysed by Communism, and the United States suffocated by its material wealth and divided by deep domestic discords.

In such circumstances they ask themselves whether we can afford to remain aloof and divided from Great Britain by the stale secular quarrel with our Northern fellow countrymen. It seems obvious that we must sink or swim with Great Britain and that all we value most is in imminent peril. It is therefore, they feel, our duty to use our full influence, on behalf of the clear principles and beliefs that we value, in the inner councils of the British Commonwealth where they can exert their due weight. There, rather than in the United Nations Assembly where we can only figure as an irrelevant cipher in an inconclusive debate, can the voice of Ireland effectively be heard.

This chronicle cannot conclude without recording the universal pleasure felt here at the peerage recently bestowed on Sir John Maffey, the United Kingdom representative in Ireland. It is no exaggeration to say that the improved, and improving, relations between Great Britain and Ireland are largely due to the tact, patience and skill with which he handled the difficult situation during the war years. Without loss of dignity or temper he has guarded not only the interests of his own country but also the freedom and self-respect of ours. It is now twelve years since THE ROUND TABLE advocated the appointment of a British representative in Dublin.* Sir John Maffey, now to be Lord Rugby, has fully vindicated the wisdom of that suggestion. On his retirement he will carry with him the good wishes and sincere appreciation of his many friends of all parties in Ireland.

Ireland,

February 1947.

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

INDIA'S DEADLOCK UNBROKEN

LOOKING back from the vantage point provided by the turn of the year one can see how completely the events of the last few months have shattered some of the old popular conceptions of an India unchanged, unchanging and unchangeable. During the Commonwealth's long and exciting search for forms of self-government, in no country can so many have gone so far in so short a space of time as in India in 1946—nor, as some cynics might add, been led by the nose by so few in directions of such dubious promise. If we are not wholly sure of what we are progressing towards, we are, at least, certain of what we are seeking to leave behind. Our leaders permit no room for doubt on the point. Over the whole field of affairs of state the demand seems to be for a clean break with the past. But the past, especially the political past, is not so easily forgotten or obliterated.

Nationalism versus Communalism

THE fact is, of course, that both British and Indian plans for constitutional change evolved so quickly in the second half of 1946 as to place a wellnigh insupportable strain upon the creaking fabric of a social and economic order which, though it uses the language of twentieth-century politics, is still medieval as to most of its mechanism and many of its objectives. The new forces of nationalism that invoke the ideal of independence are not, as yet, able to bridge the old communal and provincial cleavages which have come to the surface with a fresh significance in the face of the rapid and progressive withdrawal of British political power, the one truly unifying force in the country for the last hundred years. The leaders of both the chief Indian parties pretend that in some unspecified way Britain is responsible for their continuing difficulties. But the facts are against them, and in the long run the facts will assert themselves. Meanwhile, we live in a state of uneasy expectancy, fearing the worst but hoping for the best.

The Central Legislature

THE last dispatch to THE ROUND TABLE from India was written before the newly formed Government had met the Central Legislature and before the Constituent Assembly had held its first meeting. For the first time, the responsibility for running the present system of government and framing the future one passed into the hands of the leaders of the two principal Indian parties, who had hitherto been in very qualified agreement on only one point, namely, their opposition, in greater or less degree, to British rule. As finally constituted, the Interim Government took office on October 26, and two days later the Central Assembly met with the front Government benches occupied by fourteen members of the "Cabinet", of whom six Congress nominees had spent a considerable part of their later working life in prison for political offences, the four Moslem League representatives had had no experience of office but some years as members of the Central or

Provincial Legislatures, while the others had had no noteworthy qualifying experience of parliamentary or administrative life. The absence of any agreement between the Moslem League and the Congress (further emphasized by the November outbreak of communal strife in Bihar, on a scale and to a degree of intensity probably greater than that which took place in Calcutta in August) made it clear that collective responsibility could come only very slowly and, in the beginning, over a very limited field of policy.

Actually, practically the whole of a session that lasted rather less than a month was devoted to carrying a stage farther in their legislative processes Bills which the new Government had inherited from the former Executive Council, in pursuance of which they employed arguments, tactics and methods differing very little from those which had been used by their predecessors. No measures embodying controversial policies were introduced. As was to be expected from men who for years past have been railing against rule by Viceregal ordinance, there was anxiety to secure legislative sanction for measures that had hitherto derived their authority from war-time executive fiat.

Like every other parliamentary institution, the Indian Central Assembly has its own methods of measuring personalities, its own reasons for warming to some men and remaining indifferent to others, its own tests of ability and character and its own traditions and idiosyncrasies. Inevitably, some of the members of the new Cabinet succeeded better than others in establishing themselves in the esteem of the House in its short session. On the whole, however, the Government had a good parliamentary beginning, considerably aided, of course, by the large majority deriving from the support of the two major parties. There was an entire absence of the stormy scenes of the past, when for long periods at a time the members of the old Executive Council faced an angry or sullen House; legislation was debated more objectively than was the case when any anti-British argument was good enough to damn a Bill, whatever its other merits; little or no racial animosity was directed towards the half-dozen non-official British members who still represent the European trading community; and, perhaps most hopeful of all, there was evidence of the emergence of small pockets of critical and honest opposition amongst the rank and file of the League and Congress parties—a sign that party dictatorship has not entirely deadened the conscience of democratically elected representatives of the people.

But of co-operation between the Congress and the League leaders as they sat together on the front Government benches there was little indication. Pandit Nehru and Mr. Liaqat Ali Khan occupied adjoining seats for hours at a time without any apparent awareness of each other's presence. Behind the scenes relations are said to be even more obviously strained. More than ever before, the Government of India is a collection of administrative departments rather than the integrated whole which there was reason to hope would be the first outcome of the transfer of power to representatives of the chief Indian parties. In the light of all that has happened in the interval, the budget session of the Central Assembly, which begins on February 3 and lasts to mid-April, is likely to provide a much sterner test of personal and party discipline.

The Constituent Assembly

THE Constituent Assembly has had two sessions—one beginning on December 9 and lasting until December 23, and a short second session lasting for five days from January 20. According to present arrangements it will meet again in April, on a date which has not yet been determined. Its President, Dr. Rajendra Prasad, is reported to have declared recently that the task of drafting a Constitution might well be completed by July.

All attempts, both in India and in London, having so far failed to get the Moslem League representatives into the Constituent Assembly, its proceedings have throughout reflected the limitation thus imposed as well as an unmistakable note of anxiety for the future. There were considerable misgivings as to the wisdom of proceeding with the original programme of meetings in the absence of the Moslems, and Mr. Jinnah's plea for postponement for a period of months, on the ground of the tense communal situation in the country, undoubtedly commanded a good deal of public support, not all of it Moslem. On the other hand, postponement for several months could have been justified only if there had been a fair prospect of securing a reasonable measure of communal peace at the end of that period.

It would have been better if Mr. Jinnah had, at the same time, proposed a truce to communal propaganda in the press and on the platform for as long as might be necessary for the creation of a better atmosphere for the Constituent Assembly to begin its work. As it was, his plea for postponement without any qualifying conditions must have appeared to the Congress leaders as merely another attempt to secure a delay, in the hope that something would turn up which he could turn to the League's advantage. For it has to be remembered that time has invariably been on Mr. Jinnah's side—time and other people's mistakes, both of which he capitalizes with consummate skill.

The Constituent Assembly met on December 9 with 207 elected members from British India out of a total of 286. All the 74 Moslem League members were absent, the 4 Moslems present being Congressmen. There were 13 other absentees. Opening the proceedings, the temporary chairman, Dr. Sachidananda Sinha, strongly commended the Constitution of the United States of America as a model for the India of the future. The first business was the election of a permanent chairman. Dr. Rajendra Prasad's inaugural address stressed the claim that the Constituent Assembly, in spite of certain limitations, was "a self-governing and self-determining independent body in whose proceedings no outside authority can interfere and whose decisions no one outside can upset, alter or modify". Four days later Pandit Jawaharlal Nehru moved a resolution outlining the objective of the Constituent Assembly, namely, the creation of an independent, sovereign republic. His request to the members of the Assembly was, he said, something more than to ask them to pass a resolution. It was to make "a declaration, a pledge and an understanding". The Nehru resolution, together with the formation of committees, the determination of procedure, &c., kept the constitution-making body going for most of its first session.

The only serious opposition to Pandit Nehru's resolution came from

Dr. M. R. Jayakar, prominent with Sir Tej Bahadur Sapru at the Round Table Conferences of the 'thirties and a former judge of the Federal Court and member of the Judicial Committee of the Privy Council. Moving an amendment to Pandit Nehru's resolution, Dr. Jayakar sought to induce the Constituent Assembly to declare its intention of drafting a Constitution for the governance of a full and democratic sovereign State (rather different from the independent sovereign republic of the Nehru formula) but "with a view to securing in the shaping of such a Constitution the co-operation of the Moslem League and the Indian States, and thereby intensifying the firmness of this resolve, this Assembly postpones the further consideration of this question to a later date to enable the representatives of these two bodies to participate, if they so choose, in the deliberations of this Assembly".

Subsequently, at the January session, Dr. Jayakar withdrew his amending resolution, and on January 22 Pandit Nehru's original resolution was passed unanimously and with prolonged applause. In view of its importance for the present and the future its text is given in full:

"This Constituent Assembly declares its firm and solemn resolve to proclaim India as an independent, sovereign republic and to draw up for her future governance a Constitution wherein the territories that now comprise British India, the territories that now form the Indian States and such other parts of India as are outside British India and the States, as well as such other territories as are willing to be constituted into the independent, sovereign India, shall be a Union of them all; and

"Wherein the said territories, whether with their present boundaries or with such others as may be determined by the Constituent Assembly and thereafter according to the law of the Constitution, shall possess and retain the status of autonomous units, together with residuary powers, and exercise all powers and functions of government and administration save and except such powers and functions as are vested in or assigned to the Union or as are inherent or implied in the Union or resulting therefrom; and

"Wherein all power and authority of the sovereign, independent India, its constituent parts and organs of government, are derived from the people, and

"Wherein shall be guaranteed and secured to all the people of India justice, social, economic and political, equality of status and opportunity before the law, freedom of thought, expression, belief, faith, worship, vocation, association and action, subject to law and public morality; and

"Wherein adequate safeguards shall be provided for minorities, backward and tribal areas, and depressed and other backward classes; and

"Whereby shall be maintained the integrity of the territory of the republic and its sovereign rights on land, sea and air according to justice and the law of civilised nations, and this ancient land attain its rightful and honoured place in the world and make its full and willing contribution to the promotion of world peace and the welfare of mankind."

Interpreting the Statement of May 16

ON November 30, at the invitation of His Majesty's Government, the Viceroy, Lord Wavell, Pandit Jawaharlal Nehru, Sardar Baldev Singh, Mr. Jinnah and Mr. Liaquat Ali Khan left India for discussions with the British Cabinet with a view to persuading the League to participate in the

Constituent Assembly, thereby making its deliberations complete and effective from its inception. Negotiations began as soon as the Indian leaders reached London, and it is unnecessary at this distance of time to retrace all the arguments and counter-arguments which are understood to have been put forward in the hope of inducing in the Indian parties a more tractable frame of mind.

By December 6 it was clear that further extension of the talks was unlikely to produce the desired results, and His Majesty's Government accordingly issued an official statement in which it was pointed out that the object of the conversations was to obtain the participation and co-operation of all parties in the Constituent Assembly. The statement added that the main difficulty to this had been over interpretation of Paras. 19 (5) and (8) of the Cabinet Mission's statement of May 16, relating to meetings in sections, which run as follows:

"Para. 19 (5):—These sections shall proceed to settle provincial Constitutions for the provinces included in each section and shall also decide whether any group Constitution shall be set up for those provinces and, if so, with what provincial subjects the group shall deal. Provinces should have power to opt out of the groups in accordance with the provisions of Sub-Clause (8) below."

"Para. 19 (8):—As soon as the new constitutional agreements have come into operation, it shall be open to any province to elect to come out of any group in which it has been placed. Such a decision shall be taken by the legislature of the province after the first general election under the new Constitution."

The statement of December 6 went on to point out that the Cabinet Mission throughout had adhered to the view that the decisions of the sections should, in the absence of an agreement to the contrary, be taken by a simple majority vote of the representatives in the sections. This view had been accepted by the Moslem League, but the Congress put forward a different view, asserting that the true meaning of the document, read as a whole, is that the provinces have the right to decide both as to grouping and as to their own Constitutions. Legal advice had confirmed that the pronouncement of May 16 meant what the Cabinet Mission had always said it did, and the Cabinet statement therefore declared that this must stand as an essential part of the scheme of May 16 "for enabling the Indian people to formulate a Constitution which His Majesty's Government would be prepared to submit to Parliament".

The statement of December 6 then proceeded to deal with less important matters, but concluded with the following significant passage:

"There has never been any prospect of success for the Constituent Assembly except upon the basis of agreed procedure. Should the Constitution come to be framed by a Constituent Assembly in which a large section of the Indian population had not been represented, HMG could not, of course, contemplate—as the Congress have stated they would not contemplate—forcing such a constitution upon any unwilling parts of the country."

The London Conference failed of its larger purpose, which was to bring the parties to the Constituent Assembly on an agreed procedure. But it yielded handsome dividends to Mr. Jinnah, who secured endorsement for his interpretation of the Cabinet Mission's plan of May 16, and a further

assurance by His Majesty's Government that they would not force a Constitution framed by an unrepresentative Constituent Assembly upon unwilling parts of the country. Congress circles were quickly up in arms when they grasped the true inwardness of His Majesty's Government's statement. Its contents were promptly contrasted with Mr. Attlee's earlier pronouncements of March 1946, announcing the dispatch of last year's Cabinet Mission to India, in which he asserted that no minority would be allowed indefinitely to hold up the progress of the majority.

Within the Congress party itself, Pandit Nehru's stock is said to have declined as a result of the London Conference. He is reported to have accepted the invitation with some reluctance, and in the face of definite opposition from Sardar Vallabhai Patel, who declared that nothing was to be gained, and much might be lost, from further attempts to "appease" the Moslem League. Sardar Patel's position as party boss has thus been further strengthened within the caucus. At the time of writing the Moslem leaders are assembling in Karachi for a meeting of the League Working Committee at which a final decision will be made on the question of whether to enter the Constituent Assembly, the prospects of which have not been enhanced by the action taken by the Punjab Government against the activities of the Moslem League National Guard in that Province.*

On January 6, 1947, the All-India Congress Committee, meeting in New Delhi, endorsed its Working Committee's resolution agreeing to the British Cabinet's interpretation of the procedure to be followed in the sections of the Constituent Assembly. This resolution declared Congress's anxiety that the Constituent Assembly should proceed with the work of framing a Constitution for a free India with the goodwill of all the parties concerned. But, the resolution added,

"it must be clearly understood that this [i.e. action in accordance with the British Government's interpretation] must not involve any compulsion of a province and that the rights of the Sikhs in the Punjab should not be jeopardized. In the event of any attempt at such compulsion, a province or part of a province has the right to take such action as may be deemed necessary in order to give effect to the wishes of the people concerned. The future course of action will depend upon the developments that take place and the All-India Congress Committee, therefore, directs the Working Committee to advise upon it, whenever circumstances so require, keeping in view the basic principle of provincial autonomy."

Once again the Moslems complained that this was mere word-spinning, and they demanded much more explicit and categorical assurances that the terms of the Cabinet Mission plan would be mandatory upon sections, groups and provinces. So far no such undertaking has been forthcoming, and in reality the deadlock is as rigid as ever, with the added disadvantage that recent events in the provinces—Bengal, Bihar and the Punjab being cases in point—make dispassionate consideration of the concessions involved increasingly difficult and remote.

* The Karachi meeting of the Moslem League renewed the League's refusal to enter the Constituent Assembly.—*Editor*.

The Interim Government Remains

THE one hopeful feature in the situation is that neither of the major parties, having stormed the citadel of power, has yet relinquished its gains by abandoning the Interim Government, thus leaving the other in possession of the country's administrative machinery. This, of course, is a purely negative feature, which affords little encouragement to those who had hoped that the advent of a coalition Government at the Centre would clear the way to a real forward-looking fusion of interests, such as is necessary to carry India through the difficult period that lies ahead of her.

As long ago as last November Sardar Patel told the members of the Congress party in a speech at Meerut that in spite of the tactics of their political opponents, which were directed to ousting Congress from office, they would not fall into any such trap. "We joined the Government with the full and firm determination to remain there", said the Home Member, adding: "We have no intention of leaving it ourselves." Nor has Mr. Jinnah in any pronouncement yet shown any sign of a desire to bring the League representatives out of the Interim Government, though some of his colleagues are believed to favour such a course. The Quaid-e-Azam makes it abundantly clear that whatever other objectives may attach to Moslem representation in the Cabinet, it is, in his view, necessary that it should be there to see that the community's claim to Pakistan, and the assets that would go with it, are not in any way whittled down. Such a policy will obviously stultify the social and economic programmes to which the Interim Government stands committed.*

Economic and Administrative Problems

IT may well appear from the foregoing that the only issue in India to-day is whether the claims of the Congress or the League, representing as they do in each case the feelings of the overwhelming majority of Hindus and Moslems, can be reconciled or whether they are to remain, for as long as we can envisage, irreconcilable. To a very large extent it is the case that the age-long contest for power between the two communities overshadows every other problem. And, it should be added, it is becoming increasingly certain that the one chance of any kind of realistic adjustment of their rivalries depends upon its being achieved within the relatively short time in which Britain is prepared and able to exercise an effective supervisory interest in the matter.

But this is not by any means the only major problem with which the country is faced at the present time. In many parts of the country industrial labour is in ferment, in contrast to agrarian man-power, which continues to reap the advantages of the high prices paid for agricultural produce in a continuing inflationary situation. For both, the pangs of deflation, which cannot be indefinitely evaded, are bound in due course to prove exceedingly painful. But by comparison with neighbouring Asiatic countries our lot is,

* Sardar Patel was reported as saying on February 15 that the Congress members would withdraw from the Government if Moslem League members were allowed to remain under the existing conditions.—*Editor*.

in this respect at least, encouraging. Consumer goods are in better supply and shortages are now particular rather than general. War-time controls are being gradually dismantled, though we are promised many new ones in the sacred cause of a planned economy.

The recrudescence of famine, which threatened parts of the country early in the year and which the Congress opponents of the then Government prophesied with increasing confidence, has not materialized. The food position, however, remains difficult, and the difference between starvation for some and a bare subsistence for all can be bridged only by imports from the rest of the world, a fact which is not always accorded its full significance when Indian politicians talk of the virtually closed economy in which they would like their country to protect and develop its own industries. Full economic recovery in Burma will bring about a considerable improvement in India's rice stocks. Meanwhile, the continuing availability of imports of food grains from the United States, Australia and the Argentine are an essential feature of India's plans for feeding herself.

Another shortage, which is likely to make itself sharply felt before long, lies in the field of experienced administrative man-power, a supply of which is essential, no less to the many ambitious schemes of social and economic uplift that fill the Indian mind to-day, than to commitments which India will have to assume as an independent sovereign State.

Meanwhile it may well be that the future of the Secretary of State's Services (I.C.S., I.P., &c.) has been fully and finally decided by the time these lines appear in print. Up to now all that we know is that they will cease to exist as Secretary of State's Services at some not very remote date in the future, and that an All-Indian administrative service is contemplated in their place, but on what basis of pay, promotion and organization remains to be seen. It would seem that there will be a place for every Indian member of the Secretary of State's services in the new democratic administrative fellowship which is to take the place of the *corps d'élite* by whom India has so long been governed. It may also be that some British officers of the I.C.S. will be offered employment under the new régime, and many will probably be glad to serve the new India.

Others will undoubtedly want to go, and Mr. Arthur Henderson, K.C., Under-Secretary of State for India, has recently visited New Delhi for the purpose of negotiating agreed terms of compensation for all members of the Indian Civil Service (irrespective of whether their nationality be British or Indian) upon the termination of their contract with the Secretary of State. Such compensation would be in addition to the proportionate pensions to which these officers are entitled on exercising the option to retire. Indian opinion generally is against the principle of compensation, though it would have no objection if the Secretary of State decided to compensate his officers out of British revenues—a proposition to which the British taxpayer could hardly be expected to assent.

India,
January 1947.

UNITED KINGDOM

WINTER has laid its icy hands on the country more heavily than for many years, and in the last week of January the newspapers were announcing in streamer headlines "All Britain Freezes". Snow fell heavily over the southern half of England, disorganizing transport and dislocating the public services. The demands on gas and electricity suppliers rose far beyond the capacity of plants crippled by arrears of maintenance and equipment. Industry found its difficulties suddenly intensified, and interrupted supplies of fuel and materials cut down production and sometimes caused complete stoppages. After two weeks of freezing weather, the Government was constrained to impose draconian cuts on electricity supply in order to avert "complete disaster".

Economic Realism

THE Government had chosen this chilly season to administer a cold douche of economic realism. A White Paper on man-power and production, with the cumbrous title "A Statement on the Economic Considerations affecting Relations between Employers and Workers", sets out the immense task of retaining the pre-war standards of living and still more of raising them to the high levels so hopefully envisaged during the war. Its purpose is an urgent and imperative demand to workers and managements—whose representatives on the National Joint Advisory Council had endorsed the document—to realize the full extent of their responsibilities in securing the essential improvements in industrial efficiency and productivity.

There is a sharp reminder that the position is "extremely serious". The country is still running into debt abroad, but nevertheless has proceeded rapidly to establish schemes of social improvement. "It is therefore highly imperative that we secure a speedy and substantial increase in the output of British industry. That is the kernel of the industrial and economic policy of the Government." It is the measure of our lack of man-power that we are 560,000 short of the number of workers needed in manufacture for export. It is the measure of the inflationary pressure at home that there is a gap of £1,000 million between the total income of the community (after tax) and the goods and services available.

The call is first and last to increase production in every sphere; and the question is not merely "How?" but "How, *immediately*?" for re-equipment and mechanization can provide only a long-term answer. The biggest problem is the almost universal shortage of man-power, within which is the problem of uneven distribution; for some of the most vital industries are the most severely undermanned. Coal-mining is 43,000 short of its pre-war active strength, textiles about 250,000, agriculture 33,000.

Wages and Strikes

TWO big obstacles in the way of a better distribution of man-power are the still latent fear of future unemployment, and the effect which increasing wage rates in the undermanned industries, in order to attract more

workers, might have on the general level of wages. The first has led the miners' union, for example, to resist for many months the employment of Poles in the mines, and even now to admit only a restricted number. The second is part of the much bigger question of the Government's persistent shyness towards a national wages policy in face of the trade unions' claim that wages and conditions must be freely negotiated in each industry. The White Paper suggests that wage rates should be held steady but that earnings might be increased by raising output per head, and it speaks plainly on the point that "if costs of production, and in consequence prices, rise in relation to world prices, it may make it impossible for us to pay our way in the world and buy all the imports we need".

Since the union leaders have given their support to the Paper it must be supposed that the objections consistently offered to a system of payment by results have been taken into account, along with the spreading of shorter hours and longer paid holidays over a steadily increasing area of industry, and the general demand for a five-day week, for which the shipyard workers arranged a regular "token" strike on Saturdays. The cotton operatives retain their traditional opposition to the two-shift system, now being canvassed again as part of the reorganization of the industry; and the latest demand for higher wages has come from the building workers, whose claims if granted would increase the cost of a house between £60 and £90.

The problem is how to secure greater individual effort at a time of full employment when the discipline of personal need and the direction of labour for national necessity are alike absent.

Increased productivity, moreover, involves two basic requirements—regular supplies of raw materials, including fuel, and industrial peace. Two developments at the turn of the year caused great misgiving on these points: the dislocation to industry caused by the coal crisis, and the threat to industrial peace implicit in the unofficial but successful strike of the road-haulage workers.

The strike began in London, and spread in lesser degree to other parts of the country. Its immediate cause was the failure of the central wages board of the industry to accept the men's claim for a shorter working week, longer annual holidays and improved overtime conditions. The claim was formulated early in 1946, failed before the employers, and was sent to the statutory board in September. After these protracted negotiations the men's impatience overwhelmed the union leaders, and against their advice they stopped work. The strike spread to dock and market workers, and London's food-supplies were imperilled. After a week-end in which the full ration of meat could not be bought in the shops the Government brought in troops to ensure distribution. The striking men remained obdurate, even though the union declared its full backing for their claim, and rejected the advice of the union officials that the statutory procedure should be allowed to take its course and the claim be presented again to the wages board with their objections. With the introduction of military labour, other market and transport workers threatened to stop work as a protest, and for a time there was no little anxiety lest a general sympathetic strike should result.

Ultimately a special court of enquiry, free from the statutory restrictions governing the wages-board procedure, was set up, and quickly reached its conclusions, awarding the men almost everything they had asked for. The men had some grievance over the long delay, and they were asking no more than had been repeatedly given in other industries. But their action was widely condemned as an intolerable disruption of food supplies. Its most dangerous threat, however, lay in the flouting of official guidance, both by the unions and by the Government, which had been manifest in a lengthening series of small disputes, and the challenge thus offered to collective negotiation; and the fact that the objective was in effect secured by this unconstitutional method only emphasizes the danger which these disruptive tendencies hold for the production drive and the national well-being.

The Coal Crisis

EARLY in December the Minister of Fuel and Power made a renewed appeal for reduced fuel consumption to meet the likelihood of coal shortages of two to five million tons on the already reduced home requirements during the first three months of the year. In specific form it was that industrial users should cut their coal consumption by another 5 per cent, coupled with a compulsory restriction in the use of gas and electricity by $2\frac{1}{2}$ per cent. The savings thus made were to constitute a reserve to help undertakings of prime national importance—gas and electricity works, iron and steel, railways and essential expansion. The steadily rising coal output still lagged behind the rising consumption consequent on greater industrial activity, and industry was running on such low reserve stocks that considerable apprehension was expressed in the manufacturing and textile areas of the midlands and the north about the dislocation, loss of production and unemployment that any interference with regular deliveries would bring.

Train services, the main lines among them, were cut to release more locomotives for freight and to conserve coal, and wagons were diverted from other purposes to carry coal. In the middle of January matters had become admittedly critical, and after a Government review of estimated supplies the appeals of Mr. Shinwell were replaced by the more direct methods of Sir Stafford Cripps. Apart from gas and electricity stations and the domestic consumer, whose supplies were not to be cut any lower, there was an estimated deficit of 300,000 tons a week on industrial requirements. Electricity power stations were given an absolute priority in supplies, and the allocations to industry were cut by half, and to industrial coke ovens and iron and steel by about a quarter. Deliveries had previously been short of allocations by as much as 40 or 50 per cent, but the new allocations were presented on a "realistic" basis, with the assurance that delivery could reasonably be expected, in quantities around 87 per cent of the November deliveries. With reserves so slight and transport difficult the effect of these reductions was felt almost immediately, and was reflected in short-time working and in certain outstanding cases the complete closing-down of factories.

Before this plan could be put into full operation the worst snow-storms for 50 years struck the country. The movement of coal by rail and sea virtually

ceased. At the same time demands on power supplies rose to extraordinary figures, so that the coal requirements of the Central Electricity Board, which had been going up from 540,000 tons to 600,000 tons a week, suddenly jumped to over 700,000 tons. On February 7 the Cabinet, faced with the likelihood of a complete breakdown at the power stations, took the drastic step of denying power to all industry, except a few essential services, in the London and South East, Midland, and North West Regions. Over more than half the country industry was brought almost to a standstill.

Within a week, nearly two million employees had been thrown out of work. Railway services were reduced, and periodical publication interrupted. A heavy cut was made simultaneously in domestic supplies, and for five hours daily homes, like offices and shops, were deprived of all electricity for light, heat and power. The Prime Minister broadcast an appeal to the people for their utmost co-operation. It was hoped by these extreme measures to enable power stations to build up some reserve stocks and so avoid catastrophe. Although it was insisted repeatedly by Government spokesmen that they were to continue for a few days only, the optimism of Ministers in previous months, now so completely shattered, and their evident reluctance to face the need for radical preventive action earlier, left a reaction of gloomy foreboding that again official estimates would be contradicted by events.

'Socialism in Next to No Time'

ON this cramped stage, meanwhile, the Government produce with increasing momentum their political transformation scene. The King's Speech which opened the new Parliamentary session on November 12 outlined fifteen separate Bills, most of them carrying the principle of State ownership or control into expected fields. They ranged from exchange control for the protection of sterling to a Bill to continue in existence the civic restaurants established by local councils to meet war-time needs. Between the end of November and the beginning of February, a period which included the Christmas recess, all four of the major legislative measures of the year had been started on their course. The transport nationalization Bill, published on November 29, was brought before the Commons for second reading on December 16, and by February 4 was in committee. The Town and Country Planning Bill, published on January 8, was read a second time before the end of the month; and the electricity nationalization Bill, published on January 11, had its second reading in the first week of February. In addition there was the Bill embodying the Government's policy for agriculture, published on December 20 and discussed on second reading at the end of January.

Well might Mr. Dalton prophesy that the socialization of Britain would be completed by 1948. All these are major measures—the transport Bill, for example, contains 127 clauses and 13 schedules—revolutionizing the British economy, and demanding close and expert study of their complicated and technical provisions. Each of them would normally have been regarded as sufficient in itself for one session, and would have been subjected to close scrutiny in long days of committee work by the whole House. Now they are brought on for debate as quickly as decency permits, and then hurried

away into a standing committee, to vanish almost completely from public attention, while at most fifty members wrestle with the intricacies of the Bill and the inflexibility of Ministers. The Opposition charge that democracy is thwarted when such sweeping changes are carried through in this hasty manner, which makes adequate public discussion almost impossible, carries much truth.

Transport and Electricity Bills

ALL the Bills mentioned are highly controversial, and the transport and electricity measures extremely so. The transport Bill, to nationalize all forms of inland transport, proposes a Transport Commission to take over in 1948 all the railway and canal undertakings, and on a day to be appointed the road-haulage undertakings engaged in ordinary long-distance carriage. Thereafter goods are not to be carried more than 25 miles except under licence, and even a firm's own goods may not be carried in its own vehicles more than 40 miles without a permit. The commission is to prepare schemes for the co-ordination of passenger transport services, whether by road or rail, in approved areas, covering both privately owned services and municipal undertakings. The commission will be a body of five persons appointed by the Minister and responsible for transport policy. Management functions will be delegated to five executives, dealing respectively with railways, docks and waterways, road transport, the London services, and in time railway hotels and catering.

The storm of protest was most intense over the compensation proposals. These are based on the average of quotations on the stock exchange on six dates in November (before the definite announcement from February to King's Speech) or the average of mid-monthly quotations from February to July 1945, if these pre-general-election prices were higher. Compensation is to be payable in government-guaranteed stock of an amount, in the opinion of the Treasury, equal in value at the date of issue. For railway and canal undertakings it is estimated that the amount of compensation stock will be some £1,065 million.

These proposals were as unexpected as they were unacceptable; for the method followed none of the previous nationalization projects. They are criticized because, it is said, railway stocks had been for years influenced by government action or expected action, which made the market prices irrelevant as a basis of compensation; because the pre-election prices are regarded as invalid, on the ground that the Government's cheap-money policy has altered the whole monetary structure; and because it is held that quite inadequate weight has been given to the income factor. This last point has a serious social aspect. Railway stocks, being largely trustee securities, are held by institutions and societies of many kinds—including the churches and the trade unions—for which they afford a stable if limited income, and similarly constitute the basis of innumerable small family incomes for the elderly, the widow, the pensioner and the orphan, who must suffer heavily from the reduction of their already depreciated purchasing power.

The Chancellor of the Exchequer was at pains to justify the compensation terms as the independent arbitration of the stock exchange, but his strictures

on the railway system as "a very poor bag of physical assets" were widely regarded as an unfair reflection on their war-time exertions and the dilapidation they had suffered from six years of deferred maintenance. His answer to the complaints about the fall in income was the simple one that many railway stocks were not trustee stocks but highly speculative and unremunerative holdings, and that in the new government stock the risk would be eliminated and assured income provided. The Opposition parties were united against the Bill, and their solid vote against it numbered 204, the largest of this Parliament.

The plan for the co-ordination under public ownership of the whole of the electricity-supply industry follows much the same lines: a central authority to direct policy and under it fourteen boards, working in this case on an area and not a functional basis, concerned with efficient and economical distribution. The taking over of these undertakings represents the second stage in the nationalization of the fuel and power industries; coal was the first, and the Bill dealing similarly with the gas industry is to come next session. The electricity Bill affects altogether 570 undertakings, of which 370 are municipally owned. Here again the stock-holders are to be compensated on stock-exchange values, at an estimated cost of £350 million. Local authorities will receive, as in the case of their transport services, compensation sufficient to cover interest and sinking-fund charges on the outstanding debt of the undertakings. Some market calculations have indicated that in the absence of the threat of nationalization the prices of electricity stocks might reasonably have been such as to attract compensation amounting to about one-quarter more than the Government propose. The terms for local authorities are objected to because they reflect neither the value nor the remunerativeness of the undertakings, and penalize those who used profits to pay off debt, while relieving the less efficient or less prudent undertakings of all their liabilities.

As the picture has unfolded, criticism has grown of the apparently unrelated methods of compensation adopted. In the City columns of *The Times* six different bases were set out: exact maintenance of income (Bank of England); net maintainable revenue and appropriate number of years' purchase (coal); agreed valuation of shares or arbitration (cable and wireless); market prices (railways and electricity); cost of replacement plus two to five years' purchase of net profits (road haulage); original cost less depreciation (privately owned railway wagons); and the comment was made that there are certainly signs of an increasing tendency to choose the cheapest and simplest bases that can be made to look in any way plausible, and the substitution of political opportunism for principle. "If confidence in industrial investment and development is to be maintained", the writer says, "it should be made plain that compensation for any future State acquisitions will recognise certain definite principles and that independent arbitration based on those principles will be invoked."

CANADA

WHAT CANADIAN LABOUR WANTS

IT is easier to ask what Canadian Labour wants than to give a precise answer. For Canadian Labour does not speak with one voice. There are three major federations: the Trades and Labour Congress (T.L.C.), the Canadian Congress of Labour (C.C.L.) and the Canadian and Catholic Confederation of Labour (commonly known, by a mistranslation of the French "*syndicat*", as the "Syndicates"). There are also the "Big Four" international unions in the railway running trades, unaffiliated with any central body.

The T.L.C. is made up predominantly of old-established international craft unions, most of them affiliated with the American Federation of Labor, though it contains also some important national and international industrial or semi-industrial unions. It accounts for over 40 per cent of total union membership in Canada. The C.C.L., which accounts for about one-third of total union membership, consists entirely of industrial unions. About one-third of its members are in purely Canadian organizations (national or local), the rest in international unions (Canadian branches of C.I.O.—Congress of Industrial Organizations—unions, and the Canadian districts of the A.F.L. United Mine Workers). The Syndicates account for rather less than one-tenth of total union membership, and include both craft and industrial unions. The "Big Four" have only about 5 per cent of total union membership, but of course have power and prestige out of all proportion to their numbers. A really comprehensive and accurate account of what Canadian Labour wants would therefore involve a careful examination of the official pronouncements of all these bodies.

Happily, however, the task is rendered a good deal less formidable by three facts:

- (1) The two Congresses together account for three-quarters of organized Labour in Canada.
- (2) The "Big Four" co-operate with each other and with the fourteen T.L.C. unions which operate on the railways and in the railway shops.
- (3) The Syndicates are purely French-Canadian and confined to the province of Quebec, and the "orthodox" (T.L.C. and C.C.L.) unions have a much larger French-Canadian membership; Syndicate policies are therefore not very significant, nationally, and call for no further comment here.

For all practical purposes the pronouncements of the two Congresses may be taken as representing broadly the views of Canadian Labour as a whole. On the other hand, there are considerable differences of opinion between the Congresses and within each Congress, and, although these relate to methods rather than objectives, they are none the less important.

Differences from the United States

BASICALLY, it need hardly be said, Canadian Labour wants the same things as Labour everywhere else: full employment, stable prices, higher wages, shorter hours, vacations with pay, decent working and living conditions, adequate housing, health and education, social security, constitutional government in industry, a proper share in framing and carrying out economic and social policy. But it is the variations on these familiar themes which are important. American Labour wants all these things just as much as Canadian, and about two-thirds of Canadian trade unionists belong to international unions, with headquarters in the United States. It might have been supposed, therefore, that Canadian union policies would be little more than an echo of American. Actually they are markedly different, in many respects much closer to those of Labour in Britain, Australia, New Zealand and western Europe.

For one thing, American Labour is never tired of proclaiming its ardent devotion to the system of "free enterprise". Two years ago the Presidents of the A.F.L. and C.I.O. even went so far as to sign a joint manifesto with the Presidents of the American Chamber of Commerce and the National Association of Manufacturers extolling the glories of that system and pledging allegiance to it. No Canadian Labour leader of any standing has shown any sign of following this example. Canadian Labour as a whole has certainly not gone socialist, but it has never committed itself to capitalism, it has always advocated a considerable measure of public ownership, and a large section of it is, to say the least, becoming increasingly doubtful whether "free enterprise" can give Labour anything like what it wants.

Even the traditionally cautious T.L.C. has for many years demanded "public ownership and democratic management of all public utilities and nationalization of banking and credit", and "government control and fullest development of all natural resources". In 1943, while disclaiming any advocacy of "socialism", it called for further developments in this direction, and at its last convention urged the adoption of a comprehensive public slum clearance and housing programme. These may not be quite the accents of the British Labour party, but they are certainly not those of Mr. William Green.

The C.C.L., besides endorsing the Co-operative Commonwealth Federation (C.C.F., Canadian equivalent of the British Labour party) as "the political arm of Labour in Canada", and urging its member unions to affiliate, has declared for nationalization of the banks, the coal-mines and all existing privately-owned radio broadcasting stations, a great public-enterprise housing programme from which private enterprise should be "excluded", and "free hospitalization and surgical and medical attention for all workers and their families". The Canadian locals of the United Steelworkers, whose International President, Mr. Philip Murray, signed the joint "free enterprise" manifesto, have asked for nationalization of the Canadian steel industry. District 26 of the United Mine Workers, whose International President,

Mr. John L. Lewis, is perhaps an even more zealous supporter of private enterprise than Mr. Murray and Mr. Green, has called for nationalization of its half of the Canadian coal industry.

A second marked difference between American and Canadian Labour is in their policies towards independent political action. American Labour has in general fought shy of it, preferring the Gompers policy of rewarding Labour's friends and punishing Labour's enemies in the two old parties, or the recent C.I.O. variation, working mainly through one of the old parties. Canada, on the other hand, has had a persistent tradition of independent Labour political action.

The T.L.C., then the only important central Labour body in the country, officially endorsed the idea as long ago as 1900, and in 1917 actually took the initiative in organizing a Canadian Labour party. This fizzled out ingloriously, but a few Labour members of Parliament remained and helped to found the C.C.F. In 1938 District 26 of the United Mine Workers made history by becoming the first Canadian union to affiliate with a political party, the C.C.F. Other unions, notably the Steelworkers in two of the three basic steel plants, followed; as already noted, the C.C.L. as a whole, in 1943, gave its official support; at present, about a hundred local unions, belonging to both Congresses, have affiliated with, or endorsed, the C.C.F., and many union leaders, national and local, are active C.C.F. members.

Political Action

WHAT is the explanation of these contrasts? Why does American Labour embrace "free enterprise" with rapturous enthusiasm, while Canadian Labour at best turns upon it a cold and fishy eye? Why is American Labour almost unanimously in favour of political action through one or both of the old parties, while a considerable section of Canadian Labour is ready to back a socialist third party?

First, there has been the powerful influence of British and British Commonwealth experience. This has been reinforced by the presence of a large number of British immigrants accustomed to, and many of them formerly active in, unions, co-operatives and the Labour party.

Secondly, the Canadian economy has, on the whole, been decidedly more monopolistic than the American. Canada has never had any successful trust-busting of any importance. Canadian "free enterprise" has looked much less "free" than American, at any rate to Canadian Labour.

Thirdly, Canada has had no Roosevelt and no New Deal.

Fourthly, there is the nature of the Canadian system of government and particularly the Canadian party system. The Liberal party has had only two national conventions in its history, the last nearly thirty years ago. The Progressive Conservatives and their predecessors have had three (1927, 1938 and 1942). The organization of the Democratic and Republican parties, with regular national conventions every four years, at least looks more democratic, and the system of primaries seems to offer more chance of rank-and-file control of party machinery. Certainly the chances of

best to pass on the costs in higher prices. Whether Labour takes its gains in the form of straight increases, shorter hours, guaranteed annual wages, health and welfare plans or a combination of two or more of these, it may well find that it can keep them only under a system of permanent price control, which involves important economic, political, constitutional and administrative problems, and might have important repercussions upon free collective bargaining. Short-run and long-run objectives and policies, economics and politics, industrial and political action, are not easy to keep separate.

Union Protection

MEANWHILE, however, there can be no question that a further immediate objective of Canadian Labour will be an increase in union security. The unions will certainly press to have as much union security as possible written into collective bargaining legislation, Dominion and provincial, and they will be able to point to the recommendation of the Industrial Relations Committee of the Canadian House of Commons that "a measure" of union security (undefined) should follow certification of a union as the recognized bargaining agency in any plant or industry. Whether this will take the form of the union shop, maintenance of membership, maintenance of membership for present employees and union shop for future employees (already contained in the Saskatchewan Trade Union Act), or simply some form of check-off of union dues (already obligatory, where the union asks for it, under several provincial Acts), no one can say positively, though the first is certainly highly improbable and the second hardly less so. All unions will at least try to get written into their collective agreements as large a measure of union security as they can. Some will no doubt try for the Rand formula (compulsory payment of union dues by all employees, but not compulsory membership, coupled with penalties for unauthorized strikes), or a modified Rand formula without the penalties; both have already been adopted in important industries, and seem to be working well.

What Canadian Labour most wants, however, was well summed up by Mr. Pat Conroy, Secretary-Treasurer of the C.C.L., in his evidence before the Industrial Relations Committee of the House of Commons last August:

"Labour has to be accorded the status of representing one-half of the investment in the enterprise; it must be regarded as a partner. . . . Labour has much to learn. There are many things it does not know. It does, however, know this, that it cannot afford to let free enterprise pursue its untrammelled way, with the fate of the rest of the people in its hands, and without any challenge as to whether or not a small group of men have been granted the divine right to hold the destiny of mankind in their hands."

Mr. Conroy went on to quote, with approval, from the London *Economist*:

"What is needed . . . is . . . regular and detailed review of the policy of individual firms and industries, based on full disclosure of the relevant information, and backed with adequate opportunities for individual workers and their elected representatives to put their point of view and satisfy themselves that policy is working out as it should. . . ."

"The first and most essential step is, of course, to promote an effective and as nearly as possible fool-proof policy for full employment. There can be no hope of genuinely co-operative industrial relations so long as they are bedevilled with the spectre of Marx's 'reserve army' of unemployed.

"Secondly, it is necessary to grasp firmly the twin nettles of wages and profits policy. A wages policy is needed both in the interests of national finance and to ensure the right distribution of labour between industries; but it is politically impossible without a policy for profits. A profits policy is in any case essential if the full support of Labour is to be obtained for all-out production. . . ."

Anyone familiar with Canadian Labour and its problems will note at once various omissions from this article, and probably some over-simplifications, whether exaggerations or understatements. Some or all even of the rather cautious and tentative predictions made may be falsified by events. Only a clairvoyant or a person with a quite extraordinary confidence in his own infallibility would venture to speak with any assurance on such matters; and though the results might make more entertaining reading, it may be doubted whether they would shed more light on a very complex situation.

Canada,

January 1947.

AUSTRALIA

AFTER THE ELECTIONS

THE results of the federal elections of September 28, which were recorded in the last issue of *THE ROUND TABLE*, represent on the face of it a substantial victory for the Labour party. It acquired a sweeping majority in the Senate and its majority in the House of Representatives was not seriously impaired.* Close consideration of the results cannot, however, have given unmixed satisfaction to the party leaders. The Minister for the Army and the Minister for Repatriation both lost their seats; the Government came near to losing several "wheat" seats in the key state of New South Wales; two of the three constitutional amendments submitted in the referendum were not carried; and, perhaps most significant of all, the Government lost two seats to Independent Labour candidates, one of them being captured by Mr. J. T. Lang, former Labour Premier of New South Wales.

It would be misleading to suggest that these set-backs arose from any general revulsion of feeling against the Government. The dissatisfaction of the wheat-growers could be ascribed to the Government's refusal to satisfy in full their demands for financial assistance. The defeat of two of the referendum proposals is in line with the traditional refusal of the electors to approve the transfer of additional powers from the States to the Commonwealth; in view of past history, the Government might consider itself fortunate to have secured approval for one of its proposed amendments.

The return of two Labour Independents, however, while no doubt influenced by personal issues, was evidence of an inner struggle within the Labour movement. Just how acute an embarrassment to the Government is the presence at Canberra of Mr. Lang was vividly demonstrated in the course of the debate on the Address-in-reply soon after the Eighteenth Parliament assembled on November 6. Carefully choosing his time, so as to speak when a maximum number of listeners could be expected to be tuned-in to the broadcast of the proceedings, for half an hour he taunted the Government for its alleged failure to implement the party platform and derided the Parliamentary Labour party as "the Right wing of the Opposition". After he sat down the debate collapsed in confusion, no Government speaker being prepared to reply to him. During the remainder of the session Mr. Lang has figured in several other episodes, including an alleged attempt to prevent him from speaking during the debate on supply.

Moreover, the defeat of the Ministers for the Army and Repatriation, while in itself perhaps mainly due to their unpopularity among ex-service-men, has had embarrassing consequences. The Government's position in the eyes of the public has not been enhanced by the unseemly haste with which they and other defeated candidates have been appointed to public posts at home and abroad. The Prime Minister's position in the party has been

* See *THE ROUND TABLE*, No. 145, December 1946, p. 91.

weakened by the defeat of two Ministers who could be relied on to support his moderate policies.

Still more serious was the element of discord introduced by the need for selecting a new Deputy-Leader of the Parliamentary Labour party to replace Mr. F. M. Forde, the defeated Minister for the Army. On October 31 the party elected Dr. Evatt as his successor, but the election was closely contested by Mr. Ward, for long the *enfant terrible* of the party, and not only a former colleague of Mr. Lang but also perhaps still in sympathy with some of his ideas. It had not previously been realized that Mr. Ward, who occupies the relatively junior post of Minister for Transport, could command so extensive a following in the party.

Industrial Unrest

THE internal struggle within the Labour movement which is evidenced by these political events derives its impetus from events in the industrial sphere. Industrial unrest has been simmering ever since the great strikes at the end of 1945 and it boiled over again soon after the elections. Last time the industries most affected were steel, coal and shipping, and the trouble centre was New South Wales. On this occasion the industries most affected have been transport, metal-working and gas production, and the trouble centre has shifted to Victoria, although other states have been affected as well and there has also been a dockyard dispute in Sydney.

In order to appreciate the background of these disputes it should be noted that in Australia the weekly average of all wages and salaries has remained fairly stable since 1942 at about £6. 10s. per "male-unit".* The wages of workers employed under awards of the Commonwealth Arbitration Court, who constitute the great majority of wage-earners, are made up of three components, apart from overtime earnings and similar extras. The first component is a basic wage, varying automatically with the retail price index-number, but generally uniform as between trades in any particular locality. The second component is a margin, received by most workers, for skill or other special circumstances. This margin ranges from a few shillings per week for the least skilled to £1 or more for the most skilled, but does not vary with retail prices. Thirdly, many workers also receive a "war-loading" of up to 6s. per week, originally awarded as a means of attracting labour to industries engaged on war production, but subsequently extended to most industries.

Since 1942 the basic wage—the first component—has been kept virtually stable, at an average level of about £4. 16s. per week in the capital cities, by the expedient of keeping stable the retail price index-number to which it is linked. This has been achieved partly by a rigorous and all-embracing system of price control, which has prevented manufacturers and traders not only from reaping speculative profits but also from passing on increased costs where their profits were judged to be "excessive". Hence during the

* *Monthly Review of Business Statistics*. The Commonwealth Statistician calculates earnings per "male-unit" by dividing the total wages bill by the total number of employed males plus 45 per cent of the number of employed females.

past three years company income has remained at about £140 million per annum, and the dividends paid to private persons at about £40 million per annum.* During the same period the aggregate earnings of unincorporated employers, farmers, shopkeepers, professional men and other persons working on their own account have fluctuated around £208 million per annum.†

In addition to this rigid control over profits the Commonwealth has, since 1943, subsidized the production or the importation of commodities that figure prominently in the retail price index-number, such as potatoes, tea, milk and textiles. The cost of these subsidies amounted to nearly £13 million last year and is estimated at nearly £16 million in the current financial year. In addition, primary producers have received other and larger subsidies, which, although not made solely with the object of keeping down the retail price level, have also contributed to that end.

This dual policy of profit limitation and subsidy has achieved its objective in stabilizing the retail price index-number during recent years at about 23 per cent above its pre-war level, although it has recently shown a tendency to rise. On the other hand, it is alleged that the stability thus achieved makes the index meaningless. Some of the items that figure prominently in the index are almost unobtainable, such as vacant house-room. Many items that do not figure in the index-number have risen in price by much more than 23 per cent—for example, fruit and vegetables, other than potatoes—or are in short supply, like beer and tobacco.

It is not surprising that the wage-earner should feel that he has been the victim of an economic confidence trick when he is told that, if his basic wage has not risen in recent years, it is because prices have not risen. The result has been suspicion and resentment in spite of a high level of general prosperity and the virtual absence of unemployment. Moreover wages, like other incomes, have been subject to greatly increased income-tax deductions. It may be doubted, however, whether these grievances would have occasioned so much unrest had not attention been focused upon them by the more militant union leaders and the propaganda of various political groups.

Wage Pegging

NOT only was it necessary to stabilize prices in order to prevent any automatic upward adjustment of the basic wage, but it was equally necessary to stabilize margins, loadings and the standard on which the basic wage was adjustable, in order to prevent any upward movement of costs and therefore of prices. Price control and wage control are complementary. This was recognized in 1942 by the issue of the Commonwealth Government's wage-pegging regulations. Under these regulations it became illegal

* Quoted from *Budget White Paper on National Income*, 1946, Table 8.

† *Ibid.*, Table 5. Expressed as an average per "male-unit", these earnings rose from £5. 6s. 8d. per week in 1938-9 to £9. 15s. per week in 1942-3-4, and have since fallen to £8. 5s. per week (Evidence of H. P. Brown in Interim Basic Wage Case, 1946, p. 8). These averages must, however, be interpreted in the light of the fact that during the earlier period the number of "non-employees" declined very substantially, whereas their number has increased in recent years as men have been released from the Forces.

for the Commonwealth Arbitration Court or for any other industrial tribunal to award rates higher than those prevailing on February 10, 1942, except in order to correct anomalies. It was equally illegal for employers to offer, or for workers to seek, an increase in rates. On several occasions employers have refused to meet union demands on the ground that to do so would be illegal, and on other occasions, when the employers have been willing to meet the demands, the courts have declared the resulting agreements illegal.

It does not require much imagination to appreciate the position of trade-union leaders under these regulations. Their prestige, and often their livelihood, depends on their success in extracting concessions for their members. Never had their bargaining position been so favourable, but here they were forbidden to exploit their advantage. Once the war was over they could hardly be expected to accept a situation that virtually deprived them of any reason for their existence. It is not necessary to suppose that many of them had embraced the Communist faith in order to understand their hostility to the wage-pegging regulations. Some of the more militant unions are no doubt under Communist control, but the trouble has not been confined to them.

The Government has been under continual pressure from the trade-union movement to abandon or relax its wage-pegging regulations. From time to time amendments have been made, but the Prime Minister has steadfastly refused to go beyond the promise made in his policy speech to the effect that, "as economic conditions return to normal, wage-pegging regulations will be steadily relaxed, with the intention of their eventual abolition". The regulations were first amended to permit extensions of annual leave, recreation leave, sick leave or holidays. Early in 1946, as an aftermath of the first great outbreak of post-war strikes, the regulations were further amended to permit the Arbitration Court to review hours of work and the basic wage standard. The unions decided as a matter of tactics to pursue these two objectives separately and to launch first of all an application for a general forty-hour week.* They may have been influenced in their decision by the failure of their previous basic-wage application in 1940, and also by the hope that the Commonwealth might still be induced to introduce a higher basic wage by legislation if the referendum on industrial powers was successful.

The hearing began on May 23, 1946. Fifty-two unions were involved and most of their leaders insisted on giving evidence—no matter how irrelevant—in order to convince their members that they were watching their interests. Then came the evidence of the Commonwealth and the States, and after five months the employers were still unheard. By October it was obvious that the case was likely to extend well into 1947 before a decision could be expected.

These protracted proceedings not only brought discredit upon the arbitration system, but also engendered in the unions a sense of frustration and impatience which was partly responsible for the outbreak of transport strikes, the most serious of which began in Victoria on October 21 and lasted for ten days.

* See THE ROUND TABLE, No. 143, p. 280; No. 145, p. 88.

At this stage the Prime Minister intervened and proposed to the employers and union leaders that the Court should be asked to consider a revision of the basic wage jointly with the hours case, and to concentrate on the wages portion of the case first and give an interim decision thereon as soon as possible. Both parties were asked to do everything possible to expedite the hearing, and the Prime Minister also renewed his election promise that the Government would review the wage-pegging regulations "as economic circumstances permitted". Some difficulty was experienced in inducing the trade unions to take the initiative in asking the Court to review the basic wage, and eventually on October 30 the Commonwealth itself asked that the 1940 basic-wage case, which had been adjourned without decision, should be restored to the Court's list forthwith. Before suspending the hearing of the hours case, the Court announced that they "considered the time opportune to declare approval of the principle of a forty-hours working week".

The hearing of the interim basic-wage application began on November 25, and on this occasion the Court wisely allotted the parties a time-table designed to complete the hearing in three weeks. On December 13 the Court awarded an interim increase of 7s. per week, to operate as from December 1. The Court pointed out that, apart from any final determination of its own, there would ultimately be a further increase depending on the extent to which the retail price index-number rose as a result of its decision.

In the meantime the Government was subject to renewed pressure from the trade unions to permit a further relaxation in the wage-pegging regulations. In November the question was rendered particularly urgent by a combined strike and lockout of ironworkers, moulders and engineers in Melbourne foundries. In December the industrial situation deteriorated farther with a widespread strike of gas-workers in Victoria, New South Wales and South Australia. The questions in dispute were such matters as extra pay for shift work, time-and-a-half for Saturday work, double-time for Sunday work, and, in the case of the engineers, a straight-out demand for an extra £1 per week. Most of these demands had already been referred to the Court, but it appeared impossible to meet them under the wage-pegging regulations.

Considerable pressure was put upon the Prime Minister to relax the regulations, but he refused to be stampeded and there was some hint of disagreement between Mr. Chifley and his Minister of Labour on the issue. In the meantime power was taken under the Defence (Transition Provisions) Bill to continue sixty-one sets of National Security Regulations, including the price control and wage-pegging regulations, for twelve months beyond December 31, 1946, when they were due to expire.*

Finally, on December 13, within a few hours of the Arbitration Court's decision on the basic wage, the wage-pegging regulations were once more

* The High Court had already held, in *Dawson v. The Commonwealth* (1946 A.L.R. 461) that the Commonwealth defence power authorized the continuance of the Economic Organization Regulations during the transition from war to peace. It was under these Regulations that wages were pegged.

amended, to permit the Court to consider

- (a) an increase in margins proportionate to the rise in the retail price index since the outbreak of war;
- (b) additional payments for shift-work, week-end work and piece-work; and
- (c) increased rates for certain classes of women workers.

The amendments are highly technical and it is doubtful whether anyone has yet had the opportunity to assess their full significance, but neither they nor the basic-wage increase have hitherto induced a resumption of work in the Victorian foundries.

The Budget

IT has already been observed that price control and wage pegging are complementary. Together they are the basis of the Government's anti-inflation policy—a policy for which Mr. Chifley himself is primarily responsible, since he has been Treasurer ever since Labour first assumed office in 1941. It is evidence of the confused economic thinking that prevails in political circles that this policy has the support of some who oppose the retention of any form of wage pegging.

On the other hand, there are members of the Labour movement who are frankly opposed to Mr. Chifley's financial policy on its own merits and are not merely critical of its industrial implications. They urge that all public works should be financed by Commonwealth Bank credit instead of public loans. They derive their ideas from Labour's experience during the depression, when the Scullin Government came into conflict with the Commonwealth Bank board. They are powerfully supported by the presence of Mr. Lang in the House. Their chief spokesman is Mr. Ward, which is not surprising in view of his previous association with Mr. Lang and his evident political ambitions. Before the last elections he declared that,

"in the ranks of Labour, those who have been supporting a change in financial policy over a period of years have been growing in strength, and I am confident that, with the return of a Labour Government, those who want a change in our financial policy will be in the majority".

Mr. Chifley's attitude seems to be that, while Central Bank credit should certainly be used to counter any deflationary tendency, it should not be used as a standard and continuing form of public finance. Last July he claimed that, of £1,006 million that the Government had raised by loan since it took office, nothing had come from Central Bank credit or from the trading banks. During the same period £311 million had indeed been raised by discounting treasury bills with the Commonwealth Bank, but since 1944 there had been no addition to the number of bills outstanding. On the contrary, in recent months the Commonwealth has apparently been reducing the volume of outstanding bills, presumably as an anti-inflationary measure.

On November 14 Mr. Chifley presented his budget, and the debate thereon comprised the chief business of the session, which closed on December 6. For the second year in succession the Government adopted the excellent British practice of printing a White Paper showing national-income estimates since 1938. According to this document the aggregate value of all goods

and services produced last year amounted to £1,434 million, which was slightly higher than in the previous year and 53 per cent above the pre-war level. The revival of private consumption and investment during the past year has thus offset the depressing effect of the decline in war expenditure.

For the current year Mr. Chifley budgeted for a Commonwealth expenditure of £444 million, a decline of £98 million on the previous year; and for a Commonwealth loan programme of £59 million, a decline of £94 million on the previous year. However, he pointed out that borrowing by the States and local authorities for public works and housing was estimated to amount to £69 million, so that the total governmental borrowing programme would be about £128 million.

It will be observed that Commonwealth borrowing is to be reduced almost to the full extent of the reduction in expenditure. Very little reduction in the revenue from taxation is contemplated but, owing to the buoyancy of taxable income, a reduction in tax rates has nevertheless been possible. Some reduction in income tax was made before the elections, but the only further concessions made in the budget were in indirect taxation. Clothing was exempted from sales tax, and both sales tax and customs and excise duties were reduced on a number of other items. Income tax, however, still remains at a high level and, so far from mitigating the danger of inflation, may even be accentuating it by stifling enterprise among employers, reducing the attractiveness of overtime among wage-earners, and generally retarding production.

One of the objectives of reducing sales tax was to counteract the rise in the price of clothing and other items entering into the recorded cost of living. It seems probable, however, that any reduction of prices on this account will be more than offset as a result of the increase in the basic wage and the relaxation of wage pegging. The Prime Minister was obviously opposed to any attempt to offset this rise in wage costs by the grant of increased subsidies for price stabilization.

On December 20 the Prices Commissioner announced, with Cabinet approval, a division of industries into groups according to whether they would be allowed to increase prices by the full extent of the effect on costs of the 7s. wage increase, or by a proportion thereof. According to the evidence of Commonwealth experts in the basic-wage case, a 7s. increase in the basic wage could be expected to raise the retail price index by 2 per cent, and it may be estimated that the relaxation of wage pegging will entail a further 1 per cent rise in retail prices.* Compared with the inflationary process in other countries, however, the combined effect of these increases remains extremely moderate.

Bretton Woods

WHILE the Labour critics of Mr. Chifley's financial policies have not been strong enough seriously to undermine his fight against inflation, they have scored one victory of some significance. On November 20 the

* The 7s. increase in the basic wage is expected to add about £33 million to the aggregate wages bill, and the relaxation of wage pegging is expected to add a further £17 million.

Cabinet decided by a two-to-one majority that Australia should accept the Bretton Woods agreement and join the International Monetary Fund before December 31. The proposal was approved by the Federal Executive of the Australian Labour party which met in Canberra the following week, but when it was submitted to a meeting of the Parliamentary party it was referred for consideration to a Federal Conference of the party. The Federal Conference has not yet met and Australia has consequently missed the opportunity of joining the Fund as a signatory member. There is no doubt that the party's action was a considerable rebuff for the Prime Minister. Seven of his nineteen Ministers, led by Mr. Ward, are reported to have voted against him in caucus.

The opposition of Mr. Ward, and those who think with him, to Bretton Woods seems to derive, like their criticism of the Prime Minister's financial policy, from the Labour party's experience during the depression, combined with a profound distrust of the supposed machinations of international financiers. They fear that the Bretton Woods commitments might deprive them of the opportunity of putting their own financial ideas into practice at some future date. Added to this is the fear that Australia might be dragged into another depression by events in America.

Opposition is not, however, confined to the Labour party. Thus many primary producers dislike the restrictions imposed by the Bretton Woods agreement on a country's right to depreciate its currency, and some mining interests are opposed to the agreement because it may stabilize the price of gold.

Since Parliament rose the controversy in the Labour movement over Bretton Woods has been heightened, various groups apparently campaigning in preparation for the Federal Conference, and the public has seen further evidence of Cabinet disunity on the issue. The Minister for Reconstruction, Mr. Dedman, who stands close to the Prime Minister, has issued a public statement favouring Australia's adherence to the agreement, while Mr. Ward has set forth the opposing view in a pamphlet. The outcome of this conflict is likely to have a considerable bearing on Australian policy in the forthcoming international trade negotiations; for those who oppose Bretton Woods are likely also to oppose any substantial tariff reductions even on the basis of mutual concessions. In any case, the present disagreement and delay cannot but damage Australia's standing in the councils of the world.

Australia,

January 1947.

SOUTH AFRICA

THE POLITICAL SCENE

A NUMBER of parliamentary and provincial by-elections have been held in various parts of the country. The results in some cases certainly surprised observers, but it is a little dangerous to generalize too freely about the lessons to be learnt from these clashes between General Smuts's United party Government and the various Opposition parties. South Africa, in common with all countries in the post-war world, is suffering from shortages of supplies and of labour, and the controls and restrictions which these shortages make necessary have inevitably bred discontent among wide sections of the public. Impatience with and criticism of the Government's administrative activities have been vocal and must have had an influence on by-elections.

Of more permanent interest is the question whether recent Government reverses can be entirely explained away by more or less routine discontent arising in difficult times and with a Government that has been in power seven and a half years; or whether there is discernible a changing public opinion on the larger and graver issues of national affairs, such as coloured policy. In other words, have recent electoral experiences been results of votes *against* the Government or votes *for* the Nationalists? With the evidence now available it would be a bold man who would dogmatize.

Since the general election in 1943 there have been eight parliamentary by-elections: in these the Government has held four seats, has lost three to the Nationalists and gained one from the Dominion party. Two members of Opposition parties during that time have changed their allegiance, so that the Government's total strength is undiminished—in itself a considerable achievement in difficult times. The Nationalists in the same period have strengthened their parliamentary party by four members and the Dominion party has lost two.

The Hottentots-Holland By-election

THE sharpest reverse suffered by the United party was in the by-election in the constituency of Hottentots-Holland, the result of which has just been declared. Eighty per cent of the electorate cast their votes, and the Nationalist candidate was returned with a majority of some 600 votes. This constituency, under different names, has always been a stronghold first of the South African party and later of the United party. In the Coalition election of 1933 the South African party candidate was returned unopposed; in the general election of 1938 the United party candidate had a majority of 1,200; in a by-election in 1942 a majority of 1,100; and in the last general election in 1943 a majority of nearly 1,300.

The number of voters on the roll has increased since 1943, probably, on balance, to the benefit of the Nationalists; but the evidence is undeniable that there has been a substantial turn-over of votes. The United party had as

strong a candidate as could reasonably be expected in a young, able, well-known and popular ex-Serviceman. In the stable constituencies of the Cape the defeat was a set-back for the Smuts Government. Too much must not be read into this result, but, on the other hand, Government supporters are by no means inclined to take it too lightly.

The Nationalists have now won a predominantly peri-urban seat in the southern Cape, a rural seat in the northern Cape and a rural seat in the Transvaal, and made progress in another Cape seat. All this is evidence of definite Nationalist advance, but it is too early to say that it represents a change of South African public opinion in favour of the more intransigent policies of Dr. Malan's party. General Smuts made the issue of this election a question of confidence in his stand at the United Nations Assembly on the South-West Africa and Indian issues; and on the eve of the election his second-in-command, Mr. Hofmeyr, repeated his opinion that it was an inevitable development that natives and Indians would come to be represented by their compatriots in the legislative bodies of the Union. But against this emphasis on larger questions of policy there is much evidence that the electorate was concerned also about more trivial matters of administrative policy, some aspects (not the principle) of immigration, and some incidental questions of coloured policy; and that it was to some extent influenced by the Nationalist exploitation of colour prejudices. In spite of this, there is the somewhat puzzling probability that the coloured vote in the constituency did not support the United party candidate as solidly as in previous elections.

The Dominion Party Diminished

AGAINST the reverse at Hottentots-Holland, the United party have on the credit side certain gains, especially a notable advance in the difficult and unpredictable province of Natal. A by-election was recently held at East London North, which was the only seat outside the province of Natal held by the Dominion party. That party failed even to put up a candidate, although it commands in East London more vigorous newspaper support than it enjoys anywhere else in the country. Colonel Stallard, the leader of the Dominion party, shrugged off this incident with the rather weak explanation that a suitable candidate could not be found. And now the constituency of Zululand has returned a United party candidate with a majority of nearly 1,700 against a strong Nationalist candidate, and in a poll of nearly 3,000 the Dominionite received 137.

Again, at a Provincial Council election in Durban, in a constituency which the United party has not won for many years, the United party was successful against a woman Labourite whose public activities were such that she could have been expected to obtain the fullest benefit from any discontent there might be in Durban with the Government's administrative shortcomings. The Dominion party, which had previously held the seat, did not put up a candidate. There seems little doubt now that the Dominion party has ceased to count as a factor in South African political affairs, and, unless there is a resurrection, it will probably be eliminated at the next general election.

The Zululand result was in some ways as surprising as that in the Hottentots-Holland by-election, and as the logical deductions to be drawn from it are precisely contrary to those which could be drawn from Hottentots-Holland it is another reason why political prophets in South Africa at the moment are observing a conspicuous caution. The Nationalist party candidate in Zululand was Dr. Jansen, a former Speaker of the House of Assembly, a likeable personality and a moderate Nationalist. Dr. Jansen also has strong Natal connexions, and no better Nationalist choice could have been made, if the Nationalists had designed to take full advantage of the discontent with Government policy and administration and the strong feelings which Natalians harbour on the Indian question.

Lord Hailey on the Reserves

IN a notable address to the Royal Empire Society on January 29 Lord Hailey paid tribute to the present native administration of South-West Africa, pointing *inter alia* to the wide extension of native reserves. He went on to say that there seemed to be no clear view of the function that reserves were intended to serve. This is a matter of history rather than present-day policy. South Africa is full of native reserves. In the Union, besides many smaller areas, the Transkeian Territories constitute a huge, thickly populated reserve in which no white man is allowed to buy land or trade without a permit. The High Commission Territories of Basutoland and Bechuanaland are similarly reserves, together with the greater part of Swaziland. Southern Rhodesia, also, has huge reserves which have been much extended in recent years. All derive from the old liberal and religious conception that what the native needed was a refuge from the rapacity of the white man in which he might lead his primitive life undisturbed by the impact of western civilization and subject only to the rule of law.

The concept was purely philanthropic and undoubtedly did much to save the native from the extinction that has befallen other primitive races. Whether it can be maintained is another matter. The native is growing up. He no longer asks to be shielded from civilization—he is anxious to secure its benefits, doubtful as these may be. To-day many thousands of natives have become thoroughly urbanized and have no desire or opportunity to return to their ancestral homes, which in any case could not find room for them. As a centre of social economy and tribal life the reserves are gradually breaking down. But they remain an indispensable adjunct of native well-being and few, if any, would advocate pulling down the protective ramparts.

South Africa,
January 1947.

NEW ZEALAND

THE GENERAL ELECTION

THE general election held on November 27 was the first to be based on the new electorates. These resulted from the abolition of the "country quota" and the calculation of adult population instead of total population in the determination of electoral boundaries.* The total number of urban electorates was increased from 39 to 45 at the expense of six rural seats, and the North Island gained two electorates with a corresponding reduction in the South Island. Apart from the decrease in rural representation, widespread interest in the election arose from the fact that voters were no longer dominated by a war situation and could give full weight to peace-time party programmes.

A notable characteristic of the election campaign was its lack of excitement. Candidates were almost invariably given a quiet hearing, evidence not of apathy but of an obvious public realization of the importance of the issues involved and a readiness to weigh up seriously the post-war policies of the two political parties. Thanks to the radio, the homes of listeners became an integral part of the public forum addressed by the party leaders.

In the 1943 election 120 Independents, mostly members of the short-lived Democratic Labour party organized and led by Mr. J. A. Lee, added variety to the electioneering. This time the Labour and National parties had the field to themselves except for three Communists and six Independents, who polled altogether less than 2,000 votes. One result is that in the new Parliament every member has been elected by an absolute majority of the voters in his electorate.

Party Programmes

THE Labour party based its appeal to electors on the success of the Government during the past eleven years, including the national war effort. It pointed to the pre-war prosperity that replaced the slump of the 1930's, the provision of social security benefits, the State housing scheme, guaranteed prices for farm produce, expansion of manufacturing industries, the efficient control of credit and currency, especially during war-time, the effectiveness of price stabilization and economic controls, the increase in national income and its fairer distribution, the comprehensive post-war plans for industry, primary production, afforestation, full employment and general national economic and social development. Announcements were made of the Government's intention to remove in May 1947 the remaining national security tax of 6d. in the £ on wages, salaries and other income, to set up a tribunal of two government representatives, two dairy industry representatives and an independent chairman for the determination from season to season of the guaranteed prices to be paid for dairy produce, and to establish

* See THE ROUND TABLE, No. 142, pp. 201-2.

a Dairy Products Marketing Authority which would include among its members representatives chosen by the dairy industry. Electors were warned that a change of Government would threaten the structure of social security, would involve the nation in the evils of unrestricted capitalism, premature removal of war-time restrictions, uncontrolled prices, economic confusion, booms and slumps, public service retrenchment, high interest rates, profiteering and unemployment.

At the same time the leading members of the Government denied any intention to destroy private enterprise. The Prime Minister, Mr. Fraser, in disclaiming the objective of "ultimate socialism", stated:

"It is nonsense to say that the Labour party would socialize everything and everybody. . . . The State might take the place of big concerns, but to socialize everything would not be done, nor did the Government want to do so."

Included in the Labour party's policy was the retention of exchange control and import licensing as essential to industrial development, full employment and economic stabilization. Immigration of skilled workers and their families from the United Kingdom was favoured, but only at such times and to such an extent as housing accommodation could be made available for them.

On the other hand, the National party contended that despite the disclaimers of the Prime Minister and his colleagues the Labour party had never abandoned its original objective of "the socialization of the means of production, distribution and exchange", and that the 1945 Annual Conference of the Labour party had resolved to fight the election "on the party's policy of ultimate socialism". It argued that by such steps as the nationalization of the Reserve Bank, the Bank of New Zealand, airways, coal-mines and road transport services, and by the adoption of various forms of licensing and other drastic controls over production, industry and trade, the Government had already gone some distance along the road to socialism; unless the Government was changed, New Zealand would become a servile State subjected to the tyrannous control of a bureaucratic dictatorship.

Challenging the socialist objective as incompatible with the enterprise, initiative and hard work that were characteristic of the people who had built up this young Dominion, the National party emphasized the importance of encouraging private enterprise and ownership, of abolishing unnecessary restrictions on trade and industry and of substituting non-political boards and co-operative production and marketing councils for the present direct departmental controls. Included in the National party's programme were the restoration of partial private ownership of the Bank of New Zealand, the establishment of a non-political Currency Commission to control credit and currency, and of a non-political Board of Trade to assist in the removal of war-time controls, the allocation of foreign exchange, the development of external and internal trade and the maintenance of price stability.

A strongly emphasized item in the programme was a plan for selling the thousands of State rental houses to the present tenants, by various long-term amortization loans on easy terms, and for encouraging further house-building for private ownership. Low interest rates, reduced taxation, full

employment, industrial profit-sharing, co-partnership and co-operation, the building up of reserves of overseas exchange and internal funds to prevent slumps, the abolition of the Legislative Council, the curtailment of the use of Orders-in-Council and the adoption of measures to prevent hasty legislation were also notable items of policy. Another item was a proposal to replace the present arrangements for guaranteed prices for dairy produce by a plan recommended some time ago by the dairy industry, for maximum and minimum prices to be fixed by the industry and the Government and operated by an independent tribunal, together with a price equalization reserve fund. Assurance was given that there would be no general wage and salary cuts, nor retrenchment of the Civil Service, and that the present scheme of social security would be maintained without reduction of benefits and with increase in allowable income for age beneficiaries.

The issues raised by both parties related almost entirely to domestic questions, and very little attention was given to foreign policy. Both parties supported the United Nations Organization, Imperial Preference and a full share in Imperial defence responsibilities, and both avoided discussion of the Bretton Woods agreement because of strong differences of opinion among party members. Each party tended to beguile the electors with glowing accounts of the good things to be conferred by a beneficent Government and failed to stress the fundamental importance of hard work, productive efficiency, self-reliance, personal integrity, personal responsibility and collective goodwill and co-operation as the only real basis for national prosperity. The history of this Dominion justifies the belief that New Zealanders would respond at least as readily to a clear call to service as to fair promises of easy living.

Election Results

The state of the parties in the House of Representatives just before the election was:

<i>Labour</i>	.	.	40 Europeans and 4 Maoris
<i>National</i>	.	.	35 Europeans

One seat, until recently held by an Independent, was vacant. The election of 76 European members resulted in the return of 38 for each party. The total number of enrolled European electors was 1,081,766 and of these 94 per cent recorded their votes. Labour received 513,700 votes, National 495,036, Others 1,932. The election of four Maori members, which, in accordance with the Maori Representation Act of 1867, is held separately from that of European members and on a different arrangement of electoral boundaries, resulted in the re-election of the four Labour candidates. The voting was Labour 23,059, National 11,915, Others 1,138. Thus the aggregate votes of Europeans and Maoris gave the Labour party an advantage of 26,738 votes and a majority of four elected members.

When the Labour Government first gained power in November 1935 it held 53 of the 76 European seats, although it was in the minority by 41,875 votes. At the 1938 election 50 European seats were held by Labour with a

majority of over 113,000, and three Maori seats with a majority of 1,077. This marked the peak of Labour's relative voting strength. The 1943 election returned for Labour 41 European members with a minority of 49,955 votes, and four Maori members with a majority of 3,456 votes.

A significant trend in the last four elections has been the loss of rural support for the Labour party. This is indicated in the following table:

<i>Urban Electorates</i>				
	1935	1938	1943	1946
Labour . . .	33	35	31	34
National . . .	4	3	7	11
Others . . .	2	1	1	—
<i>Rural Electorates</i>				
	1935	1938	1943	1946
Labour . . .	20	15	10	4
National . . .	13	21	27	27
Others . . .	4	1	—	—

In reviewing the results of the election the Leader of the Opposition, Mr. Holland, commented:

"It is the National party which has made the progress, and its progress is all the more remarkable in view of the fact that alterations to electoral boundaries cost us at least three seats. . . . The Labour party cannot by any stretch of imagination claim that it has received a mandate from the electors in the 76 European electorates to continue with its programme of ultimate socialism."

On the other hand, the Prime Minister declared:

"Labour has received an emphatic vote of confidence from the electors of the country as a whole. . . . The total votes cast for the Government are the highest ever received by the Labour party, and that after eleven years of office, including three years and nine months of depression and post-depression conditions, six years of war and one year and three months of post-war circumstances. . . . It is true that the Government's majority in the House of Representatives is not over-much but it will suffice for the next three years."

Twenty-nine of the eighty members are ex-Servicemen. Members of the previous Parliament who were defeated in this election included Mr. F. W. Schramm, the Speaker of the House, and Mr. J. Thorn, Parliamentary Under-Secretary to the Prime Minister. The noted Maori leader, Sir Apirana Ngata, who was defeated in 1943 after a long and distinguished parliamentary career, was again unsuccessful as a candidate in the Maori elections.

Industrial Relations

IN trade-union circles the question of industrial unionism and its relation to political action is receiving much attention. Opinion there is growing that reliance on the good offices of a friendly Government is of less importance than the development of a strong, compact, militant organization that can enforce its demands on any Government irrespective of party. The New Zealand Federation of Labour has adopted a proposal to support a campaign for grouping the 400 trade unions with their 220,000 members, at present organized on a craft pattern, into twelve big industrial unions. Such an

organization would greatly increase the power of the unions and their responsibilities in determining for good or ill the economic and social welfare of the country as a whole.

Unfortunately, trouble has arisen on the waterfront, an extremely vital part of the Dominion's economy. During the last few years much has been done to improve watersiders' conditions and to make less casual their employment by guarantees of work and income. Before 1940 their wages and working conditions were governed by Arbitration Court awards. In that year this function was handed over to a Waterfront Control Commission which was given very wide powers "to do all such things as it deems necessary for the purpose of ensuring the utmost expedition in the loading, unloading and storage of cargo at any port". In a review of the Commission's work the Prime Minister recently stated:

"I think it would be correct to say that under Commission control waterside workers have enjoyed substantial improvements in their conditions unparalleled in the history of the waterfront."

In July 1946 a reconstituted Waterfront Industry Commission was appointed, consisting of two nominees from employers' and employees' organizations respectively with an independent chairman holding the status of a Supreme Court Judge.

As a step towards further decasualization of waterfront work the Commission made a majority decision in favour of providing that A-grade waterside workers should be guaranteed work in each four-weekly period to the value of £25, or failing provision of such work should be paid that sum; the guarantee for B-grade workers to be £21, subject in each case to regular attendance for engagement. The watersiders' union refused to accept this, demanded a daily minimum of 14s. and certain other concessions, and decided in the meantime to work only a Monday-to-Friday 40-hour week between the hours of 8 a.m. and 5 p.m. with no Saturday or Sunday work and no overtime. The Commission, faced with a deadlock, has referred the matter to the Government, shipping at all Dominion ports has become disorganized and trade and industry seriously inconvenienced.

At the time of writing, conditions are also disturbed in the dairy industry. Demands by dairy factory employees for higher wages and increased rates for Sundays and overtime were the subject of Conciliation Council negotiations last August and were postponed for further discussion in February. Impatient of delay, dairy factory unions threatened to strike unless an immediate settlement of their claims was made. The Government promptly acted in favour of the unions by revoking part of a schedule in the Factories Act which limited to time-and-a-half rates the payments made in dairy factories for work on Sundays and holidays. This will enable dairy factory employees to receive double time for such work, as is the case in other industries.

High penal rates of this kind are usually intended to reduce overtime to a minimum; but from the very nature of their work dairy factories are obliged to be in operation every day during the season and cannot eliminate Sunday

and holiday work whatever the penal rates may be. Increased costs of production of butter and cheese raise the question of the adequacy of the guaranteed prices now received by farmers.

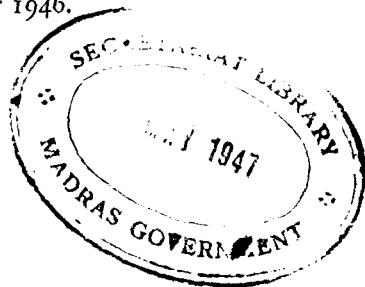
The employers have protested against the Government's action in altering the Factories Act schedule to suit the requirements of the trade union while Conciliation Council negotiations were pending, and claim that this will encourage direct action and prejudice the effective operation of the Industrial Conciliation and Arbitration Act. The Government nominee on the New Zealand Dairy Board has resigned on the ground that his position has become untenable, and that, "being of the opinion that the national economy of New Zealand cannot stand the strain of extreme penal rates for essential work performed on any day as part of a normal forty-hour week's work", he cannot logically object if dairy farmers press for produce prices fixed on a similar basis.

The problem confronting the Government is not merely the settlement of sectional disputes. The question is raised whether the Government's basic policy of economic stabilization can be maintained. Two important factors in price stability are the costs of imports and of locally produced goods and services. Import prices have risen greatly since 1939; but much-needed imports have been in such short supply that New Zealand banks have accumulated an abnormally large volume of sterling exchange and importers an embarrassing carry-over of unused import licences. This has stimulated a great expansion of local industry to replace non-available imports.

Local prices have therefore become very important in the operation of the economic stabilization policy. These prices depend mainly on unit costs of production and quantity and quality of output per man-hour, and these cannot satisfactorily be adjusted by the use of subsidies, which are generally recognized as an undesirable expedient only justifiable in circumstances of national emergency such as occur in war-time.

It is becoming more clearly recognized that anything that impairs the smooth working of production, trade and industrial relations threatens the whole structure of economic stabilization, standards of living, the ability to provide social security benefits and the plans for social progress and national development on which the Labour party based its appeal to the electors. It would be no exaggeration to say that the ultimate survival of the Labour Government will largely depend on the wisdom and statesmanship which it applies to a solution of this problem.

New Zealand,
December 1946.



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 ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE CROWN ITINERANT

NOTES ON THE ROYAL TOUR OF SOUTH AFRICA

THE following desultory reflections are put together by one who was privileged to accompany the royal party throughout the tour of the Union, the High Commission Territories and the Rhodesias, but who before the visit was a complete stranger to Southern Africa, and is very conscious that only a superficial view of the country was within his scope. At the best, a journey of ten thousand miles traversed in two months could afford no more than a glimpse of so vast a landscape and a nodding acquaintance with its many peoples. But the special conditions of the tour imposed further disabilities. That which was seen was obscured by curtains of fluttering flags, that which was heard was drowned by boom of saluting guns and carillons of bells. Reality is not to be apprehended in a ceremonial atmosphere so fleeting and so artificial. Yet these were the conditions in which the King himself had to seek direct acquaintance with so many millions of his subjects, and the impressions that formed themselves in the mind of one who travelled in proximity to him are perhaps worthy of record, if only because they may have affinity with the ideas of the African scene that have been conceived at the constitutional summit of the Empire.

The description of the tour that has been propagated by the popular newspapers in England is that of an uninterrupted triumphal progress. Such a description is so much required by the conventions of loyal courtesy now accepted by the British press that it might by itself foster the suspicion that something was being concealed. Let it be said then at the outset that the popular version is in all essentials perfectly trustworthy. The political tide in the Union is certainly flowing at present against the Government of General Smuts and the United Party. The reasons are not directly related to the monarchy or the British connexion: rival interpreters associate them with the introduction of a mild rationing scheme and other post-war restrictions on the one hand and with the Union's recent rebuff by the United Nations on the other. How strong is the current cannot be judged until the general election, which is expected next year; there are some who think that it will suffice to carry Dr. Malan into power. But whatever the estimate of its force, a trend of opinion in this direction is *pro tanto* a trend towards republicanism. In these circumstances the negative fact is remarkable, but is literally true, that in the whole course of the royal journey, sometimes through parliamentary constituencies that have been faithful to the republican cause from the very foundation of the Union, there was never one single word or gesture that could be interpreted as hostile to the persons of the King and his family. The solitary apparent exception occurred when a Zulu miner on the Rand attempted to charge the royal car, and had to be fended off by the Queen with her sunshade; and even he turned out to be a fanatical loyalist who wanted to present Princess Elizabeth with a ten-shilling note!

On the other hand, there were marked differences in the visible and audible qualities of the reception. Cape Town, where the visit had been perhaps over-publicized in advance, seemed to have become rather blasé; but the staleness evaporated on the day the *Vanguard* docked, and the sound of cheering was never out of the royal ears throughout the four days of the stay in the city. That was the attitude of the people; as to the politicians, it has to be noted that practically all the Nationalist members of both Houses absented themselves from the presentation of the loyal address, though they appeared in full force at the state opening of Parliament. In proportion to population, Durban must be credited with the most impressive volume of cheering. Although the demonstration had the air of having been organized, there is no need to agree with those who, probably reasoning *a priori*, argued that the people intended to hail their sovereign less as King of South Africa than as King of England, a potential ally, that is, against the other European race of the land, from whom they still felt themselves to be alien. Certainly the few Tricolours were completely submerged in the sea of Union Jacks; but the simplest explanation was probably best, that Durban was determined to do better than its rival, Port Elizabeth, the enthusiasm of whose welcome had received much publicity in the press.

The Undemonstrative Afrikaner

BY contrast, the predominantly Afrikaans-speaking centres were very much more restrained. Bloemfontein gave a calm but urbane and dignified reception; one member of the Household had the sense that the atmosphere was charged with suppressed hysteria, but the present writer perceived no more than the extension of courteous hospitality to visitors who came in peace but were still regarded as strangers. Hospitality was still the prevailing note in Pretoria, but the social climate was cosier, especially after the much-appreciated gesture of the royal family in attending the Dutch Reformed service at the Groot Kerk on Palm Sunday.

The welcome in industrial Johannesburg was vociferous though a little shrill; in so vast a crowd as packed the streets and squares it was impossible to distinguish the sincere patriots from the mere junketers. At the other end of the scale the coolest welcome of all was given at Stellenbosch, in the wine-field of the Cape Peninsula, where the royal family was received in complete silence. But even here the flags were waving—Tricolours without exception—and there was a subdued murmur of applause as the visitors departed. Politically, Stellenbosch was known to be strongly Nationalist. Receptions only a little less quiet were given at a number of other predominantly Afrikaans-speaking places. They were, however, generally interpreted as favourable by the United Party press, whose writers argued that silence was the Afrikaner's way of showing respect, and that the absence of any hostile voice was by itself the equivalent of the audible loyalty of the English-speaking regions. After the White Train had passed on, one learned, the taciturn crowd would become suddenly vociferous; there would be a general adjournment to the local inn, where the charms of the royal visitors, and especially the Queen, would be canvassed amid increasing hubbub until closing time.

A stranger to the country can make no comment of value upon this assessment of the meaning of the Afrikaner's mute salutations. It was, however, within his observation that an altogether astonishing number of people came flocking down to the route of the royal progress at places far removed from the great urban centres. All through the empty spaces of the Karoo and over the high veld they appeared in twos and threes or little companies beside the line, with their horses tethered or their cars parked behind them; and the minor stations, even those where no stop of the White Train was scheduled, had their platforms packed, at any hour of the day or night, with crowds obviously exceeding the population of the tiny 'dorps' to which they belonged. Many of these people must have ridden or driven hundreds of miles for the merest glimpse of their King and Queen.

Some Converts

EVERYWHERE, in fact, the crowds were as dense as they could be, and nearly always bigger—sometimes, as in the native gathering at Durban, embarrassingly and dangerously bigger—than the authorities had foreseen. Of course it was possible to say that they had been brought together mainly by curiosity; after all, a King is a very rare animal in Africa, and the opportunity to see an authentic specimen might never recur. Curiosity undoubtedly played its part; but there were far too many individual instances of sincere and naïve emotion for it to be accepted as a complete explanation. There was, for example, the old Boer soldier of George, a former rebel of the 1914 campaign, who was so quickly won over by the actual sight of the King and Queen that he pursued their train as far as Power on his Basuto pony and insisted on presenting the King with his most treasured possession, his hunting-belt. There was the father of Camper, who brought his crippled son down to the station and placed him at the back of the crowd, asking only that Princess Elizabeth should look in his direction. Such cases, which could be multiplied, are significant because these gestures of devotion always appeared to have the unanimous sympathy of the less articulate members of the crowd. There were notable examples on a more sophisticated level. The mayor of a great city, at a civic luncheon given by a sister municipality, was overheard to say to a friend at the table that, although he was a convinced Nationalist and republican, and although he could never forgive the Smuts Government for having interned him without a cause under the war regulations, his republicanism must henceforth be adapted to find a place for these delightful and friendly royal persons. Most moving of all were the demonstrations of the veterans who wore the republican medal ribbons of the Boer War—the commando that turned out in the ancient manner to escort the King into Ermelo, and above all, the great parade of the *Oudstryders* at the foot of Botha's statue in Pretoria, who received the royal family into their ranks and crowded about them to cheer, many of them with tears in their eyes.

As for the non-European races, their reactions seemed simple enough. The Coloured and the Bantu, inside and outside Union territory, were overwhelmed by the sheer magic of royalty; to have come within sight of the

King, let alone to be a chief and receive a token from his hand, was exaltation in itself. That was to be expected; the response of the Indians was not. There was some early apprehension proceeding from the appeal of the Natal Indian Congress to boycott the royal tour as a protest against the attitude of the Union Government towards their race. But the Congress leaders found that their constituents were not with them. The boycott wilted visibly at Ladysmith; at Durban, where 65,000 Indians assembled, cheered the royal family to the echo and even sang *Die Stem van Suid Afrika*, it finally and totally collapsed.

In short, on the personal side the simplicity, warm humanity and unforced friendliness of the royal family disarmed all criticism, and firmly established them in the affections of the people. It by no means follows that the monarchy as an institution is left by the tour a notably less controversial subject in South Africa. Certainly it would be a mistake to assume that the unchallengeable success of the tour directly improves the political position of the United Party. If new vigour has been infused into the veins of South African royalism, it flows at a deeper level than that of party politics. The Nationalist party is already claiming that converts have been made to republicanism by resentment at the public and private extravagance for which the tour was an excuse; and, although it seemed to the writer that the money was everywhere most cheerfully spent, the argument may carry force with the thrifty Afrikaner people.

Deeper Influences of the Tour

WHAT the visit has more certainly done is to demolish the foundations of the baser sort of appeal to anti-monarchical prejudice. It is no longer possible to represent the King of England as a remote foreign autocrat, caring nothing for his conquered dominion except as a source of revenue or a buttress of his militarist policy in Europe. Far too many people have seen him in the flesh and have learned to regard him as a human being very like themselves. Above all, the children, who came to cheer for the royal family in their hundreds of thousands, will remember the day of the visit to their town as a red-letter day in their lives, and when they grow up should be proof against any attempt to impose an alien quality on the King and the Queen and the heiress presumptive who moved so happily among them on their school holiday. The veterans who fought against Queen Victoria have been largely won; this coming generation should reach manhood and womanhood in a political atmosphere made more genial by the visit; if bitterness remains it is largely in those of intermediate age, who by the law of nature are a declining force.

Yet there is a better sort of Afrikaner nationalism, which is very far from factious or from thriving upon misrepresentation. It stands, in fact, for the finest idealism of the race. It is foolish to close one's eyes to the fact that the patriotic sentiment, the sheer glamour, that for an Englishman attaches to Alfred the Great and Queen Elizabeth, belongs for many of the most high-minded Afrikaners to Pretorius and Brand and Kruger. The republic

is not for them a prosaic piece of political machinery; it is the stuff of legendary romance. Has anything been done to win over these?

Perhaps this has been done. All South Africa has been shown that the corresponding legend of the Empire and the kingship is, first, a thing that can be translated into terms of human personality without losing its quality of romance, and secondly that it is not exclusive, that the heirs of a different tradition are invited to share in it on equal terms and without disloyalty to their own historic past. At the same time they have seen the King, the embodiment of this legend, himself paying homage at their own shrines, and that with understanding. His frequent words of admiration for the Voortrekker tradition, for instance, have rung true, and have been deeply appreciated; so have his gestures of friendship for the survivors of the old régime—his restoration of the Kruger family Bible to the President's heirs, his visit of courtesy to the widow of the last President of the republican Orange Free State. In a domain that lies beyond politics, but where the forces operate which move the minds of the best men in their most exalted moments, the monarchy has declared itself a leader of that movement on which the future greatness of the South African Union most clearly depends—the movement that may eventually fuse the cultures of the two white races into a wider culture that will be beyond race, though not beyond nationality. The fine thinkers on the republican side have been by implication invited to range themselves as its allies. What strength of a more mundane kind can be enlisted is a question the answer to which may determine the fundamental politics of the coming years. Reconciliation, said General Smuts to the writer on the eve of departure, is the spirit of this land. If he is right, then the monarchy is sure of ultimate and universal acceptance as the embodiment of that spirit.

INTOLERANCE, ENEMY OF PEACE

"BLESSED are the peacemakers." The gospel of the Prince of Peace falls to-day on as hard ground as it did two thousand years ago. It seems natural in mankind to hate, and when war or revolution has inflamed the passion of hostility it is not soon allayed. The defeat of an enemy seems, indeed, to leave a vacuum which must be filled by some other object of hatred and attack. Intolerance is the Fifth Horseman who rides the plains of Armageddon, wearing the innocent livery of high ideals and pious motives. "I shudder when I think of the wars, the tortures, the oppressions, of which upright men have been guilty, under the impression that they were righteously castigating 'moral evil'."*

To-day we live in an atmosphere of intolerance which we scarcely notice because war has inured our nostrils to even more pungent fumes. The totalitarian nature of modern war prescribes as its counterpart an all-embracing ideological intolerance.

Wars have been fought for many aims, and with many degrees not only of violence but also of rancour. Primitive tribal warfare, though apparently insensate, has, as a rule, its own code of humanity. As Livingstone reported to Kirk from the banks of the Lualaba in 1871, "it was particularly noticed that, when the men of two districts were engaged in actual hostilities, the women go from market to market with their wares unmolested".† Temporary military action does not always entail prolonged community hate. The dynastic wars of the seventeenth century in Europe may seem at first sight to have been among the most futile of all wars, but they were also among the most easily forgotten; and they engendered far less bitterness than the wars of the twentieth century, which, in the measure that they were fought with ideal objectives—to defend democracy or to end war—bid fair to go on for ever, with as much hate and rancour between armistices as when the guns were firing. Our real war aim, in point of fact, was simply to defeat Germany and keep her defeated; and, if we held on to that, the spirit of war would be all the sooner dissipated.

To seize a throne or a province, to wreak revenge or enforce tribute, is at least an attainable object, and once attained by arms it may be retained by the same means. But an ideal political objective is of its nature unattainable by war, or if in a measure attained it is without any guarantee of retention.

Policy in Germany

OUR present difficulties in the treatment of Germany nakedly expose some of the dangers of ideological conflict. The common-sense British people who during the late war clung to the old-fashioned notion that it was Germany we were fighting were often denounced as harsh Germanophobes

* Bertrand Russell, *On Education*.

† Sir Reginald Coupland, *Livingstone's Last Journey*.

by ideologues who insisted that the enemy was the Nazi régime. Yet the permanent suppression of National Socialism, now that military victory has been won, requires far greater interference with the German people than the punishment and disarmament of the German Reich.

It is in the British Zone of occupation that we see to-day the policy of de-nazification most earnestly carried out. French policy is dominated by military and territorial aims; American policy seems to be erratic; the Russians, prosecuting ideological objectives by different methods, use ex-Nazis no less readily than ex-democrats if they are valuable as industrial technicians, scientific researchers, or cultural maestros. In the British Zone the deposing of all tainted with the Hitlerist brush has gravely affected economic and administrative life, thus worsening the already grievous physical conditions, which themselves are certain to produce far more neo-Nazis than are eliminated by the heresy-hunt.

The United States Government has spoken of a twenty-year occupation of Germany; that may be necessary for disarmament, but it is inadequate for the compulsory ideological conversion of a people naturally obstinate and susceptible to doctrines of race-supremacy. In fact we in Britain know very well that we cannot keep up this ideological and political intervention indefinitely; and we are all too likely to find in the end that we have rendered Germany neither impotent nor democratic.

That is not to say that all political ideologies are equally tolerable or that none must be detested and if necessary fought. We cannot contract out of history, nor transport ourselves to a different age; and this happens to be an age in which new materialist doctrines have arisen to challenge the very fundamentals of our older civilization. That challenge must not be ignored. At the same time our efforts should be to understand the dangers and errors of the world we live in, and do our best to master them.

Ideophobia

THERE are some grounds for hope that we may escape eventually from the present era of ideological conflict. The nearest parallel in history is the religious wars that ravaged Europe in the fifteenth and sixteenth centuries. They were among the most protracted, ferocious and devastating wars that the world has known, but they gave way at length to struggles of a different kind, the wars of the nation States, and it is only after another three hundred years that these in turn have been partially replaced by ideological war. If, indeed, war is natural to man, war for the extermination of those who disagree with him is not.

What makes this ideological conflict so dangerous is not so much the love of one's own doctrines as fear of the other man's. A nation State may fear another as such, but there are remedies for such fears—adequate armaments, alliances with others, bargains with the potential enemy himself. No such remedy, it seems, can be relied upon against the ideological enemy. No fortifications can keep him out, no alliances deter him, no pacts with him can be entirely trusted. A constant cause of fear is constantly an object of hate.

The threat to world peace to-day arises from the mutual distrust and fear

among the Big Three Powers, and especially between Soviet Russia and the Western democracies. It is not, of course, by any means entirely an ideological conflict. But as a conflict among nation States it could be relatively simply dealt with. If, for example, it were a question merely of territorial expansion of the Russian Empire, either an accommodation could be reached or the mechanism of the United Nations and of an older diplomacy could be employed to assert a balance of power which no one would dare to upset. But because Russian imperialism is believed to mask Communist evangelism the Western Powers feel a deeper distrust than ever they did towards the Tsarist Russia which angled for influence in Manchuria or Tibet, Afghanistan or the Ottoman Empire. And because the rulers of the Soviet—or so we imagine—believe that the ultimate ambition of the West is not merely to constrict Russia but to destroy Communism they pursue with all the more determination that policy of aggrandizement which has aroused the anxieties of the whole world.

Just as the cure for political conflict must be found in the political sphere, so the cure for ideological conflict must be found in the ideological sphere. In the first case, it may lie in alliances and unions; in the second, it lies in a spirit of toleration combined with active propaganda and a self-reforming zeal. This is as much a problem of mutuality as is political or economic adjustment. The intolerant must remain intolerable, unless they are not strong enough to bother about. Such is the nature of some of the social ideologies now current that toleration on their part seems inherently impossible and the problem therefore insoluble. But if it cannot be solved, there can equally be no solution of the military-political problem of the nation State.

World Government

THE half-solution of that problem which is found in a system of alliance or compact, including the universal compact of the Geneva League or the United Nations, is bound to break down, as present circumstances suggest, if it is undermined by ideological hates and rivalries. And as for the system of international union expanding eventually into a world government—which is the only ultimate solution of the problem of conflict among nation States—it merely transforms, without allaying, the ideological struggle.

If it proceeds only so far as to unite nations devoted to one ideology, it actually heightens the ideological conflict by consolidating the political barriers across which it is waged. If it amounts to world government, embracing ideological groups of different kinds, it transforms the ideological struggle into a civil instead of an international conflict. And history shows that of all wars civil wars are apt to be the most cruel, precisely because the warring groups are distinguished not by their mere nationality (whereby there is respect between soldier and soldier across the war front, because each recognizes the other to be only doing his national duty) but by their voluntary acceptance of some social doctrine or political system. They are wars which cannot end with the military armistice. Though they abate eventually, the scars remain. The French revolution persists in France long after the international alliances and enmities of the Napoleonic Wars have

been obliterated. The American melting-pot has fused Czechs and Germans, Poles and Irishmen, into a national citizenry, but it has never quite amalgamated North and South. We do not escape the dangers of ideological war by expedients for preventing national wars; we merely shift their impact.

The immediate problem is to find some mode of accommodation, some stability of mutual relations, comparable to the diplomatic *modus vivendi*, frontier guarantees, neutralities, balances of power, covenants and charters, whereby war is kept in check among nation States. Such devices, in the politico-military sphere, require certain conditions if they are to be effective: the conditions vary according to circumstances, but they generally include the existence of natural frontiers, the absence of powerful suppressed national emotions like the desire for revenge or for revolution against alien overlordship, and a more or less equal balance of power between hostile groups, so that the odds on victory are never high enough to counterbalance the risks of defeat. With such conditions there can be politico-military stability, and with stability there grows understanding and eventually the idea that war is “unthinkable”. It took but a generation to make war “unthinkable” between Britain and France, scarcely more to make it “unthinkable” between Britain—or Canada—and the United States. “Fifty-four forty or fight” is less than a century past.

Conditions of Stability

CAN analogous conditions of stability be established in the field of international ideological conflict?

One at least of the conditions will grow with time. Successful revolutionary doctrine is dangerous in a congested world because it is anti-counter-revolutionary. It is always suspicious of others because it always fears that they are trying to overthrow the revolution. It sees poison in every dish, cunning in every gesture; arisen by violence, it fears death by violence, and is determined to be the first to draw. Part of the trouble with Russia has been the aggressiveness of the man with a persecution mania. It is not only an understandable attitude: it has had much to justify it in the attitude and intentions of other Powers. But it is not justified now, and there is a fair chance that the Russians will realize that, and change their outlook and policies accordingly. It is close on thirty years since the Bolshevik Revolution, half a lifetime: time enough for old enemies to die off, or pass into impotent obscurity; time enough for a new generation to rise up which, outside Russia, accepts the Soviet State as a normal element in the world, and, inside Russia, is much more likely to suffer from over-confidence in the power of Communism than excessive fear of its enemies.

Within the Soviet Union there can be little chance for active and avowed rebellion of ideas, in favour of some non-Communist system. No doubt there are and will continue to be cleavages of opinion as to the precise form and tactical development of Communism, closely linked with personal rivalries, like the historic conflict between Stalin and Trotsky. But these need not affect the issue of international tolerance. The democracies, on the contrary, are by their nature constantly exposed to the risk of penetration by Communist

or Fascist movements enjoying the liberties of speech and association that democracy affords to all. It is this exposure which renders the problem so difficult for them: if they acquiesce in Communism or Fascism abroad, may they not merely lay themselves open to greater foreign-stimulated attack within? Is there not a continuous world-wide front in the fight for democratic freedom?

The moral factor must be considered first; for, if political morality dictates a categorical imperative, then all arguments of expediency or comparative values go by the board. The moral canon of democracy is individual freedom: freedom of thought, utterance, assembly, combination, movement; the rule of law, before which all are equal, whatever their economic status or political opinion; a political apparatus which makes the State the servant and not the master of its citizens, and gives every one a chance of so moving his fellow citizens as to affect in his interest or towards his own ideas the course of political events. So analysed, democracy appears correctly to be as much a system for protecting the rights of minorities as for asserting the rights of the majority.

Democracy is Relative

IT follows, first, that democracy must be tolerant or it is nothing. Once it starts inquiring into the democratic *bona fides* of particular minority opinions and banning those disliked, it begins to shed its own essential quality. It must fight anti-democratic ideologies like Communism with democratic weapons, not with anti-democratic.

Secondly, it follows that democracy is a relative conception. In society, freedom itself can never be absolute. Still less can the political, social and judicial means of securing freedom be anything but a system of expedients more or less well adapted to the time, the circumstances and the people. Not only, therefore, must all democracies be constantly watching for defects in the structure or working of their own democratic apparatus, as time and circumstances change, but they must also be generously understanding of the different conditions of other peoples. For the mechanism of democracy that suits one nation will certainly not suit another, nor is anything more liable to cause offence verging on hatred than a country's humbugging pride in the perfection of its own institutions. The Chinese or the Poles are unlikely to need the peculiar mechanisms of Westminster or Washington.

It is best, in the name of democracy itself, not to poke one's nose too much into other people's liberties. Though Mr. Bevin, to his great credit, fought valiantly for the side of sense against enemies at home as well as abroad, there are still many would-be democrats in Britain who think that the cause of democracy would be furthered by compelling Spaniards—of all proud peoples—to change their régime, at the behest of a group of nations led by some of the least democratic in the world. That the United Nations was durably discredited by its anti-Franco puerilities, while the General himself was fixed still more firmly in power, was only what was predicted. The result need not be counted wholly evil if a practical lesson in the virtues of toleration can be drawn from it.

Neither at home nor abroad need a reasonable toleration of other men and their opinions imply a feebleness of conviction or an indifference to wrong. Let debate be keen and emotions high when great issues are at stake. Let hypocrisy and self-seeking be remorselessly exposed. But righteous wrath is very different from class hatred, and honest denunciation very different from attempts to besmirch some disapproved opinion by calling it bad names. Democracy in countries like Britain or the United States is less likely to be defeated from within by the overt spread of totalitarian doctrines than by the unheeded decay of its own democratic methods and ideals as it struggles with the economic and social problems of the twentieth century. Above all, we must beware of that aberration of democracy which implies that only those who belong to some class or other non-political group are "the people" for the purposes of politics. The more active becomes the rôle of the State in economic affairs, the greater grows the danger of that heresy. In the new era of State enterprise in Great Britain we need to watch with special care lest our feet stray from the path of democracy and lead us to a régime of permanent politico-economic vested interest, intolerant of rivalry either in the economic or in the political field. State monopolies are highly dangerous things in any democratic society, if only because they cause a craving for political monopoly.

Democracy, then, has every reason to lean towards toleration in international as in internal affairs. As for the other conditions of stability leading to understanding in the world regarded as an arena of rival ideologies, if nations are allowed to work out their own destiny, natural frontiers between different modes of political thought can very likely be found and sustained. The analogue of a balance of power can then emerge. It is no more a permanent solution than on the politico-military plane a balance of power can be a permanent guarantee of international peace. But it may well be the first condition of a permanent solution. Precisely where the lines of an ideological parallelogram of power will be drawn is not to be foreseen. It is unlikely that outside pressure will affect their location, save adversely. Diplomacy can do much, example more, but coercion nothing. The behaviour of men as political beings has roots deep in racial character, in national history, perhaps in climate.

The Nation State

THE conditions of toleration and stability will be fulfilled all the more quickly as current thought returns to the concept of the nation State as the natural and proper vehicle of world affairs. On that concept the edifice of the United Nations is reared; it is implicit in ideas of international union. No other is realistic until the whole mechanism of world society is altered. For the decisive instruments of political and economic action are national governments. It is their decisions which count, and on them responsibility must be fixed. Eventually they must be subordinated to supra-national authority for some purposes, if peace is to be assured; but even then they will remain for all other purposes the necessary instruments of action, independent or concerted.

From this it follows that foreign policies should be national foreign policies, even though they may be animated by international ideals and by the recognized need for international co-operation in all fields. The idea of a "socialist foreign policy" in Britain, for example, is not merely illogical but actively dangerous; for it strikes at the very fabric of the United Nations. If it means anything, it means that some course of action is to be preferred, not because it is in the interest of the United Nations as a whole, or the interest of Britain as a member thereof, but because it accords with certain ideological affiliations or helps to further an internal party policy. That is the road to national weakness and international chaos.

While we still have to rely on co-operation among nation States for world peace, that manifestly requires a potent spirit of toleration and forbearance among them. When we have international union for peace, the same will be required—in even greater measure—among its constituent peoples. Intolerance is the enemy of co-operation and the manufacturer of war. In the duty of challenging it the nations of the British Commonwealth have a special part, since it is toleration and mutual understanding on which their own fraternity depends, and it is in this that their example has most to give to the world.

THE TWILIGHT OF THE MIDDLE CLASSES

BRITAIN began the year 1947 by meeting the full impact of a fuel crisis in the midst of an unusually severe winter. That is all too likely to be but the first of a succession of painful setbacks afflicting the British people, two years after the end of a victorious war, by which time they might reasonably be expecting relaxation of stringencies and not further rebuffs. Already, as a result of the curtailment of production, the period that a meagre supply of clothing coupons must be made to last has been prolonged; house-building progress has been grievously delayed, while the making good of war-time arrears of maintenance work on house property has had to be restricted by licence to cases of exceptional necessity. Worst of all, the forthcoming exhaustion of the American loan confronts us with the dread prospect of a food shortage sharper than our people have ever known in two world wars; and the prolonged frost and snow and floods of last winter have temporarily impaired our capacity to provide for ourselves from our own farms.

'We Work or Want'

AMONG all responsible people it is common ground that we have to expand our productivity. We have to make the utmost use of all the resources that the nation can command. The British Government has balanced its budget, but at the moment the British nation is not making both ends meet. Mr. Micawber succinctly and for all time described the consequence of that manner of conducting affairs.

Yet the balance-sheet and the profit-and-loss account merely record; they do not explain, any more than a thermometer explains the nature of an illness. These national shortages are not all that needs to be known about the state of Britain. There are changes just under the surface which may affect her future ability to hold her place in the world more lastingly than these transient though bitter pains and aches of "going without". The root of the trouble may be that, almost unawares, we have reached a stage at which most of the natural leaders of the country in thought and action have no time to lead, and too little time even to think.

Ever since 1914, but at breakneck speed since 1939, we have been sapping away the margin of income and of leisure which enabled the middle classes to give public service, locally and nationally. They were trained to give it by the system under which their parents had them educated. In the giving of it, as in their professional and business life too, they earned the right to be respected as the backbone of the country. Now, the heaviest of the financial sacrifice entailed in paying for the war is falling upon them.

The Squeeze

WORKING-CLASS earnings have risen since 1939 on the average at least as much as has the cost of living; wages are more secure because the risk of unemployment has lessened, and they are supplemented by a number

of thoroughly desirable improvements in the social services. The rich are subjected to fierce taxation on their income (a man with £15,000 a year is left with about £4,000 after paying income tax and surtax) but their capital is intact and they can draw on that—until they die and their heirs have to pay huge death duties. The middle classes are caught both ways. They have no large capital behind them, and their income from salaries and investments has increased, if at all, in nothing like the same proportion as the cost of their necessary outgoings. Consequently their margin, which had immeasurable national value because on the whole they used it in a responsible way, has shrunk or altogether vanished.

The traditional and honourable ambition to give one's children a better start in life than one had oneself is nowadays, except for the ablest or the luckiest of the middle classes, right out of reach. Even to give them as good a start entails one of two things; either to draw upon the limited capital the parents have, or to restrict the family to one child. This last is the worst disservice these patient upholders of Britain's greatness can do their country. Yet it is the solution to which Chancellors of the Exchequer and present-day costs are continuously pressing them.

The Plight of the Clergy

NO section of the people is suffering more cruelly than the clergy. The general level of incomes has risen in the past forty years, but not theirs. A stipend of £450 a year in 1939 (many are lower) has lost at least a quarter of its purchasing power by 1947. A clergyman's wife must spend the time cooking and cleaning which previously she could give to helping her husband, his congregation and the whole neighbourhood. Her case, *in parvo*, illustrates the enforced disappearance of the natural leadership. Nor can she and her husband reckon on giving their children as good an education as they probably had themselves. Public-school fees are out of the question. They must depend on the quality of the free education available in the local day schools. Public schools which for the past hundred years have awarded special scholarships to the sons of the clergy are finding that the competition for them is disappearing, because the clergy can no longer afford a school which charges them any fees at all.

It may be that the poverty of its ministers is the purge which organized religion most needs in the modern age. If indeed that is so, let it at least be realized that their changed position creates problems for the community in relation to the cultural and working contribution which they have hitherto been expected to make to local life.

Moreover, though their case is the hardest, it is illustrative and not unique. In homes where reading and talking and thinking used to be the normal order of the day, generations now are growing up who have too much daily work to allow them to read or think or discuss as intelligently as the best of them would like to do. When a married man with two children and an income of £1,000 a year pays £213 tax, compared with £102 in 1937—when 28s. is needed now to buy what £1 bought then—when the cost of boarding education at a public school averages between £160 and £220 a year—when

the wages of a cook are up from perhaps £45 a year with board and lodging in 1914 to £90 in 1938 and £150 or more to-day (if to-day a cook can be found at all)—is it surprising that there is much more domestic work for everybody, less time for reading, more pressure, less obvious opportunity for just those activities which serve best to enlarge the mind?

Working-class Gains

REMEMBERING that great empires and little minds go ill together, must we accept this shortfall as permanent total loss to the national account? No, for it is not a net loss. Not all of the sacrifice silently endured by the middle classes has gone into paying for the war. A part of it, difficult to estimate, has been redistributed to the working classes in improved social services, increased wages and shortened hours of work. By the criterion of equality, this redistribution was fully due. The proportion of our people living below the poverty-line is smaller far than ever before in history. Thanks to Mr. Butler and his successors, the probability that gifted sons or daughters of working-class parents will obtain as good an education as their talents deserve is far higher than heretofore—though as a nation we shall not reap the benefit of that till they grow up. Millions of people have been learning almost for the first time what it is to have a bit of income surplus to their immediate needs, and some of them have saved out of it and gained for themselves that extra security of life and outlook which the possession of savings gives.

On the top of these great war-time advances there has also been won by trade-union pressure during the past eighteen months a further reduction in weekly working hours over a wide field. The 48-hour week was established as normal in British industry immediately after the 1914-18 war. From that time onward, comparatively little movement took place in working hours until 1946 and 1947, when reductions from 47 or 48 hours to 44 or 45 have been successfully claimed in many branches of industry, and over other sections the pressure to come into line continues.

The Government's Dilemma

ECONOMICALLY this touches the heart of our production problem. It is possible to work shorter hours and produce more; it is easy to work shorter hours and produce less. There is no need of a Solomon to tell the British nation that unless it produces more it is sunk; the facts cannot be escaped. It was primarily a crisis of coal production and consumption that overtook us last winter. It has had some beneficial effect upon many other industries besides coal-mining in pricking everybody for the time being into greater efforts for production, because the consciousness of being "up against it" was revived. What has not happened, but what ought to have followed if only this country were receiving dynamic and understanding leadership, is a cessation of all talk about working shorter hours, as absolute as that which followed Dunkirk.

Further reductions of the normal working week in industry, unaccompanied by compensating increases in output, represent not merely a renewed

demand for sacrifice upon the almost inexhaustible silent patience of the middle classes. They are a blow at national recovery, such as to make the ultimate effort needed (for Britain will recover, come what may) even more colossal than it will be in any case. We must gather up a great deal of courage to face it at all. It is just here that Britain's task is found to be vastly complicated by the close dependence of the present Government upon the more powerful trade unions and upon working-class support.

It is a teaser for the Government too. The Prime Minister and most of his colleagues see as clearly as anyone that unity within the nation is a necessity for delivering the goods. But their party relies heavily for support at election times upon dividing the nation, and piling fuel on the inflammatory idea of exploiters and exploited—not a favourable preliminary to joint hard work. Hear Mr. Herbert Morrison in his 1945 General Election broadcast:

"The Labour Party says—the nation wants a much higher national income: it wants full employment: big exports: sufficient production—and we're going to get them. If the nation has to give marching orders to Big Business to get these things, the nation must give them. What matters is to get the results. Big industry has got to toe the line of public need, and the phrase is—got to."

It is a far cry from that sort of vote-snatching demagoguery to the unifying leadership which will compellingly persuade tens of millions of adult citizens that only by the personal efforts of each and every one of us can the nation be saved. Part of the Government's dilemma is that those who have drunk in demagoguery for decades will hardly listen to anything else, whereas those who become sharply aware of the change of tune are liable to swing either Left or Right at the next election, but not to vote Labour again.

The last election was won by several years of masterly Labour propaganda carrying a conviction that Labour would govern in the interests of "the people", and that the Conservatives were not to be trusted because they had governed in the interests of "the rich". This secured for Labour a heavier working-class vote than ever, while it also swung to their side a large measure of middle-class and lower-middle-class support—and Mr. Morrison, the most astute tactician in the party, knew perfectly well that he and his colleagues could not achieve power unless they managed to muster a sufficiency of the middle classes behind them.

The Middle-class Vote

UP to the spring of this year, in the constituencies where trade unionism is strong, loyalty to the Labour party had hardly wavered. But the middle classes were becoming sadly disappointed and disillusioned, and in the mixed constituencies, not dominated by miners, dockers, railwaymen or factory workers, the political atmosphere had rapidly changed. There happened to be a paucity of parliamentary by-elections, but in local government elections and by-elections the Labour vote heavily fell and the Conservative vote steadily rose. The former by itself would have caused no surprise, considering the previous landslide to Labour; but the latter is more significant, because it shows that the effects of the prolonged and apparently successful Labour endeavour to destroy the moral prestige of the Conserva-

tive party in the eyes of the country—effects which penetrated deeply and seemed likely to last for years—were beginning to wear off about eighteen months after the general election.

The best friend of the Labour party would admit that in those eighteen months it had given the middle classes little to be grateful for. Whereas "homes for all" had been the hope held out, the policy pursued has been to give subsidies exclusively—and encouragement almost exclusively—to the building of council houses suitable to let to working-class tenants. In abstract justice there was much more to be said for this general decision at the end of the war than many of its critics have allowed. But it was not "homes for all". It was homes for the working-classes first, and Mr. Aneurin Bevan, the Minister responsible, made no secret that this was his intention and his pride. So the middle classes found that there were to be no new houses for them for years. Many of the dwellings suitable to their needs being above the limits for rent restriction, they have either had to enter into 3-year or 7-year leases at inflated rents, or to sink capital in buying houses at inflated prices on which they will lose money if they want to sell again when the scarcity is mitigated.

Simultaneously they are being hard hit in their investment income by the nationalization policy, accompanied by Mr. Dalton's cheap-money drive. It is one thing for maturing stocks to be converted to lower rates of interest; that is a foreseeable risk, however annoying to a person of limited means when it actually comes to pass. But the compensation terms laid down in the Transport and Electricity Bills for holders of railway and electricity stocks, while they broadly safeguard the capital, enforce at the behest of the Government a drastic reduction of the income receivable from many high-class investments such as perpetual debentures, which careful people who played for safety liked to hold. Millions of pounds invested in railway stocks are known to be held by trustees, private or institutional, many of whom are strictly limited by the terms of the trusts in their choice of alternative investments. So again, when the railways are nationalized at the end of this year if the Bill goes through, another bite will be taken out of the middle-class margin, while incomes received by the clergy and by pensioners and others out of trust funds will be still further reduced.

The Change is Too Fast

CHANGE is working its way onward (or backward) through this land of ours, and change, however beneficial the ultimate results, is nearly always painful to somebody at the time. If changes such as these which have been on the move recently could have been spread at a slower pace over a longer period, they would have hurt individuals less acutely, and the gaps which change always leaves might have been filled more easily and smoothly and, for the nation, helpfully. As things are, the process of getting rid of the drones out of the educated classes in our society is resulting in the unwitting and arbitrary destruction of the margin of leisure of those who would have known how to use that leisure best.

The question confronting us is whether an old nation like Britain can stand

surgery of that sort, rather clumsily done without an anaesthetic, and survive. Already the loss is being felt, in the scarcity of people available—as we still take the supply for granted—for unpaid work of all kinds, on local authorities, on voluntary bodies and elsewhere. We may be passing from the old bad age, when the working classes were unrepresented in such affairs, too fast into a new and possibly worse era when the most disinterested and broadly educated people can hardly give the benefit of their experience and sense of service because they cannot afford the time. We are dropping all the old pilots at our peril, before we have enough of the new. Perhaps political development is always like this, too sluggish or too swift. But woe to the nation which does not awaken to what is happening until its hour has struck.

What we have been witnessing in this country is a democratic and constitutional revolt by the working classes against being governed by people who in their view do not understand working-class life—its routine, its hardships, its pleasures and its aspirations. That view may be right or wrong, but it is a political fact of the first importance. So power has been entrusted to the political party which sprang from a working-class movement. There are some who think that the difficulties of the times would have outsoared the capacity of any Government: others who hold that this Government has failed to put first things first, and has come down badly in its national house-keeping: and many others who feel that this is a Government backed by its own class and partly composed of its own class, and therefore it is better to have it in office than any other.

The events of these past two years make it hard to believe that the principal figures in the present Government will be able to shake themselves sufficiently free from sectional pressure or party dogma to lead Britain successfully and swiftly enough out of her material and monetary shortages and crises to the sunny uplands of prosperity and national strength again. For that, we shall need to find leaders who can show working-class voters that they know the wants of working-class homes and are ready to try to right wrongs wherever found—but men who at the same time can see the country as a whole, can view the hopes of all classes without bias or distortion, and can weld together their common effort by appealing to the best in all. Britain has never failed to respond to inspired government, and seldom has she so needed it.

POKER AT MOSCOW

THE game played at Moscow was poker, not patience. The object of patience players is to defeat, not each other, but the cards. At Moscow the cards were circumstances, relatively immutable (though there comes an occasional joker) but subject to almost infinite permutations and combinations of a less or more favourable kind. Patience players move their cards, quietly and openly, in the best possible way that skill and forethought can devise, in order to achieve a satisfactory result, a solution. Nobody bets on the result, but if no solution is reached nobody wins. Poker players aim at beating each other. There is much in the lie of the cards, but much in the play of them too; and bluff is part of the game. A resolute player may win with the worst hand. The cards themselves—the German problem in this analogy—take second place to the stakes. And at Moscow the stakes were high.

Only for the first week of the conference was there any pretence that the game was patience, that a solution creditable and satisfactory to all might be reached. A week was enough to satisfy each participant that his own solution of the problem could not be reached. So they switched to poker, but made little progress. No one's hand was even "seen" at Moscow, except perhaps that of M. Bidault, who was in no position to conceal its weakness. For the rest the game is still on. It will last another seven months at least, till the Foreign Ministers meet again in London. By then, the players think, someone may have lost his nerve.

Mr. Molotov's Hand

WHAT is in Mr. Molotov's hand? To examine as carefully as possible what he has in his hand and his head—Russia's strength in this struggle over and for Germany, and her appreciation of the strength and weakness of her rivals—may be as good a way as any to discuss the failure at Moscow, the prospects for the London meeting, and the immediate outlook for Germany and Europe. Such examination suggests that Mr. Molotov's hand may not be very strong. But it suggests also that he may have some good reasons for believing that his rivals' hands are weaker still, or will be less strongly played.

Some good reasons—and probably some bad ones too. It is a poor compliment to Soviet statesmanship to excuse its vagaries on the plea of "justifiable suspicions". Mr. Molotov is a realist. His policy is not based on suspicion, but on calculation as precise as he can make it. It is not, at present, based on fear. If the Soviet Government were really afraid of America, or the atom bomb, it would probably pursue a more compliant policy, just as it did when it was afraid of Hitler in 1939 and 1940.

On the contrary, it seems probable that the Soviet Government bases its policy to-day on fair confidence of immunity from any immediate external threat. Like the British Government in the 'twenties, it could if it chose afford to give its Chiefs of Staff, for planning purposes, the assumption "no

major war for ten years at least". Its appreciation of the present external policy of foreign States is probably realistic and correct. But there is ground for believing that its appreciation of their internal politics, and especially of the extent to which these may affect their external policy, is sometimes coloured by faulty analysis and wishful thinking. Soviet views of foreign strategy are sound, of foreign psychology less so.

Soviet Strength and Weakness

THE strongest card in M. Molotov's hand is the Soviet Union's relative indifference to events outside it, especially economic events. With an economy insulated, or at least insulable, from that of the outside world it has nothing to fear from slumps or the decline of living standards abroad, from the crisis of international welfare to which America and especially Britain must be so sensitive. On the contrary, Soviet Russia has solid reasons for welcoming economic crisis abroad, which promotes social disintegration and hence Communism. She has done nothing since the war to alleviate the economic troubles of Europe, and much indirectly to promote them.

This attitude, however, cannot be applied without reservations to Germany. Russia, it has been suggested, has no immediate fear of aggression; but a long-term fear she has. The object of that fear is not America but still, in the first instance, Germany. Therefore she wishes Germany to be weak. But as a reinsurance—it is a curious weakness of policy, which might prove a serious error—against failure to keep Germany weak, she wishes her, additionally or alternatively, to be compliant. So Germany must be made weak, but must appear to be made so not by Russian action but by British and American.

At Moscow Mr. Molotov took great pains to conciliate German opinion. His attitude over a German constitution and German unity, over British and American "profiteering" from their zones or over the Saar, might by themselves have gone far to do so. But Russia's economic policy in her own zone, her wish to exploit west German output for reparations, and her attitude on the German eastern frontier, probably more than outweigh Mr. Molotov's ingratiations in other fields. The eastern frontier question is perhaps the greatest handicap in the short run to Russian efforts to make Germany compliant. But in the long run, if the frontier stays as it now is, it may prove Russia's strongest card. For only Russia will be in a position to modify it; and for such modification Germany might be willing to pay almost any price.

A weakness in Mr. Molotov's hand is Russian poverty. This has two effects. First, it prevents Russia from earning support by conferring favours, as American dollars can do. Secondly, it obliges Russia, from great and real need, to seek to exploit German resources to the greatest possible extent for her own benefit. Hence her policy on reparations. Hence too the satisfaction Mr. Molotov presumably feels, though failing to secure reparations from current output in western Germany, at not having had to abandon the important yield Russia secures from current output in her own zone.

Yet this Russian poverty, this desperate need for all the bare raw tools of minimum rehabilitation which even ruined and crippled Germany can supply, has aspects of strength as well as weakness in the play of the Russian hand.

For it is this that gives the Russian case its conviction and earns for it—let there be no doubt—the passionate support of Russian opinion. That Germany and not Russia should receive Allied help must seem to Russians outrageous. To expect them to care for German suffering or hunger is to expect too much.

Britain and America, of course, are interested in maintaining certain minimum standards in Germany not out of love for Germans but because, in the interest of the social stability of Europe as a whole, and therefore in their own interest, they cannot tolerate interference with traditional standards of life beyond a certain point. The Germans must have something because they had so much more in the past, and cannot be taught to be satisfied with too much less. Mr. Molotov, as a realist, no doubt understands British and American motives perfectly; but he is not likely to wish to explain them to the average newspaper reader in Russia.

Pride, Power and Propaganda

ONE more facet of Russian poverty needs attention, for it enters into the play of Mr. Molotov's hand. It is the accompanying facet of pride. Had Russia pursued a different policy over the last eighteen months there is little doubt that she could have had a large American loan. Such a loan might have secured her just as much of the goods she needs as she is ever likely to get out of Germany by way of reparations. It could perhaps have squared the vicious circle in which events now threaten to move. As things are at present, with hostility between America and Russia—in striking contrast to the situation eighteen months ago—as the main feature of international affairs, such a loan is almost impossible. To secure it now Russia would have to swallow her pride and accept conditions. She herself is familiar with the technique of conferring conditional benefits; but that her own policy should be limited and dictated by a bargain is something she is not likely to accept. Many besides Russia and America may have reason to regret that this opportunity was missed.

Returning to Mr. Molotov's hand, there is a familiar item of strength in the superiority, in Germany, of a land-animal over two sea-animals. Russia has a large army and is used to conscription; Germany is relatively close to her bases. Occupation is comparatively easy for her, while it is expensive, uncomfortable and unnatural for Britain and America. No one in Russia is clamouring for the boys to be brought home; the Russian boys themselves seem well pleased to be where they are; no one bewails their loss to productive output; no one cavils at the level of military expenditure.

Last of the strong cards in Mr. Molotov's hand is the monolithic unity of Russian policy and propaganda, and the majestic patience of Russia. Mr. Molotov has no need to look over his shoulder to make sure of the support and applause of his party, his Government, his country. Russia speaks with one voice—his own. It is certainly imposing, certainly a source of strength. But possibly it betrays Mr. Molotov into one of his rare miscalculations. He may suppose, by a false analogy with what would be his own case, that the absence of such solid support and the presence of open opposition in Britain, America or France is a greater source of weakness to them than in fact it is.

Weaknesses of the West

SCARCELY less important in Mr. Molotov's play than his appreciation of his own strong cards is his divination of the weak cards in the hands of his rivals. And probably, save in one important particular, scarcely less accurate. He reckons that western Germany, though it may have more than twice the population and industrial resources of the east, is at present a liability to its occupier, not a credit like the Russian zone. The Western Powers are pursuing a policy which makes them particularly vulnerable. They have to succeed in making their control palatable to the Germans—to succeed without the support of secret police, a monopoly party and a regimented press such as exist in the Russian zone, and with occupying forces which they would hesitate, even should the need arise, to use in a ruthless manner. They have deliberately hung round their necks the millstone of democratic forms, so that Germans can criticize them, blackmail them, work against them with impunity—processes which Mr. Molotov may be able to assist. They have become dependent on Germans for most of the ordinary work of running their zones; and already both the main German parties have threatened, in certain circumstances, to withdraw their co-operation.

The Western Powers, unlike the Russians, have standards to maintain—standards of living, standards of administration, standards of freedom. Great risks of failure are involved, great effort and great cost. Mr. Molotov calculates them all, not least the last. He watches the British economic crisis with interest, scans the American horizon with anxiety for signs of an approaching slump. He is sceptical, and with some reason, of the success of the Anglo-American plan to make their two zones self-supporting by the end of 1949. He knows how threatening is the administrative confusion, based on the selfish particularism of the western *Länder*, which at present baulks progress towards economic efficiency in the combined Anglo-American area. He doubts if the heavy direct expenditure needed to keep western Germany just above the level of complete social disintegration will go on being met.

He reckons, too, that the Western Powers have backed, in democracy, the wrong horse for the German stakes. He knows perfectly well what democracy is, and has his tongue in his cheek when he uses the word to describe the system of political control in eastern Germany. He does not like democracy, and does not believe the Germans will like it either. Meanwhile it is a risky system for the Western occupying Powers. Western Germany, he reckons, will be glad enough to lick the dollar coating off the democratic pill; but this remedy, Mr. Molotov thinks, will not avail to stave off decline. When that has set in, he calculates, his friends of the Socialist Unity party may be able to offer western Germany something it will like and understand better than democracy.

A Miscalculation

ON all these points there is something to be said for Mr. Molotov's reckoning. Probably he is less accurate in any conclusions he draws from the internal politics of the Western Powers. Unaccustomed to criticism at home, he may over-estimate its significance abroad. In this he is probably

misled by his representatives and agents in foreign countries. The representatives of a totalitarian State are less likely to forward scrupulous, critical and sincere reports than those of a democratic one. They hesitate to suggest that their Government is mistaken. And that Government's agents and sympathizers, like the agents and sympathizers of any other Government, commercial firm or church, are unlikely to represent their own work as pointless and unsuccessful.

For these reasons Mr. Molotov probably pays too much attention to Mr. Wallace. Nor is he convinced that isolationism in America is dead. Hoping for its revival, which is not impossible, he is yet clumsy enough to sponsor a series of actions that add nail after nail to its coffin-lid. Even in France he may be putting too much faith in M. Thorez. And, though they well deserve his interest, it looks as though he expects too much from Mr. Bevin's critics within the Labour party. Had he expected less from them he might have got it. But it was made clear by the negotiations in Moscow for the revision of the Anglo-Soviet pact that Mr. Molotov contemplates nothing less than the possibility of severing the association between Britain and America and attaching Britain to the Russian sphere instead. That he should regard this as being within the bounds of possibility shows a surprising lack of realism.

Such, then, is Mr. Molotov's hand, and such seems to be his appreciation of the hands of his rivals. His play will be better understood if it is borne in mind that he plays in two capacities—as a Russian statesman and as a Communist ideologue. It is in the latter rôle that he takes his biggest risks—risks that often seem foolhardy from the point of view of Russian security. That could have been guaranteed by a much simpler and safer policy; but Mr. Molotov wants both to have his Russian cake and to make the world eat his Communist one. The aim demands resolute and dangerous play, for it involves the possibility of creating, by reaction to the various moves involved, the one thing Russia needs to dread but certainly never needed to create—a world united to resist her.

Now there is to be a pause till November. The cards are not yet on the table—certainly not face upwards. No one can profit by the delay, with one possible exception. Germany has no hand to play in this game of poker. But the longer the game lasts with no decision, the longer her eastern and western halves lie disunited on the table, the deeper they enter as factors of balance or advantage into the rival players' calculations, the greater becomes the possibility that it is Germany herself who will be found, one day, to have the joker up her sleeve.

Getting on without Russia

WHAT is to be done? Britain and America must pursue with resolution the course they have embarked on. America must not be bored, and will not be frightened, into abandoning Europe. The possibility of her doing so is much reduced by the blatant manner in which Russia has revealed her wish that she should. This wish was expressed most clearly at the Moscow Conference by the way in which Mr. Molotov sought to kill by elaboration

the American proposal for a Four-Power Pact to guarantee the continuance of German disarmament. But this was no new scheme. Mr. Molotov had already revealed his aim and his tactics when the same pact was discussed in Paris in July 1946. America then took note of both. Russia does not like the new American policy in Greece and Turkey; but she has only herself to blame for it.

Economic unity has been denied to Germany, but exists between the British and American zones. Progress in their rehabilitation has not so far been smooth or satisfactory, and it is and will remain expensive. But it must continue, even at a high price. Constitutional theories of State sovereignty and social theories of industrial deconcentration must be modified if they stand in the way of a working system in western Germany. If it proves necessary in the interests of efficiency to develop a higher degree of administrative or even political as well as economic unity between the British and American zones than now exists, it must be done. The plan to concentrate the five German bi-zonal economic agencies in Frankfurt already points in the right direction. And economic unity should be extended if possible to embrace the French zone. One of the few satisfactory achievements of Moscow was the Anglo-Franco-American agreement on German coal exports. This co-operation should be extended.

The Moscow Conference accomplished none of its purposes. Yet it was useful in a way. The delay in tackling the German problem had been so long that a solution of one kind or another had become urgently necessary. Time had been passing in Germany as elsewhere. What made the Moscow Conference useful was the fact that its failure was complete enough to persuade even the most patient advocates of marching in step with Russia at all costs that this policy, where Germany is concerned and for the time being at all events, simply will not work. Few deny that co-operation with Russia over Germany should remain the British and American aim. But fewer still dispute that the only remaining hope of achieving it is for Britain and America to demonstrate to Russia that they are ready if need be, in Germany as elsewhere, to get along without her. Moscow may have been heartbreaking. It was eye-opening too.

DEATHBED OF THE INDIAN EMPIRE

By a Correspondent lately returned from India

ON three occasions since the beginning of the nineteenth century the world has witnessed the abolition of a great and historic empire. In 1806, after Austerlitz, Napoleon put an end to the anachronism of the Holy Roman Empire, while half a century later, in the aftermath of the Indian Mutiny, the lingering and miserable unreality of the Mogul Empire was given its quietus; but it was left for the British Prime Minister, on February 20, 1947, to fix a date for the extinction of an empire still full of vigour and significance—the British Empire in India.*

In the past, overseas empires have been abandoned, like that of Rome, because of pressure nearer home; or, as with Spain, by reason of exhaustion; or, as with the Axis Powers, as a result of ruinous defeat in war. None of these episodes furnishes any parallel to the policy of February 20; for that policy involved deliberate surrender of authority by a ruling power which had just emerged victorious from the second world war, with its military capacity and prestige higher than ever. Seeming analogies such as that of the American withdrawal from the Philippines are quickly seen to be so different in scale and circumstances as not to be true parallels.

From Macaulay to Attlee

THE announcement was in fact the logical conclusion of a hundred years and more of British policy in India. As early as the beginning of the nineteenth century the wisest amongst our statesmen had begun to regard British rule in India as a period of training and preparation. More important, however, than these somewhat vague realizations was the decision, largely inspired by Lord Macaulay's great influence, to make the English language the foundation of higher education in India. That decision, which subjected India to the full force of nineteenth-century English Liberal influence, set the current of Indian affairs irresistibly towards some form of parliamentary self-government. Progress—which was in some respects retarded and in others stimulated by the Mutiny—was slow but continuous, its main stages being the foundation of the Indian National Congress (under British and even Viceregal encouragement), the introduction of local self-government and the successive constitutional reforms in 1909, 1919 and 1935. At length in 1942 Sir Stafford Cripps told the people of India that they could frame their own Constitution; that Britain, subject to certain qualifications, would implement their decision; and that India could then please herself whether or not she stayed within the British Commonwealth. The statement of February 20, 1947, takes the matter one step farther. It says in effect: "From June 30, 1948, whether you like it or not, you must govern yourselves. At any rate Britain will not do it any longer."

* The details and repercussions of the statement of February 20 are further narrated in an article on events in India on pp. 262-9.

Some have hailed this pronouncement as an act of great moral courage, based on the faith that reason and political wisdom in India will avail to bring about an orderly form of government; while others have denounced it as a shirking of Britain's responsibility and an invitation to communal intransigence. For the Prime Minister's statement presumably means that Britain intends to hand over power by June 30, 1948, even if there is no effective Government to which power can be handed over, and even if withdrawal of British authority means chaos and anarchy.

The Pros and Cons

IN assessing the soundness of the policy two factors have to be borne in mind. In the first place, if there is one thing about which the two main Indian parties are agreed, it is that British rule in India must end. The Congress and the Moslem League have their own separate ideas as to who should govern India, and may perhaps fight bitterly in support of those ideas; but neither party would or could support any long continuation of British rule.

The second relevant fact is that the communal tension resulting from the struggle to capture the machinery of government has already become intolerable and is increasing daily. Life in Calcutta and other big cities of India to-day is life on the edge of a volcano which is already giving the premonitory signs of a great eruption. Not even the uneasy and temporary combination of Hindus and Moslems which might result from any display of British intention to continue in power would relax this tension. A decision to continue ruling until agreement was reached would thus have imposed on the British the twofold task of suppressing a widespread revolt against British authority and dealing with the communal killings that have become a feature of India to-day.

The danger of such a policy would be great even if administration in India had retained its former high quality, but to-day, when all observers agree that the official machine has run down almost to a standstill, the task would be beyond the power of the civil government. The alternative rule of India by British armed force would perhaps not have been beyond Britain's power, but it certainly would have been beyond the willingness of the British public to undertake.

A further justification of the Prime Minister's statement is to be found in the claim that it will bring theory into line with reality. The *de facto* transfer of power will not take place on June 30, 1948—it has, in effect, already taken place. The significance of the formation of the Interim Government in India does not seem to have been fully realized in Britain. It appears to be thought of merely as a replacement of one set of individuals by another, whereas in reality it implies the abdication of much of the Viceroy's power. Constitutionally speaking the Viceroy is in general bound by the decisions of his colleagues, and it is only when the safety and tranquillity of British India is threatened that he has any power to overrule them.

Before last year this limitation was theoretical rather than actual. The members of his Council, however eminent individually, were in their public

capacity creatures of the Viceroy. Appointed by him without consultation with anybody in India, they could at any time be removed without serious political repercussions. It is true that such removals did not take place, but their possibility conditioned the relations of the Council with the Viceroy and left no room for doubt as to who was the practical head of the Government.

With the formation of the Interim Government all this has been changed. The Members of Council are not now just selected individuals, but representatives of the two major political parties in the country; their removal merely because the Viceroy disagreed with them, even on a major matter, is, to say the least, unlikely. They are in fact the real repositories of political power. The present situation is thus highly unsatisfactory in the sense that, while the British Parliament and the Secretary of State remain responsible, both legally and in the eyes of the world, for the welfare of India, political power has already passed from them into the hands of Indian Ministers.

Most competent observers in India to-day accordingly consider that the Prime Minister was right in fixing a definite date for the final transfer of power. There has been greater difference of opinion as to whether the particular date fixed was too early or not. It is contended by some that fifteen months is all too short for the settlement of all necessary questions, and that this difficulty will be particularly acute if India is, as seems likely, to be partitioned. The opposing view is that nothing but the fixing of an early date would have imported a sense of reality into Indian politics. If a period of three or four years had been allowed for the transfer, Indian leaders would probably have waited until nearly the end of the period before coming to grips with the problem at all.

Others have criticized the statement on the ground that it did not indicate to whom power was to be transferred in June 1948 in the absence of agreement between the major parties. If this vagueness was intended, as seems likely, to leave the way open for a last attempt to secure agreement, it was understandable and perhaps praiseworthy, though nothing could be more dangerous than to let the critical months between now and June 1948 be wasted in unduly prolonged attempts to secure a settlement. If, however, the lack of precision in the statement resulted from an unwillingness to take the responsibility of deciding on the partition issue, it is to be deplored; for it is unlikely that Britain will be able to avoid this responsibility, without leaving India to complete confusion and perhaps civil war.

The Political Background

TO appreciate the effect of the statement in India it is necessary to recall the events preceding it. The Cabinet Mission's plan of May 16, 1946, had gone some considerable way to meet the Moslem League demand for a sovereign Moslem homeland—Pakistan—and Mr. Jinnah was sufficiently statesmanlike to recognize its value, if only as a stepping-stone to something better from his point of view. The Moslem League, therefore, accepted the plan, not only in its long-term aspect, but also with regard to that part of it which proposed the setting up of an Interim Government. The Viceroy

made a statement, about the exact significance of which there has been much controversy, but which appeared to the plain man to mean that if any of the major political parties declined to enter the Interim Government (which would presuppose acceptance of the constitutional proposals) the Viceroy would nevertheless go ahead with those parties who were ready to co-operate. As is well known, the Congress party declined to enter the Interim Government on the terms initially proposed, and the Moslem League took it for granted that in the light of the Viceroy's promise they would be asked to form a Government. His Majesty's Government shrank from the possibility of a minority Central Government, and proceeded with modifications which were intended to induce the Congress to join.

The Moslems regarded this as a gross breach of faith, and when events subsequently forced them to join the Interim Government, while abstaining from attendance at the Constituent Assembly, they were in a sullen, resentful mood. Congress, on the other hand, felt they had secured a victory, and their exuberance appeared frequently in the speeches of their leaders in the latter half of 1946. When, therefore, His Majesty's Government invited the Indian leaders to London in December last year,* while the Moslem League was hopeful, the Congress leaders viewed the new move with suspicion, and it was with the utmost difficulty that Pandit Nehru, who is always more of an idealist than a practical politician, prevailed upon his colleagues to let him attend. The Moslem representatives returned from London happier than they had been before, while many Congressmen felt that Nehru's decision to attend had been a mistake.

The statement of February 20 was the outcome of the December talks. There is always one difficulty about assessing Moslem League reactions to any event or pronouncement, and that is the simple fact that the Moslem League does not know what it thinks until Mr. Jinnah tells it. As Mr. Jinnah himself possesses the wisdom and the silence of the Sphinx, effective Moslem League reactions are not easily gauged. It was, however, clear in India that the immediate reaction of most Moslem Leaguers towards the February statement was one of jubilation. The reference to the possibility that power would be transferred not to a Central Government but to Provincial Governments was taken by them to mean that His Majesty's Government were beginning to recognize the necessity of partition.

After a few days' reflection, however, jubilation was tempered by practical apprehensions. Moslem Leaguers began to realize that the existence of an Interim Government containing both major parties might, in fact, be an invitation to His Majesty's Government to transfer power to the Interim Government, leaving India thereafter to settle the issue of partition. The Moslems, could, perhaps, obviate this danger by leaving the Interim Government, but such a course would have involved their leaving Congress in undisputed possession of the machinery of the Central Government during a most critical period. The Moslem League is still in somewhat of a quandary over this matter, and it remains to be seen how it will extricate itself from it.

The Congress reaction to the statement was somewhat complicated. The

* See THE ROUND TABLE, No. 146, March 1947, p. 170.

party undoubtedly appreciated—perhaps for the first time—the sincerity of British intentions. At the same time the thought that, with independence just round the corner, any solution to the Hindu-Moslem problem seemed as distant as ever filled many Congress members with justifiable apprehension. Numbers of them began to realize that the claim for partition was no longer something which could be dismissed as fantastic, but that if His Majesty's Government decided to transfer power to Provincial Governments they might well find Pakistan an accomplished fact.

During the past few weeks, thought and feeling in India have crystallized considerably. The Moslem League are more than ever convinced not only that Pakistan is necessary to them, but that it is within their grasp, and that neither His Majesty's Government nor the Congress is likely to prevent them from obtaining it. As for the Congress, many of their leaders, as well as the rank and file, have begun to regard partition as unavoidable. This has been clear for some time from their tendency to concentrate on discussion of the boundaries of Pakistan, rather than on the principle itself. Still greater clarification of this new attitude was given when Dr. Rajendra Prasad told the Constituent Assembly that they might find it necessary to frame a Constitution on the basis of partition. At the end of April, however, Mr. Gandhi, who had for some time remained aloof from these constitutional discussions, once more put in an appearance, and it is not impossible that he may have done so for the express purpose of preventing agreement between the Congress and the Moslem League on some form of partition.

The Old Order Breaking Up

IN the meantime three main factors are at work in India to-day. First, there is the ever-growing communal tension, which has resulted not only in sporadic blood-baths but also in a long-continuing dislocation of business. The stage has now been reached when the head of a Calcutta business house feels surprised and grateful on any day when the state of the city allows all his staff to be present. So convinced is the ordinary citizen that these communal troubles have come to stay that Hindus are moving out of Moslem quarters as fast as possible, and Moslems out of Hindu quarters, in the big cities.

Apart from these specific communal troubles, there is a general deterioration of administration of such a character as to encourage all the forces making for disorder. Throughout India men are conscious that the old order is passing away, and they have no conviction that any suitable authority, capable of preserving law and order, will fill the vacuum. It is no exaggeration to say that the services are demoralized. British officials are uncertain of their future, and in many cases anxious to go, while Indian officials are only too conscious that strong action now may land them in difficulties in the uncertain hereafter. This general demoralization is particularly disastrous at a time when corruption has already gone far to undermine the morale of the subordinate services. The unparalleled temptation provided by war conditions, in conjunction with the boundless rapacity of Indian profiteers and black marketeers, has gone far to destroy the integrity

of all except the highest services in India to-day. It is not difficult to imagine how this combination of enfeeblement with demoralization has given wonderful opportunities to those unruly elements which always lurk in great cities, and which are now able to carry on their nefarious activities under the guise of communal loyalties.

The third factor at work is the rapid growth of a crude form of Communism—a form based not on a reasoned philosophy but on a general alignment of the have-nots against the haves. The Indian soil is not really suited to this noxious growth, and it would not hold out any real threat if it were not for the other forces making for disorder to-day. Under present circumstances, however, as respect for authority has been impaired and administration is weak, the Communist menace may well prove grave in the near future.

The picture of India to-day is not cheerful. No man can forecast whether good sense will ultimately prevail, and will bring the two main communities together, or whether dissensions will go from bad to worse, until the whole land becomes one scene of anarchy or misrule. The choice is no longer a matter for Britain.

THE INTER-ASIAN RELATIONS CONFERENCE

THE first Inter-Asian Relations Conference was held in New Delhi from March 23 to April 2, 1947. The Conference was called by the Indian Council of World Affairs, who were responsible for all the arrangements; but they were able to rely on the sympathetic support of the Government of India, and delegates were entertained officially as well as unofficially on a lavish scale. The Conference had a character of its own. In part it was visible, dramatic evidence of the awakening of a continent and of India's significant contribution to it; and in part it was a semi-academic discussion of social and cultural problems in Asia.

At the opening and closing plenary sessions, held in the historic Purana Qila, vast crowds assembled to listen to a nice mixture of broad, statesman-like generalizations and to enjoy the oratorical flourishes in which the Indian so much delights. It was these great popular occasions that related the Conference so closely to its Indian political background. It was a conference sponsored by the Congress party. Widely and eulogistically publicized by the Congress newspapers, it was boycotted by the Muslim League and subjected to bitter criticism in the Muslim press. On the success or failure of the Conference depended to no inconsiderable extent the prestige of Congress India in the continent of Asia.

From the Mediterranean to the Pacific

THE Indian Council of World Affairs issued invitations to all Asian countries and to Egypt. The great majority accepted and sent either delegates or observers or in many cases both. A few were prevented from coming by travel difficulties and many of the delegates arrived late, the latest of all being those of two of the Soviet Asian Republics, who arrived after the Conference had ended.

The delegations varied both in quantity and quality. The largest was that from India, which consisted of 52 delegates and 6 observers. Large delegations also came from Burma (17 delegates and 5 observers); Ceylon (16 delegates and 3 observers); Malaya (12 delegates); the Soviet Asian Republics (14 delegates and 2 observers). In all the total number of delegates was about 190 and the number of observers 45. To these should be added the distinguished visitors, who brought the total attendance up to nearly 400. This number seriously handicapped effective discussion in the groups, some of which in the early stages consisted of more than 100 persons.

As a general rule the delegates represented nominally unofficial bodies for the study of cultural or international affairs, whilst the observers, other than those from non-Asian countries, were for the most part holders of more official positions. This, however, was a far from invariable rule, and both

delegates and observers included a high proportion of Ministers or persons holding responsible positions in their respective Governments.

The Background to the Conference

THERE was undoubtedly a sentimental feeling amongst most Asian countries that the time was appropriate for summoning such a conference. This feeling prevailed equally amongst Asian countries which were independent and amongst those who were still subject to foreign rule. Sentiment was reinforced by calculation. It was felt that for many centuries Asia had played too small a rôle in the councils of the Nations, and that a conference of this kind would do something to focus the attention of the world on the upsurge of continental consciousness. It was, no doubt, with this in mind that a Chinese delegate remarked that the Conference had come into being, as it were, spontaneously because it represented a common desire for expression by Asian peoples, though it has also been suspected that he was trying to discount the Indian initiative.

However much other countries may have welcomed the Conference, the initiative was in fact taken by India. There is reason to suppose that the Indian Council of World Affairs had originally contemplated a conference for South-East Asia only and that the more ambitious proposal emerged from consideration of this more modest project. This initiative was important because the fact that the Conference was held in New Delhi profoundly influenced the course of deliberations. The Indian background was always very present in the minds of most delegates. From the start they were made aware that the Conference was sponsored by the Congress party. As the delegates were arriving Mr. Jinnah himself announced that it was to be boycotted by the Muslim League. And the composition of the Indian delegation lent considerable substance to the charge that, while intellectually representative enough, it was representative of only one element, even though the largest, in Indian political life. It comprised 43 Hindus and only 8 Muslims, of whom none was a member of the League.

From the Indian point of view the calling of the Conference was prompted by a mixture of sentiment and calculation. There was clearly a sincere, if emotional, conviction that now that India was on the verge of complete political freedom she should take the initiative in Asian affairs. Last December, in a speech in the Constituent Assembly, Pandit Nehru had expressed his hope that

"the new constitution for India will lead India to real freedom, that it will lead also to the freedom of other countries of Asia because, however unworthy, we have become—let us recognize it—leaders of the freedom movement of Asia and whatever we do we should think of ourselves in these larger terms".

This line of thought came out very clearly in the speeches at the plenary sessions and it was combined with an acute consciousness of history in the making. To quote Pandit Nehru's opening speech in the Purana Qila:

"Standing on this watershed which divides two epochs of human history we can look back on our long past and look forward to the future. . . . Asia after a long period of quiescence has suddenly become important again in world affairs."

This feeling that the moment was historic was no doubt reinforced by the calculation that the moment was also a good one for India to lay a claim to the leadership of Asia. China, rent by civil war, might scarcely seem to be in a position to dispute such a pretension, and nationalist sentiment running high in South-East Asia would almost certainly favour the creation of some sort of Asian bloc under the leadership of a soon-to-be-independent India. Although at the very beginning of the Conference Pandit Nehru explicitly denied that there was any ground for the fears expressed, particularly in the United States, that the Conference heralded the birth of a Pan-Asian movement, later discussions showed that many delegates were temperamentally prepared to think along such lines. The proposal, adumbrated in the earliest days of the Conference, that some sort of Asian organization might be set up at the end of its deliberations reinforced the feeling that Congress India would like to have some formal recognition of its leadership in Asia. These aims were specifically denounced in *Dawn*, the Muslim newspaper, which spoke of the Conference as the "Asian fraud" perpetrated by Nehru "the Hindu imperialist".

An Economic Bloc Discussed

THE principal work of the Conference was done in the discussion groups. They covered five principal topics:

1. National movements for freedom.
2. Migration and racial problems.
3. Economic development and social services.
4. Cultural problems.
5. Women's problems.

Except for the first, these subjects could usefully have been treated in a non-political context, but the border-line was narrow and in all the circumstances it was natural and inevitable that the political aspect should be taken very fully into account. The Indian delegation and the delegations from South-East Asia played by far the most prominent part in the discussions, which as a result centred round the problems of this area.

The general starting-point for the discussions was that the day had now come for the ending of imperialist exploitation and foreign rule in Asia. This assertion commanded so enthusiastic and general an assent that there was little or no examination of its political implications. Interest, therefore, tended to shift to the economic side. It was felt that economic development in Asian countries lagged behind even their political development: it was essential that living standards for the masses of the people should be raised, and the only way in which this could be done was by creating in each State a planned economy. None of the States in the South-East margin of Asia felt that they could aim at national self-sufficiency. The objective must, therefore, be a planned economy over the area as a whole. This was impossible while the colonial Powers were in control, but might, it was felt, soon be practicable.

Having reached this stage the argument was carried farther largely on the initiative of the Indian delegation. They maintained that in establishing this new economic order each country must first free itself wholly from the

influence of foreign capital. Political freedom would be a mockery without full economic freedom and for this reason foreign capital must be rigidly controlled. Mistrust of foreign capital was coupled with mistrust of overseas trade controlled by non-nationals. There was a particular dislike of dependence on foreign shipping.

The development of discussion on these lines produced two interesting results. When opinion appeared to be crystallizing in favour of a South-East Asian or even an Asian bloc its dangers were emphasized both by the more influential Indian delegates and also at a later stage even more emphatically by the Soviet Republican representatives. The economic bloc of Asia would lead to conflict with the West, and, however much some delegates might hanker after it sentimentally, its dangers were forcefully exposed.

The other result was the extent and frequency of the misgivings expressed about Indian and Chinese expansion in South-East Asia. This came up at every stage in the discussion. The fears were to some extent political, but even more economic. Burma, Malaya, Ceylon, and Indonesia alike were fearful lest the indigenous population be swamped by immigrants from their giant neighbours, and lest economic control should pass into their hands.

In the discussion on "national movements", which took place towards the end of the deliberations, the possibility of giving active assistance to resistance movements was frankly considered. Indeed, it was around this point that the discussions revolved. Many of the delegates from South-East Asia, including the not very representative delegation from Malaya, argued the case for common action. This was fully endorsed by the delegates from Indonesia and Viet Nam, who appealed to the greater Asian Powers to give more than mere moral or sentimental support.

These outspoken appeals for intervention called forth a rejoinder from Pandit Nehru. He urged the delegates not to tread the dangerous path of recommending positive assistance to national movements. The situation in Indo-China was very complicated, and it was the path of wisdom to try to narrow the area of conflict and not to enlarge it. Though every delegate should know that freedom movements in South-East Asia would have the wholehearted moral sympathy of India, it was altogether unrealistic to expect active intervention.

The Conference was debarred from passing resolutions and, therefore, although the general sense of the Conference emerged clearly enough on a great many questions, it was not recorded in the precise and practical form. There was revealed, however, a tolerably wide area of agreement amongst Asian peoples and a desire to act in concert. The one positive conclusion of the Conference was the decision to hold a similar conference in two years' time in China and in the meantime to set up a Provisional Council on which all Asian States would be represented, under the presidency of Pandit Nehru, with a view to creating some permanent machinery for the summoning of continental or of regional conferences. What form the permanent organization is to take remains to be settled, but it is clear even at this stage that it will depend very largely on the vitality of the various national organizations for its effectiveness. The one recommendation which the Provisional Council

has so far made has been in the cultural field; namely, that institutes devoted wholly to Asian studies should be set up in each country.

The most significant thing about these practical conclusions is that the next Conference is to be held in China. This was a question about which delegates were much concerned in the concluding days of the Conference, and the decision reached was an undoubted disappointment to the Indian representatives.

Blocs Within the Bloc

THE countries attending the Conference fell very roughly into five groups: India; China; the South-East Asian margin, in which Siam may be included; the Middle East States; the U.S.S.R. There were, of course, many cross-currents and on certain subjects there were even sharp divisions of opinion within individual delegations, but by and large this was the pattern that emerged. It was the aim of India to acquire implicitly, if not explicitly, some form of leadership in Asia. Pandit Nehru, who attended not only the plenary sessions but many of the discussion groups, was a great source of inspiration and strength. His interventions were statesmanlike and the general value of the Conference was much enhanced by his presence at it.

At the same time neither his personality nor that of Mr. Gandhi, who attended the two concluding sessions and who received a reception of mingled reverence and awe of the kind so rarely accorded to a prophet in his own country, could offset the consciousness of division and consequent weakness in India. Her communal cleavage, plain for all to see, could not be disguised by the lavish entertainments with which the delegates were regaled and the misgivings provoked by it were accentuated by a general impression of the poverty of the masses in India. The possibility, not only of civil war, but also of an impending social revolution occurred to many minds. Whether well or ill founded, these thoughts produced an impression of weakness which seemed to debar India at this particular stage in her history from leadership in Asia. No doubt the Chinese representatives, anxious to ensure that China's claims to such a rôle were not overlooked, were not wholly displeased. Her delegation, more experienced in international conferences than any other, intervened rarely, but always with effect.

The South-East Asia group was anxious to assert itself and to take advantage of the Conference in order to strengthen and improve the newly acquired status of its several members. To them the concept of continental bloc—the slogan "Asia for the Asians"—made a great appeal. They were conscious, however, that individually they were not strong enough to stand on their own feet either economically or politically, and whilst anxious to throw off foreign rule they were filled with a deep mistrust of both China and India. As a form of safeguard it was implicitly understood, though rarely explicitly stated, that these countries would probably retain a treaty link with their former European rulers.

There was a particularly close bond of sympathy between the Indonesian and Viet Nam delegates. Both, in common with Malaya, were keenly interested in the possibility of strong moral support amounting to positive

assistance from their great neighbours. The undoubtedly powerful sentimental appeal of these small States might have produced more concrete results had the situation been less confused. In this respect Viet Nam suffered particularly. Indo-China was represented not only by the Republican delegates from Viet Nam but also by French-approved delegates from the other territories. It was some little time before the Conference as a whole was able to identify these rival representatives and to distinguish clearly between their respective claims.

The delegates from the Middle East were content to play a comparatively minor rôle. Thinly represented in any event, these States clearly stood outside the main field of discussion, though the Jewish delegates from Palestine made a good impression by their contribution to the talks on agricultural reconstruction.

The Soviet representatives made a rather mixed impression. The republics represented were Armenia, Kazakhstan, Tadjikistan, Georgia, Uzbekistan, Azerbaijan. In the earlier stages the continued iteration by the delegates of the transformation effected in Soviet Asia by the Revolution of 1917 rather wearied their audience. The delegate from Kazakhstan—to take one example—said that the Revolution had brought freedom to the people of Kazakhstan, guaranteeing human rights and making possible a great national regeneration. The Tsarists had done everything to check industrialization, but now Kazakhstan enjoyed one of the most advanced industrial economies in the world. Before 1917, 98 per cent of her people had been illiterate; now they were 100 per cent literate. Where formerly there had been no institutes for higher studies there were now twenty-three such academies. In time the repetition of this theme by the Soviet representatives made its impression and this, perhaps, was reinforced by a film show which included, amongst more cultural subjects, a full-length colour news reel of the victory march in the Red Square on May Day 1946.

Apart from publicizing the achievements of the U.S.S.R. in every field the Soviet delegates were concerned to defeat any suggestion of the desirability of a continental bloc. Though the tenor of their speeches was anti-imperialist they did not seem to have any specific target and they were not anti-British in tone.

The Significance of the Conference

THE significance of the Conference has probably been under-estimated. That is perhaps because it has been viewed so much in its Indian context. For India it left many hopes unfulfilled. But in its wider context the Conference can only be described by using the hackneyed phrase the "awakening of a continent". It is true that the Conference brought to the surface the divisions in Asian opinion and in so doing removed any immediate prospect of a continental grouping. But it also made clear that a common approach at least to many problems existed.

And on the credit side of the balance-sheet other not insignificant facts are to be recorded. The most important is that the Conference was held. This enabled the delegates from all over Asia to meet for the first time, and

Dr. Sjahrir was speaking for most when he said he had specially arranged that a large delegation should go from Indonesia so that as many Indonesians as possible should get to know their fellow Asians and acquire experience in international conferences.

In the second place the Conference has probably done something to accelerate the pace of the nationalist movements in many Asian countries. While appeals for active aid fell on deaf ears, there was created a sentiment which may well be used should occasion arise to prevent imperialist forces from regaining lost ground. Many delegates from South-East Asia seemed to regard the Conference as a form of reinsurance. It had created a sentiment which would make it very difficult for, say, the French in Indo-China to re-establish their authority on the old lines. This sentiment is to be developed by the interchange of representatives between these countries and generally by strengthening cultural and political links with a view to reinforcing the feeling of solidarity in the South-East Asia area which certainly emerged from the Conference. It is true that this feeling did not extend from the political to the economic field, but in the political field at this particular stage it seemed real enough.

Finally, amongst all delegates there was the general feeling that Asia was at last coming into its own and that the time was now ripe for Asian countries to play a fuller part in world affairs. There were many allusions to the desirability of greater Asian representation in the United Nations.

Curiously enough, the Conference probably suffered from being insufficiently political. Since it was unrealistic to suppose that politics could be excluded, the course of wisdom would have been to have had a full and frank discussion. As it was, only parts of the field were covered and the all-important problems of security and defence, which might well have had a far-reaching effect on the general conclusions, were excluded altogether.

Yet, even though the Conference suffered from a lack of realism, its discussions were not unprofitable. After all, the essence of democracy is discussion, and in that sense the Asian Conference may be said to have been an interesting and valuable experiment in international democracy. For this reason, if for no other, it is a development which may be sincerely, even if a little cautiously, welcomed by the outside world. At this stage its work is not to be judged by concrete results alone. It was Cromwell who said that no man goes so far as he who knows not where he is going. The Asian Conference did not know where it was going; still less did it reach any particular destination, but it would not for these reasons alone be wise to conclude that it may not go a long way.

ATOMIC ENERGY UP TO DATE

A DRAMATIC happening since the last article on this subject* appeared in *THE ROUND TABLE* has been the revelation by Mr. Stimson, former American Secretary of War, of the reason why the first public test of the atom bomb was made over a living target, instead of over one of the many uninhabited atolls in the Pacific Ocean. It was held, it seems, that any demonstration of the power of the bomb which could be expected to lead to a rapid ending of the war must be unquestionably effective; if it were not it might produce on the minds of those invited to watch it precisely the opposite effect to that sought. A public "loss of face" due to any such failure might indeed encourage the enemy to continue the war. But, it may be asked, if the secret test in New Mexico showed that the scientists could predict precisely what would occur, why not trust them again? Whatever the answer to that question may be, it does appear that there were few, if any, bombs held in reserve, and it was deemed that no risks could be taken with them.

There were nevertheless grave doubts in many minds. The American scientists were divided: some, including those in closest touch with authority, favoured the choice of a hostile town, but others, probably a majority, were strongly in opposition. The responsible decision was taken by the President, in consultation, it seems, with Mr. Churchill. Without question it had one very welcome consequence, the shortening of the war, and the probable saving of millions of American and Japanese lives (combatants, civilians and prisoners). It nevertheless poses the question: had Germany possessed atom bombs and used them in this way (but had nevertheless not won the war), might not the authors of that attack have been haled before a "Nuremberg" tribunal to answer for their action?

The British Council of Churches found it impossible after much debate to agree on the moral issue. Not so the American Churches: they went so far as to suggest that the city of Hiroshima should be rebuilt by American money as an "act of contrition". That there should be this divergence in points of view is not really remarkable, for the circumstances were unprecedented.

Such issues must now be left to the historians to settle. What we have to face to-day is the practical issue of what to do with our possession of the key to the vast store of energy put into the atom when it was first created. This, like so many other discoveries, has two sides: the military, of which we now know a good deal, and the civil, of which at present we know much less. The danger of the first application is extreme; but the benefits to be sought in the second may be even more important. Before reaping the benefits we must learn to curb the risk. This leads us to some form of international regulation, and on this the United Nations has been earnestly seeking a plan which, while effective in purpose, shall interfere no more than need be with national sovereignty, and thus be acceptable to all.

* See *THE ROUND TABLE*, September 1946, No. 144, pp. 330-6.

The Atomic Energy Commission

THE report of the United Nations Atomic Energy Commission was published at the close of 1946. It had been endorsed by the Commission by ten votes to nil, the U.S.S.R. and Poland abstaining from voting—mainly, it was surmised, on account of restrictions suggested on the exercise of veto powers. On December 31 it was presented to the Security Council.

The Commission had done its work thoroughly. The instructions from the General Assembly had been that it should make recommendations:

- (a) For extending between all nations the exchange of basic scientific information for peaceful ends;
- (b) For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;
- (c) For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;
- (d) For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions.

The Commission and its committees had held over eighty meetings within six months. Leaving aside for the moment the vexed question of the veto, its chief finding was that there should be set up a strong and comprehensive system of control, defined by a future treaty in which all the United Nations could participate.

The idea of a treaty to set out in detail just what it was proposed that each of the United Nations should undertake to do was later endorsed in principle by the Security Council, which thereupon invited the Commission to prepare the necessary draft. It was part of the Commission's plan that there should be established by the United Nations a separate international Atomic Energy Agency (A.E.A.) with the triple duty of promoting the exchange of basic scientific information on atomic energy for peaceful ends; of preventing its use for destructive purposes; and of controlling it to the extent necessary to ensure its peaceful use.

The plan provided also that the Agency should itself carry on research and development in order that it and its staff should keep in the vanguard of atomic knowledge. But individual nations would be free to carry on research aiming at the civil employment of atomic energy, provided always that investigations concerned with its military use in any aspect should be confined absolutely to the Agency's own establishment (which might or might not, as the event might determine, embark on such work). All nations would of course be expected to afford to the properly accredited representatives of the Agency unimpeded right of "ingress, egress and access" to perform the tasks stipulated by the treaty.

Besides providing for these important technical duties the proposed treaty would prohibit, from a date to be specified, the manufacture, possession or use of atomic weapons by all nations, or by persons under their jurisdiction, and would provide for the disposal of any existing stocks of such weapons.

Those drafting the terms of the treaty have the hard task of specifying the means and methods for determining violations of its terms, of setting forth

what violations shall constitute "international crimes" and of establishing the nature of the measures of enforcement and punishment to be imposed upon the guilty. In the background there is, of course, always the right of self-defence, recognized in Article 51 of the Charter of the United Nations, which as a last resort might have to be employed until the Security Council had taken the necessary measures to restore world peace.

The situation became complicated when the Security Council found itself faced with a proposal for a Disarmament Commission. Should the work of this new Commission include the atomic weapon (at the moment the most terrifying of all) and, if it did, how could it avoid clashing with the A.E.C. itself? Yet, if that clash were to be avoided by leaving this weapon outside its survey, would not the new Commission work in an artificial atmosphere?

Perhaps the best answer is that once the Atomic Energy Agency had been set up it could relate its tasks to any recommendations of the Disarmament Commission. Indeed the very existence of the A.E.A. would illustrate what could be done in respect of one major weapon, and therefore afford guidance as to what might be done as regards others.

The Right to Inspect

WASHINGTON and Moscow seem to have come nearer to agreement as to the need for some effective form of international control, though there are still differences as to the degree of power to be exercised by the A.E.A. Those divergences are important, and a compromise acceptable to all will not be easy to arrive at, for if too much is whittled away the plan will be no longer watertight (or rather rogue-proof) and the desired security may literally vanish in fire and smoke.

The difficulty in devising regulations prescribing the powers of the A.E.A. staff relates especially to defining a degree of inspection which will satisfy the purely technical requirements necessary to give security, and yet not conflict too greatly with the idea of State sovereignty. At one time it had seemed that no form of international inspection would be acceptable to Moscow, despite the consideration that the United States, which had the most to lose by such a plan, was willing in the general interest to accept it. But later on a shift in the point of view became discernible. Marshal Stalin himself, in an interview given to Mr. Elliot Roosevelt,* who asked whether the United Nations should have the right to inspect and control research and manufacturing facilities, as well as the use and development of atomic energy, replied:

"Of course, on the principle of equality, there should be no exception for Russia. Russia should be subject to the same rules of inspection and control as any other nation."

It is true that Mr. Gromyko, speaking as U.S.S.R. representative at a later date, and perhaps for tactical reasons intentionally overstating his case, declared that his country could accept no system of control which involved

* *The Times*, January 23, 1947.

any international interference with its industrial life: he did not object to an international control agency as such, but he did to one having functions of ownership, management, licensing and supervision of mining operations and fission plants, the ownership and disposal of the product, or of unlimited access to atomic plants for inspection.

It is hard to harmonize this statement with the earlier one by Marshal Stalin, and if the powers and position of the two men were reversed there would be little hope of agreement. When the Security Council considered the matter a little later (March 10, 1947), fresh instructions appeared to have been given: Mr. Gromyko expressly claimed that the U.S.S.R. did favour strict and effective international control of atomic energy and felt that effective inspection was a necessary component part of such control. Any statement, he added, that the Soviet Union was against strong international control and against effective inspection had absolutely no foundation. On the other hand, he thought the proposals of the A.E.C. went too far and might interfere with branches of industry not connected with the production of atomic energy.

In the end he concurred in referring the report back to the Commission with such amendments, proposals or additions as had been offered in the course of the Security Council debate, so that the Commission might seek agreement on any questions on which it had not already been reached. This proposal was accepted unanimously.

The position therefore is not unhelpful. The A.E.C. has now the task of drafting the proposed treaty and of seeking agreement on the powers to be conferred on the new Agency.

The Veto

PROBABLY too much has been made of that other obstacle in the fairway, the insistence of the U.S.S.R. on preserving in every case the right of veto given by the Charter to permanent members in the Security Council.

Difference of opinion exists on the interpretation of the clause in question: whether, for instance, one of the five permanent members can exercise this veto on proceedings by merely abstaining from voting, or even by not being present. Apart, however, from the precise means by which the veto becomes operative, the effect is to place in the hands of any one of those members the right to hold up any action which the rest of the Security Council may wish to take. This would be an intolerable situation if it meant that the day-to-day work of the Agency could be inhibited at any time by the action of any single one of the five Great Powers.

The appropriateness of the unanimity rule, with or without the atomic bomb, has been considered from the scientific viewpoint by Professor P. M. S. Blackett.* He defines sanctions as meaning the use of such overwhelming force as must lead to the submission or quick defeat of the offender, and he concludes that with the existing strengths of the national States unanimity among the Great Powers (particularly the U.S.A. and the U.S.S.R.) is essential, since without this the result of attempting to apply sanctions could only lead either to complete inaction or to a major war. The rule reflects

* *The Atom and the Charter*, September 1946 (Gollancz).

the actual disposition of power in the world and therefore acts as a safeguard to ensure that the Security Council must be realistic in action.

All this may be very true; but it is most important that there should be no right by any State to obstruct, by veto or otherwise, the normal day-to-day work of the Atomic Energy Agency. On this there now seems to be agreement, for the U.S.S.R. declared through Mr. Molotov at the meeting of the General Assembly's Political and Security Committee on December 4 last that the rule of unanimity in the Security Council had no concern with the work of control commissions: it would therefore be incorrect to say that a permanent member with its veto could prevent the implementation of the control system; indeed any attempt to prevent inspection would be held to be a violation of the Security Council's decision.

For the graver breaches of the treaty the unanimity rule is not of first consequence (since any action taken would be covered by Article 51 of the Charter), whilst at the other end of the scale there is general agreement that the normal work of the Agency shall be independent of interference by the Security Council. There are, however, other possible situations which lie between these extremes. Minor infringements of the rules are bound to occur sometimes, whether committed by subordinate officials or countenanced by a Government. Unless the Agency has means of dealing with such lesser cases, an unscrupulous Government might use this method to break down the power and authority of the organization.

It is not a little interesting that in a draft Disarmament Convention submitted by the U.S.S.R. delegation to the League of Nations as long ago as February 15, 1928,* the following provisions were included:

"All the contracting States shall . . . afford the organs of the Permanent International Commission of Control every facility for the full investigation of all or which, in the view of the Permanent International Commission of Control or its organs, give rise to doubts concerning the observance of the undertakings solemnly entered into with regard to disarmament and the discontinuance of all military preparations. The decisions of the Permanent International Commission of Control shall be taken by a majority vote and shall be binding on all contracting States."

That the U.S.S.R. should itself have urged, less than twenty years ago, the adoption of a comprehensive scheme of international inspection, without veto, shows that there cannot be any ideological obstacle to preclude agreement in the discussions now proceeding.

Harnessing the Monster

THE use of some form of nuclear fuel to supplement the use of coal, and ultimately, perhaps, to replace it, might well prove a godsend to many countries, and not least to Britain; but we dare not so employ it if it inevitably involved the distribution throughout the world of the most dangerously explosive and radio-active material known to man. Of its dangerous possibilities we have reason to be fully aware. Of its utility as a coming fuel, once certain technical points are straightened out, we are in doubt only as to its

* See Carnegie Bulletin No. 428.

cost in comparison with that of coal; though forecasts have been made which show that the costs would be about equal if the local price of coal were 10 dollars a ton—a distinctly encouraging prospect. There are indeed hopes that a first power station, designed to make use of atomic energy, may be working before the end of 1948.

The board of consultants, headed by Dr. Lilienthal, who were called in to advise the State Department in Washington on security questions in the field of atomic energy had made the striking suggestion that it might be advisable to "denature" nuclear fuel before it was sold—much as alcohol is denatured to convert it into the unpalatable methylated spirits—and so render it "safe" or at least "safer". As is now generally known, the explosive used in an atomic bomb is an exceedingly pure form of either U.235 or plutonium, and it is these very substances—though not in so pure a form—that are needed for the nuclear furnaces to produce power for civil ends.

The coincidence is unfortunate, but it does suggest the possible loophole of issuing the new fuel in a form sufficiently "impure" to make it unsuitable for military use though suitable for civil. Ill-disposed persons wishing to re-nature the fuel in order to manufacture atom bombs would be faced with the deterrent that there would be needed enormous plants and the expenditure of much time before any notable supplies of explosive were available.

To issue fuel thus denatured in place of pure U.235 or plutonium cannot be looked on as an absolutely watertight precaution, and opinions differ as to its merits. It is nevertheless a plan which would make discovery of evasion a good deal easier for the A.E.A. staff. And if the furnaces to take the nuclear fuel had all to be of A.E.A. design, the chance of any knavish trick by which they could be induced to produce a secret supply of pure plutonium would be greatly lessened. It seems that the American State Department takes the view that, although further knowledge is required before precise estimates of the value of denaturing can be formulated, it is likely that denaturing can play a useful part in a scheme of security.

The atom bomb admittedly put the United States in a powerful position in the military sense. If unhappily an atom-bomb race should prove unavoidable, the United States would have a considerable start, and if it wished to retain the lead it could almost certainly do so. In so novel a field a lead of even as little as six months could be decisive.

But this is certainly not what the U.S.A. desired. For as from January 1, 1947, that Government has placed all atomic energy matters under civilian control, the better to accelerate its many peaceful and beneficial uses. It is noteworthy also that within its own territory all uranium and thorium ores, even those which contain so little as one-twentieth of one per cent, have already been placed under the strict control of the American Atomic Energy Commission, a predominantly civilian authority. It may indeed be questioned whether any country could have shown a more striking example of disinterested good faith in the peaceful aspirations of the common man.

THE STERLING BALANCES

From Mr. Dalton's Budget speech, April 21, 1947:

"We incurred vast expenditure, all over the world, for the import of munitions into various areas in order to defend the inhabitants who often took a minor part in the operation, and for the provision of services for our own troops—expenditure which now, as part of the accountancy of victory, is hung round our necks as war debts. These large and swollen sterling balances—I do not speak of the smaller sterling balances which arise in the course of trading—would never have arisen had Lend-Lease been the common rule among the Allies. These great balances can never be discharged or even diminished except by unrequited exports, exports unbalanced by imports. And these unrequited exports are—and I speak bluntly looking at the facts as they represent themselves to me—a luxury of which we can afford very little for many years to come."

And from the "Financial Times", April 21, 1947:

"Iraq intends to get every penny of her sterling balances—estimated at £70,300,000—which it regards as national wealth, Yousif Gunema, the Finance Minister, told Parliament to-day."

From Mr. Dalton's speech to the Brazilian Chamber of Commerce, May 6, 1947:

"This vast accumulation of debt represents an unreal, unjust, and unsupportable burden. . . . Sooner or later—and it would be better sooner than later—this mass strength must be refusal to take on commitments which are beyond her strength and beyond all limits of good sense and fair play."

IT is as well to be clear exactly how the sterling balances came into existence. A war has to be waged from contemporary output. Apart from the stocks of munitions and other goods in hand at the beginning of the war—and they are insignificant in relation to the subsequent continuing requirements of a large-scale war—all the guns, tanks, aircraft, uniforms, have to be produced during the course of the war. Nobody in the last war was killed by the potential bullet of 1950.

A country remaining in contact with the outside world can, however, supplement its own contemporary effort by utilizing the services of labour abroad. It can exercise a claim on those services in various ways. It can obtain them freely by way of gift; it can sell assets it owns abroad in exchange for products and services available for immediate use; it can secure products and services by borrowing under loan arrangements or agreements. It was the last-named method of supplementing Britain's war effort that gave rise to the sterling balances.

Britain began to realize overseas assets from the outset of the war. Thus, before the operation of the Lend-Lease Act nearly all the marketable United States dollar securities of United Kingdom nationals were compulsorily acquired for sale or pledging in order to finance the purchase of munitions and the construction of war plants in the U.S.A. Gold and liquid dollar

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reserves were also realized. Even when as a result of Lend-Lease the sale and pledging of assets ceased in respect of the United States, the realization went on elsewhere. The extent and the distribution of this realization were revealed in the statistical material presented during the Washington negotiations on the American loan to Britain. The following table relates to the period September 1939 to June 1945.

Proceeds of Sale or Repatriation of Overseas Investments during the War

	£ million
<i>Sterling Area:</i>	
Australia, New Zealand, S. Africa, and Eire	201
India, Burma, and Middle East	348
Colonies and other sterling-area countries	15
	<u>564</u>
<i>North America:</i>	
United States	203
Canada	225
	<u>428</u>
<i>Other countries:</i>	
South America	96
Europe	14
Rest of World	16
	<u>126</u>
Grand Total	1,118

This process could have gone on until the whole of British overseas assets, the fruits of centuries of investment, had been realized. But what was in effect a new type of realization came to supersede this physical disposal of assets. Loans were made to Britain without any surrender of assets or even pledging of collateral. The outside suppliers of goods received payment in sterling and temporarily forwent the use of these sterling claims. That is to say, they remained the titular owners of the sterling, with the presumption that at some time in the future the claims could become active purchasing power.

An Automatic Process

THE case of India provides an example where the process was almost automatic. In the course of the war the expenditure of the Imperial Government in India increased very rapidly. In addition there was a surplus of exports from India, widened by the policy of restricting imports. The actual furnishers of the goods and services in or from India secured payment in rupees at the time, but the British authorities obtained these rupees in exchange for securities lodged at the Bank of England to the credit of the Reserve Bank of India. The Reserve Bank was obliged by law, until quite recently, to issue rupees in India without limit in exchange for sterling deposited to its credit at the Bank of England at the rate of 18½d. per rupee. The translation of expendable rupees into sterling holdings could, and often did, take place through indirect channels, but the process resolved itself essentially into the acquisition of rupees by the mere printing of sterling securities.

In other cases the process was not automatic, since independent countries are under no legal constraint to provide their own currency merely in exchange for sterling deposits or securities; but many countries were glad to supply the Allies on such terms, and the control of the seas and other means of influence left others with little or no option to refuse.

In retrospect it may appear that we took reckless advantage of these facilities for drawing upon the efforts of other peoples to supplement our own war effort. The issue, we may reply, was the extreme one of survival, and in nominally supplementing our own effort we were enlarging the common effort. The recklessness lay in assuming the obligations without qualification, or appearing to do so. Certainly the obligations increased relentlessly, to assume the frightening dimensions that obtain to-day.

"Balances" is a generic term to cover all external liabilities: various overseas countries concerned have claims on Britain. These claims may be represented by balances in the popular sense, i.e. deposits with British banks. They may be embodied in security holdings ranging from treasury bills to the long-dated British Government stocks. The war-time obligations have been further swollen by post-war increases arising through similar trading arrangements, and our total obligations abroad now include our drafts to date on the United States and Canadian loans. The "sterling balances" are thus subsumed in the statistics recording the total external liabilities of the United Kingdom. The war-time and post-war development of these liabilities is shown in the following table.

External Liabilities of the United Kingdom (£ million)

	Outstanding on Dec. 31					
	1941	1942	1943	1944	1945	1946
<i>Sterling Area:</i>						
Dominions	139	189	236	390	481	444
India, Burma, Middle East	399	695	1,141	1,524	1,929	1,883
Other sterling-area countries	318	388	473	477	561	593
Total sterling area . . .	856	1,272	1,850	2,391	2,971	2,920
North and South America .	240	256	278	346	519	847
Europe	180	242	281	378	273	356
Rest of World	23	48	56	56	62	91
Total liabilities	1,299	1,818	2,465	3,171	3,825	4,214

These totals do not represent an absolute increase solely attributable to the war, since considerable funds were held in Britain as a normal peace-time practice before 1939. With London as a great international capital and monetary centre this practice served the convenience of overseas countries, and given the maintenance of British economic prestige the practice should continue in future. It is estimated that before the war over £700 million of liquid sterling assets were held here by overseas countries. The increase in the total since then, after allowing for changes in price level, is the measure of war-time abnormalities. Taken in conjunction with the actual realization of

assets as shown in the first table, the abnormal increase in liabilities indicates that we have either realized or in effect pledged assets amounting to at least the equivalent of our total pre-war investment abroad—around £4,000 million—built up by centuries of accumulation.

Should We Pay?

OF the total outstanding at the end of 1946, £700 million were represented by funded loans, leaving £3,500 million of claims ostensibly exercisable on demand or short notice. There should be no delusion about the real process entailed in liquidating these obligations. As the Chancellor expressed it, the discharge would be effected by unrequited exports from this country. The claimants might cavil at the term "unrequited", since they could argue that value was previously given by the goods and services they furnished in war-time, but as far as the contemporary British citizen is concerned the goods and services have long disappeared into the maw of war. Only the obligations remain, and if they are to be discharged British effort must be allotted to the output of goods and services to be enjoyed by other peoples. The process would in its incidence be indistinguishable from tribute or reparations. In the receiving countries the something for nothing would be a contemporary net gain in welfare.

The world has learned a little economic sense in recent years. Through the generations until quite recently there has been a persistent bias in favour of exports and a prejudice against imports. It was useless for economists to demonstrate that exports had a welfare value only in so far as they resulted in imports. The irrationality persisted. Indeed a few hasty and thoughtless people on this side welcomed the potential demand for British manufactures latent in the sterling balances, while Indian industrialists expressed alarm at the threat of a post-war flood of British manufactures into their country. The realistic view has, however, been taken by sensible people. To console ourselves with the thought of assured markets and consequent employment would be a delusion. To attempt to persuade the creditor countries that payment would "hurt you more than it would hurt us" would be futile.

The questions thus arise, whether Britain ought to suffer a continuing deprivation, and whether she can suffer it. On the first question there is the extreme view that the major part of the obligations arose out of transactions that were embraced by the common war effort of the Allies and should be merged in the general contribution. This view is made explicit in the statement of the Chancellor quoted at the head of this article. It would make the transactions analogous to those of war-time Lend-Lease, and would dispose of them by the same summary writing off. Violent champions of this view would go farther, and send in an additional bill for Britain's services in preserving some of the prominent claimants from tyranny and enslavement. We need not be too delicate to signal out India, Egypt and Irak as objects of these reminders and admonitions.

Two retorts can be and have been made to this. First, that no such understanding or reservation was made at the time (such as was implicit in Lend-Lease) and that retrospective unilateral adjustment would be indefensible.

It must be admitted that much of the argument at this end appears as an after-thought. The truth is that we were too busy and intent at the time to reckon the cost. As late as February 1947 Mr. Churchill challenged the Chancellor with this revelation.

"Is it not a fact that the Governor General of India was notified at the time of the late Government, that Great Britain reserved her full rights to present a counter-claim on account of the effective defence of India by all means—land, sea, air and diplomacy—by which the freedom of India from foreign invasion was secured?"

A notification to a Governor General is not an impressive or a characteristic example of Treasury control, but in any case the Chancellor was obviously taken off his guard.

"I cannot charge my memory. The right honourable gentleman was Prime Minister at the time, and if he says that such a message was sent I would not for a moment challenge him. It is not contrary to my recollection although I do not exactly recall the message. It may be a fact that that is so."

The second retort takes up the challenge of equality of sacrifice and insists that such countries as India incurred similar and even greater real sacrifices at the time, which would be unwarrantably aggravated by a scaling down, to say nothing of a cancellation. Against the dead of the battlefield India counts the victims of famine.* Nor is any concession made to the argument that the obligations were incurred at inflated values and should be scaled down on that account. The spokesmen for India refute the arguments and the calculations made at this end and quote the findings in the Fourth Report of the Select Committee on National Expenditure (1945)

"that the controls which have been established operate over the whole range of raw materials and components required for military purposes and that the aim of the Government of India to limit profits to a fair return on capital employed appears now to have been achieved in important fields of production".

And as a final shot there is the reminder that the obligations are now repayable in a considerably depreciated sterling currency.

Can We Pay?

THERE the moral issue must be left; for the dispute on this basis is endless and unresolvable. We must turn to the second question, whether Britain can assume the burden entailed in a liquidation of the obligations. On this we must first note that the Anglo-American Loan Agreement envisaged the settlement of obligations *to the sterling-area countries* on a prescribed basis:

- (a) Balances to be released at once and convertible into any currency for current transactions.
- (b) Balances to be similarly released by instalments over a period of years beginning in 1951.

* The emphasis on the Indian case is inevitable in view of the preponderating amount of the Indian claim in the "sterling balances", at least £1,200 million. For the arguments from that side see *The Sterling Assets of the Reserve Bank of India*, by B. R. Shenoy (Oxford University Press). Also the Sterling Balances Supplement to *The Eastern Economist*, January 17, 1947.

- (c) Balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and in recognition of the benefits which the countries concerned might be expected to gain from such a settlement.*

It is interesting and significant that in the waiver clauses of the American Loan Agreement the figure of £43,750,000 is introduced in a context which suggests that it would be a reasonable annual provision for the liquidation of the sterling balances outstanding at the end of the war. The term of years involved in a complete settlement on the basis of this annuity depends of course upon the agreed sum of the debt and the rate of interest assumed. (It should be remembered that some interest is already being earned on the balances, and that the volume of the debt may be increasing by accumulated interest.) Funding at the prevailing rate of long-term interest on the full total would exact twice the above amount in interest payments alone. Two and a half per cent on £3,500 million represents £87,500,000 a year. With amortization an annual "tribute" of well over £100 million would be payable.

Is this economically feasible? In 1946 this country received £150 million in interest, profits, and dividends from abroad.† If £150 million can be earned abroad it can, *prima facie*, be left abroad. But the deprivation of these earnings *in toto* would entail a cut in the British standard of living which in the circumstances the British people would not endure. If the creditors held equivalent assets owned by the United Kingdom in their territories they could force the issue by sequestration. Argentina has cut the Gordian knot in that way by taking over the British-owned railways there in exchange for outstanding sterling balances. Other countries cannot effect that harsh solution. Those bound to us by ties of kinship and friendship would not if they could. Those inclined to stand on their bond must understand, even if they do not subscribe to, the attitude of the British people. We are not bilkers, but when sacrifice is the argument we have a right to be heard.

The basic fact remains that only in goods can these debts—and they are debts of honour—be redeemed. That projects the problem upon the plane of trade, and directly connects the sterling debt issue with that of dollar debts, though in a contrary way to that assumed by the American negotiators of the Loan Agreement. For the more rapidly and the more freely our sterling obligations are liquidated, the less will be our purchasing power for all imports, and the more imperative, in particular, our need to cut imports from the United States to the bone. It may well be found, in the course of the international trade negotiations proceeding now at Geneva, that the only chance of furthering the ideal of expanded multilateral trade will be an extremely forbearing attitude on the part of our sterling-area creditors. As it is, the sterling balances and imperial preference are playing on the same side.

* Needless to say, Indian representatives have already declared that India is not bound by this pattern of settlement.

† See the White Paper on the National Income. Cmd. 7099, April 1947.

AMERICA DOES NOT WANT WAR

THE real center of gravity of American public opinion is somewhere between James Burnham, who says the war with Russia has begun already, and Henry Wallace, who seems to advocate a policy of unrestrained appeasement. In fact, American opinion is considerably nearer to Mr. Wallace than it is to Mr. Burnham. Americans do not want war, preventive or other. They do not believe that American relations with Russia need to get much worse. They see no reason why America and Russia should not be friends in the world battle of economic reconstruction. They want to break through the present clouds of misunderstanding.

It is true that the American Government, with the reluctant but strong support of popular opinion, decided to open the Moscow Conference with a warning to the Soviet Government that the United States would not stand by while Russia moved into the vacuum left by Britain's necessary retrenchments. That warning was not a new aggression by the Western democracies. One democracy simply replaced another. The Russians took it the hard way, and refused to yield at all at the Moscow Conference. Our strong line had therefore produced no visibly successful results. But it is too soon to say that the policy is a failure.

American public opinion is disturbed at the situation. Many fear we are drifting toward very serious trouble—toward war with Russia—and Americans want to avoid war. But the leaders of the American Government do not believe we are drifting toward war. They think we have made our point with the Kremlin, and that the situation will before long start to improve.

In their view, the current post-war tension was unavoidable. During the war itself we had extremely little diplomatic contact with the Russians. Our relations chiefly travelled the one-way street of lend-lease. Now we have almost daily diplomatic encounters with Soviet delegates at the United Nations, or at the periodic meetings in the various capitals and in the occupied areas. We are attempting agreements all the time. It is no wonder there is tension. This is the period during which the peace treaties are being negotiated. That is invariably a time of trouble. When, at long last, the treaties have been hammered out, the American Government expects a large and hopeful stabilizing of relations.

Certainly the United States is not preparing for war. We have—in Greece and Turkey—picked up a small part of the responsibilities Britain cannot presently carry. We have greatly reduced our army, navy, and air force. We have held on to some Pacific islands rather clumsily, and are not preparing to stay indefinitely in Japan, and our presence in Korea is conditioned by Russia's presence and by nothing else. We have withdrawn from China.

In only one field could American policy fairly be described as aggressive, and that is in the production of atomic bombs. But we have freely offered to turn this all over to international authority for supervision and control

if others will do the same. We are not willing—perhaps wrongly—to destroy or give away the techniques of atomic warfare until we are sure of reciprocity. Viewed objectively, that does not seem a particularly hostile attitude.

British Understanding Needed

IT is especially important that Britain and the British nations shall not misunderstand the American position. Goodness knows that we are often inept. Our free press and our free Congressmen frequently say reckless and dangerous things. But underneath there is a great deal of stability. Underneath the same ideals which led us, in our way, to come to Europe for two wars, and have made us willing to contribute without stint to world recovery, are unchanged and undiminished. We want one thing only: peace with stability. We do not want territory or power in Europe or Asia.

But we know that the expansion of the Soviet Union beyond its normal security areas means a challenge to world stability and ultimately to peace. We believe this expansion should be stopped before it has destroyed the world balance. We are willing to contribute to Soviet security in any rational manner—as our offer of the Four-Power Pact attests. We believe the Russians have a right to security, and tacitly we are willing to concede them a generous sphere of influence although we regret the loss of freedom to the peoples within that sphere. But we are not willing for that security zone to expand indefinitely into world empire.

In all these respects, surely, American opinion coincides with the basic views of most British people. We have a common problem, therefore, of making ourselves clear to the Russians. We need to make our good-will and our integrity unmistakable. There is a great question, of course, whether the present rulers in the Kremlin would admit that good-will, however self-evident. Their power to a great degree depends upon keeping the Russian people quiet under the threat of foreign dangers. And what preoccupies Americans is the necessity—and the difficulty—of breaking through the iron curtain to tell the Russian people somehow and to some degree that we are not trying to encircle them and that we wish them well in the development of their own destiny within their own territories.

No matter what foolish Congressmen and editorial writers may say, there is not an ounce of imperialism in the great bulk of the American people. There is self-centeredness, disregard for others, *naïveté*, ignorance. There is also a great deal of generosity, of idealism, of willingness to sacrifice when we see what has to be done. But the forces of isolationism and the impelling breadth of our own continent are so powerful that we have no desire to plant our flag around the world. We supported the Truman program in Greece and Turkey as an unpleasant necessity. We would gladly turn all these responsibilities over to the United Nations at the earliest possible moment. But we appreciate the basic needs of a stable world, and we regard as the first step toward stability a frank warning to Moscow that it cannot penetrate indefinitely.

The second step, we are equally aware, should be a more constructive establishment of our disinterested purposes. The principal disagreement of

most Americans with Mr. Wallace on foreign policy issues is his timing. Not that we are in favor of what seems to be appeasement. But we are in favor of making real peace with Russia, of reaching basic understanding in so far as that can be possible between two so widely divergent systems. We felt Mr. Wallace was wrong in putting this policy ahead of the firm stand against unlimited expansion. And we would support his kind of courtship of Russia only with reservations. But we are certainly prepared to start in that general direction. By and large we condemn the war-expectant fatalists. We are determined to prove them wrong.

British Austerity and American Aid

AMERICA was deeply disturbed at Britain's winter ordeal. We wished there was something we could do about it. For, make no mistake, even the most isolationist American—particularly the most isolationist—must by his own logic wish for a strong and healthy Britain. We appreciate the full depth of Britain's economic troubles. The bulk of Americans have no especial confidence in socialist remedies, however, and are not convinced that the Labour Government is doing so well as the Conservative alternative might have done had the post-war circumstances brought them to power.

It was not clear to Americans how they could help Britain as the trying winter wore on. The best we could do, apparently, was to take up the load in Greece and Turkey. But any serious request for aid in the crisis—as it continues—would certainly meet with a warm American response. Americans know, though sometimes some of them will not admit, the importance of Britain in world stability.

Moreover, Americans have uneasy consciences. We continue to enjoy altogether too lush an era of prosperity. Prices are too high, wages are too high, profits are too high. We know how we must look from across the Atlantic. It is not morally comfortable for us to enjoy the fat of the land on our tables, amid 80 degrees of central heating, while we read of Britain's floods, its cold winter and heatless summer. We are not altogether naïve, and we know that the world cannot continue forever half-gorged and half-starved. There was a time when some of us rather envied Britain's austerity, feeling that these hard and lean times would make a healthy nation ready to go forward swiftly when the time came. We felt Britain would probably "be all the better for it".

But there is such a thing as overdoing a reducing diet, and we have been distressed to observe Britain's increasing tiredness, though its pluck—viewed from this distance—has never wavered. We could readily imagine what Britain thought of us. We feared British-American relations would be embittered by the increasing disparity between us. Perhaps they have been. And we want to know what we can do about it.

There is one thing we might have done that we have been unable to do: relieve the Palestine situation. But official American policy at the United Nations Assembly—despite the continuous and tumultuous Jewish pressures—will not be one-sided. We appreciate Britain's problem and plight in Palestine. While the United States would doubtless be entirely reluctant to

accept for itself a new version of the Palestine mandate, we will certainly support a broadening of the responsibility so that Britain will not have to bear alone the cruel brunt of the Jewish and Arab pressures. And, once the Assembly has decided, the United States is likely to work actively in support of the decision, no matter if the many and urgent Jewish factions are not satisfied.

Inflation Threatens

PERHAPS the best thing Americans can do to help Britain's continuing domestic crisis is to meet its own internal problems so that there will not be a severe business depression here a few years hence just as the rest of the world has begun to make substantial recovery. Whether we can or will do this remains to be seen. The most immediate factor, now, is whether inflated prices within America begin to come down. Internationally this inflation has already cut severely the real value of the British loan. It has consumed stored-up savings at home until the public's buying power is gravely depleted. Unless prices start downward soon, and seriously, we will face the threat of a depression before many months have passed.

But the evidence is that prices have started downward, and will continue. Already a few big national manufacturers have announced small but symbolic price cuts. Production continues at peace-time high levels, and the fruits of the factories will soon be filling the stores and markets to repletion and inevitably forcing prices down.

There will also, before long, be plenty of American goods for export which simply cannot be absorbed on the domestic market. We know they cannot be absorbed abroad, either, without extensive American credits. The extension of such credits may well be the next stage in our domestic and world recovery program. We know how badly the world needs these goods, and how badly we will soon need to dispose of them. Therefore, to maintain our own economy and to help the rest of the world to get on its feet and regain its strength, the extension of credits seems to be the indicated step. Much of the credit may well be forthcoming from private sources. We do not expect to get very much of it back. It is another way of balancing the books—of helping to stabilize the interlocked world economy, of helping ourselves. But it bears a dangerous similarity to the nineteen-twenties.

What could save us, economically, from the fate of the 'twenties? A low tariff policy, for one thing. That is what the American Administration is supporting at Geneva. But it is not at all clear that the Republican Congress will go along, or that public opinion generally understands the facts of economic life well enough to insist on lower tariffs. However, there is still hope—certainly, more hope than there could be in the 'twenties—that we will help to balance our exports and credits abroad with the willingness to accept imports. Only in that way can we hope to mitigate the long-run evils of exporting both goods and credits.

Americans have not yet awakened to the fact that within a period of months we shall have an export surplus not only of farm products but of manufactured goods as well. We still deem ourselves to be in a shortage economy,

although the rising tide of production belies the fact and is hammering at the high prices. But the price break has not yet really come, and until it does the public will not realize what is inevitably happening. We are still within two or three points of the price peak, which came in mid-March.

Prices, Pay and Profits

PRICES are still far above 1939. Factory workers are better off than they were then, but salaried and pensioned persons are not. There has been a 54 per cent jump in living costs, but an 87 per cent increase in the average factory worker's hourly earnings. The price increases, however, are very uneven. Food is up 95 per cent over 1939. House construction is up 84 per cent. Men's suits are up 72 per cent, and motor cars up 56 per cent. But rents—which make up such a large part of the domestic budget—are only 4 per cent higher, which accounts largely for the fact that over-all living costs are only up 54 per cent.

The factory worker, with his 87 per cent more money for an hour's work, is a privileged person. Raises for other workers have been much less. The "real" income of a person living on bond interest is now about 60 per cent of 1939, the school teacher has about 90 per cent, the retail trade worker is about the same. Workers who were holding their own until mid-1946 are now being severely squeezed. That means that pressure on prices is very great. For people with lower real incomes are just not able to buy. Retail sales have begun to fall off. To meet them, rather contagious campaigns for 10 per cent cuts—or more—are under way. They will be valuable just in so far as they spread back to the wholesaler and from him back to the manufacturer.

Another source of pressure on prices is the enormous size of corporation profits. Net corporate profits in 1946 increased 30 per cent over 1945; 30 per cent in the final quarter of 1946 over the whole of 1946; and 30 per cent in the first quarter of 1947 over the last quarter of 1946. Those figures are another big impulse behind the drive for lower prices.

Presidential Prospects

PRESIDENT TRUMAN'S stock has gone up a good deal from the low ebb of last September. Now, according to the various polls and estimates, he is back to the point where the election of a Republican President next year is by no means certain. The Republicans, with their majorities in the Congress, are not doing too well. And so the political outlook is more than ever problematical.

Mr. Truman is the undisputed leader of his party, and will certainly be re-nominated next year. The extreme divisions within the Democratic party have been eased a bit by being in legislative opposition, but not a great deal. It is still a long way from the few remaining New Dealers on the Left to the conservative Southern Democrats on the Right. But the President himself has had many strategic opportunities as he confronts his Republican rivals. He has handled the strike situation firmly since he met John L. Lewis's strike against the Government by legal action. His Cabinet becomes stronger. And he has helped to force the Republicans into some very rash attitudes.

The Republicans are deeply divided. Senator Vandenberg represents liberal Republicanism, and has saved the party from several serious mistakes. He continues to take a very statesmanlike attitude on foreign policy and on major domestic issues. He comes as near to representing the evident opinion of the vast majority of Americans today as does any other political leader.

Senator Taft, on the other hand, more nearly represents organized Republicanism, which is highly conservative. If the party stalwarts—the state committeemen—were gathered today to nominate a Presidential candidate, their hearts would go out to Senator Taft. But the party stalwarts are not altogether representative of the voters, particularly of the unattached voters who nearly always decide elections. And Senator Taft has made few concessions to these moderate views. On all points but one, he has pursued a line of unyielding conservatism. The single exception is on housing, where he has sponsored a government aid bill.

Standing on the side-lines, carefully refraining from commitments on all major issues, is Governor Dewey of New York. He has taken the typical attitude of the American presidential candidate. Down through the years, strong men who took unequivocal positions have cancelled one another out, and the cautious side-liners have been nominated and elected. Governor Dewey is in this posture. He can commit himself when he is ready, and when he gauges the real trends of public opinion. He has strong friends and a good organization. So has Senator Taft. Senator Vandenberg is not organizing, but the strength of his own character and the growing accuracy and popularity of his judgment are highly satisfactory substitutes.

Thus it is likely to be a very close race for the Republican nomination, and probably a close campaign thereafter. What is most unfortunate is that neither the Republican nor the Democratic party is really moving in the direction of internal consistency and cohesion. Each party remains, and seems likely to remain, an inconsistent coalition of liberal and conservative factions. On foreign policy, they are similarly divided. The Democrats still have a few of the inheritances of Roosevelt liberalism, the Republicans tend to be more conservative. But, until more urban Democrats from the north return to Congress, the balance in the old Roosevelt party will remain with the southern conservative Democrats.

Epilogue

AND so this most troubled of post-war periods drifts along. The world of the Western democracies craves leadership, and such as there is comes from the basic instincts of the peoples, which are still sound. Here in America we know that the trend toward conflict between the two Great Powers must be checked. We do not think the trend is inevitable, and we knew this period would certainly be troubled. But we long for a voice—a voice with authority and integrity enough to reach through iron curtains and the mildewed chancelleries—to tell the people of the world that war is impossible.

United States of America,

May 1947.

INDIA

ON February 20, 1947, the Prime Minister announced in the House of Commons the decision of His Majesty's Government to transfer power to responsible Indian hands by a date not later than June 30, 1948. They now desired, said Mr. Attlee, to carry previous Indian policy forward to its complete fulfilment. The Prime Minister and the Secretary of State, who made an identical statement in the House of Lords, expressed the Government's regret that continuing differences among the Indian parties prevented the Constituent Assembly from functioning as it had been intended that it should. "It is of the essence of the plan", they said, "that the Assembly should be fully representative."*

Quitting India

IN the seventh paragraph of the statement of February 20, His Majesty's Government notified the Indian people of "their definite intention to take the necessary steps to effect the transference of power to responsible Indian hands by a date not later than June 1948". If it should appear that an Indian Constitution framed by a fully representative Constituent Assembly would not have been worked out by that date,

"His Majesty's Government will have to consider to whom the powers of the Central Government in British India should be handed over on due date, whether as a whole to some form of Central Government for British India, or in some areas to the existing Provincial Governments, or in such other way as may seem most reasonable and in the best interests of the Indian people."

This unmistakable warning that Mr. Attlee and his colleagues had come very near to the end of their tether was at first greeted with incredulity, for British patience (like the supposed British devices for dividing and ruling) is regarded in the Indian mind as being inexhaustible.

The arrival of Lord Mountbatten as Viceroy, with sealed but definite orders to wind up what remains of the British administration in the next fourteen months, has since given a sharper edge to His Majesty's Government's purpose. The later observation, in paragraph 11 of the statement, that as the process of transfer proceeds it will become progressively more difficult to carry out to the letter all the provisions of the Government of India Act, 1935, is both a statement of fact and a warning, whilst the promise that legislation will be introduced in due course to give effect to the final transfer of power is regarded as comprehending a treaty of friendship between the two countries and certain subsidiary agreements, one of which will cover the field of commercial relations.

On this latter subject the fourteenth and penultimate paragraph of the statement of February 20 declares His Majesty's Government's belief that British commercial and industrial interests in India can look forward to a fair field for their enterprise under the new conditions, an assumption of which the resident trading community would like to see more positive evidence than

* See THE ROUND TABLE, No. 146, March 1947, p. 170.

is at present available. As to the Indian States, the ancient doctrine of paramountcy, which has regulated the relations between the Crown and the Princes and their people since 1858, is dismissed in half a dozen lines.

The Response in India

THE immediate response to His Majesty's Government's proposals was almost wholly favourable, in the sense that, with one dramatic gesture, they were regarded as setting a definite date upon Indian independence. Other reactions, compounded of doubts, fears, and hesitations, have since emerged. Indians of all communities and of all shades of political opinion, irrespective of their differences in other matters, were unanimous in hailing the statement of February 20 as an act of liberation—overdue, perhaps, but none the less real for that. The nationalist press in hundreds of leading articles paid tribute to British good sense and statesmanship.

The party leaders' approach to the matter was more cautious. On February 22 Pandit Nehru commended the British Government's decision to the Indian people as "wise and courageous", in that it "not only removes all misconception and suspicion, but brings reality and certain dynamic quality to the present situation in India". The work of the Constituent Assembly would now have to be carried on with greater speed. Pandit Nehru concluded by saying:

"The British Government, on behalf of their people, have expressed their goodwill and good wishes to the people of India. We have had a long past of conflict and ill will. But we earnestly hope that this past is over. We look forward to a peaceful and co-operative transition, and to the establishment of close and friendly relations with the British people for the mutual advantage of both countries and for the advancement of the cause of peace and freedom all over the world."

The Nawab of Bhopal, Chancellor of the Chamber of Princes, declared:

"No longer now can it be said that the British desire to maintain their hold on India through adherence to the principle of divide and rule. . . . The States now have their chance of playing a vital part in helping to construct the new India, happy and contented."

Mr. Jinnah alone refused to smile. Speaking at Karachi four days after its publication, he ignored the Prime Minister's statement of February 20 and confined himself to reiterating his oft-repeated dictum that "the Moslem League will not yield an inch in its demand for Pakistan", adding by way of assurance: "whatever the Hindus may do, we shall ever remain generous and good to all."

Nor has he since been much more communicative; but Moslem opinion generally has tended to assume that His Majesty's Government's decision to hand over, if necessary, "in some areas to the existing Provincial Governments or in such other way as may seem most reasonable and in the interests of the Indian people" has deprived the Constituent Assembly of such little authority and prestige as it had painfully acquired. To Moslem eyes it once again looked as though by waiting and adopting an attitude of rigid non-compliance they would ultimately benefit from a bigger and better share-out. They calculated that before June 1948 the pressure of events would

reconcile both Britain and the Congress to the inevitability of Pakistan, or something very like it. For that reason, if for no other, Moslem opinion reacted strongly in support of the statement of February 20.

Early in March the Congress Working Committee invited the Moslem League to discuss the situation arising out of the British statement, but it was not until the middle of April that the League attitude toward such a proposal was made known. "In view of the discussions which are now in progress with the Viceroy and the Indian leaders, it is not likely that a Working Committee will be called until a definite stage in the task has been reached", said Mr. Liaqat Ali Khan, General Secretary of the Moslem League, in reply to a letter received from Mr. Shankerrao Deo, Secretary of the Congress, who had asked when the League Working Committee would meet to consider the Congress resolution inviting the League to a joint conference. Well might Pandit Nehru declaim, at a Jallian-wallah Bagh Day meeting on April 13, against a situation in which Congress had to acquiesce in the Viceroy's settling internal differences which were for Indians themselves to resolve. Intestine warfare, he said, was getting them a bad name both in India and elsewhere.

The Change of Viceroys

A POSTSCRIPT to the February 20 statement announced the termination of Field-Marshal Lord Wavell's Viceroyalty and the appointment in his place of Admiral Viscount Mountbatten. In making this decision public, Mr. Attlee pointed out that when Lord Wavell was made Viceroy in 1943 it had been agreed that this should be a war-time appointment. The opening of a new and final phase in India seemed to His Majesty's Government to be an appropriate moment to effect a change of office. Accordingly, Viscount Mountbatten, great-grandson of the Queen Empress, under whose hand British policy in India first began to take definite shape and form, was sworn in as the twenty-ninth and presumably the last Viceroy of India on Monday, March 24, at New Delhi.

We are too near the crowded events of Lord Wavell's Viceroyalty to pass judgment upon his handling of one difficult situation after another. Nor does his somewhat enigmatic personality assist the commentator to compress a verdict into a few words. But it is indisputable that a large part of the credit for breaking the deadlock between Britain and India is his; if he had also broken the deadlock between the Indian political parties themselves he would have succeeded where every other Viceroy of modern times has failed. His plans were essentially based upon the unity of the country and the agreement of the two main parties.

Lord Wavell would have been less than human if he had made no mistakes—his hasty dissolution of a tried and experienced Executive Council last year, for example, and its subsequent replacement by a nondescript "care-of many competent observers. But he is not the man to be daunted by temporary failures, and Indian opinion never for a moment doubted that he was pressing steadily on towards the goal of the country's freedom. How right

or how wrong he may have been in some matters of detail is less important than the fact that he established Britain's *bona fides* towards India beyond a doubt.

Lord Mountbatten's Talks

THE day following his assumption of office Lord Mountbatten began his first formal meetings with the Indian political leaders, preliminary talks being held with Pandit Nehru, Vice-President of the Cabinet and Member for Commonwealth and External Affairs, and with Mr. Liaqat Ali Khan, Finance Member and Mr. Jinnah's right-hand man in the organization of the Moslem League. The new Viceroy had arrived in the midst of a Cabinet crisis which had arisen over the sweeping taxation proposals of the Interim Government's first budget, presented to the Central Assembly by Mr. Liaqat Ali Khan on February 28. The Finance Member's taxation proposals, embracing new imposts in the form of a business profits tax and capital gains tax as well as penal rates of personal super-tax, were not only widely criticized because of the heavy additional burdens which they placed upon Indian trade and industry, but they also roused the ire of the Congress leaders because they so clearly drove a wedge between Hindu big business (which has always provided the bulk of the Congress Party funds) and the rank and file of the party both inside and outside the Central Assembly.

In the result, there was a first-class rumpus, with a countrywide agitation which quickly transferred itself to the Cabinet. Dark hints were thrown out that it might lead to withdrawal of one of the parties from the Cabinet, though if either the League or Congress were really seeking an opportunity to resign from the Interim Government a poorer excuse, or a less propitious moment, could hardly have been selected for the purpose. When things did come to a head inside the Cabinet Lord Mountbatten is understood to have handled their affair adroitly and in his first contact with them to have won the confidence of the Members of his Government.

Negotiations with Mr. Gandhi and Mr. Jinnah, however, are clearly on quite a different footing from periodical Cabinet discussions. The new Viceroy had a 2½-hour interview with Mahatma Gandhi on March 31. Several more followed at daily intervals. After the third the Mahatma told his audience at evening prayers:

"Never in history has a ruling power left any dominion of its own free will. This is what the British are trying to do to-day. It is right to believe that they are honest, whatever their past record here has been."

This was his first public pronouncement on the statement of February 20.

Mr. Jinnah arrived in New Delhi on April 5 and had his first meeting with the Viceroy the same day. An official communiqué issued immediately afterwards said: "As in the case of His Excellency's meeting with Mr. Gandhi last Monday the talk was of a general and preliminary nature." Mr. Gandhi saw the Viceroy once again before resuming his self-imposed peace mission in Bihar, whilst Mr. Jinnah had a further four meetings in the present series with His Excellency, who in the meantime had also received the Congress President, Acharya Kripalani, and had presided over conferences of Provincial Governors and Political Residents in the Indian States.

A Joint Appeal

ONE immediate result of the first round of the New Delhi talks was the publication on the Viceroy's initiative, and at his specific request, of a joint declaration in which Mr. Gandhi and Mr. Jinnah said:

"We deeply deplore the recent acts of lawlessness and violence that have brought the utmost disgrace on the fair name of India and the greatest misery to innocent people, irrespective of who were the aggressors and who were the victims. We denounce for all time the use of force to achieve political ends, and we call upon all the communities of India, to whatever persuasion they may belong, not only to refrain from all acts of violence and disorder, but also to avoid, both in speech and writing, any incitement to such acts."

This joint condemnation of the cult of violence attracted less attention than it warranted.

Lord Mountbatten deserves credit for what it implies. But the real question is whether he will succeed in securing the same two indispensable signatures to the even more important document that will determine the constitution and government of India after June 1948. For, even at this early stage, it is clear that Lord Mountbatten will have to provide much of the impetus necessary to effect anything approaching a peaceful transfer of power. Happily, his whole background and personality suggest that he will prefer to move ahead of events rather than permit them to overtake him. The logistics of warfare are not without a certain grim relevance to contemporary conditions in India.*

The Indian States

THE declaration of February 20, the subsequent talks between the Viceroy and the party leaders and the general apprehension of impending change have sharpened still further the jagged edges of the communal cleavage. The inevitable consequences are recorded every day in the columns of the newspapers in terms of lives lost in riots or isolated stabbings, the problems of displaced persons, slackening economic activity and all the other manifestations of chronic social instability. But there has been one notable exception to this otherwise countrywide decline. That exception is to be found in the Indian States.

It is true that, in the States, political life, if it exists at all, is not integrated in the same way as it is in British India. It is doubtful whether, outside the Princes, their advisers and a select public in each State, States' subjects generally understand all the long-term implications of the coming changes—though it has to be said that Congress, through its auxiliary, the States Peoples' Conference, has been doing its best to educate them. None the less, it remains a significant fact that, at a time when the virus of communalism

* After a visit of Lord Ismay, one of Lord Mountbatten's advisers, to London, it was announced on May 10 that the Viceroy had invited the five leading Congress, Moslem and Sikh leaders to meet him on June 2 to consider "the plan which His Majesty's Government have now made for the transfer of power to Indian hands". A week later Lord Mountbatten himself flew to London for consultations preparatory to that conference.—EDITOR.

has entered every department of life over most of British India, the States have so far escaped the infection. It would be rash to prophesy that the immunity will last, but the States have a rising political value, of which both the Princes and the party leaders in British India are fully aware.

Addressing the annual meeting of the All-India States Peoples Conference at Gwalior in April, Pandit Nehru declared that any Indian State which did not come into the Constituent Assembly *now* would be treated as a hostile State, and would have to bear the consequences. These were strong words, suggesting that the Pandit is still capable of that kind of impetuosity which has no place in the business of true statesmanship.

The Chamber of Princes, whose authority is incomplete because several of the most important States are outside its membership and because, in any case, it possesses no powers of compulsion over member States, is by no means unanimous in its desire to enter the Constituent Assembly. Acceptance of the invitation to join in the task of constitution-making has been hedged around with a number of qualifying conditions. One or two larger individual States, notably Bikaner, Patiala and Baroda, favour entering the Constituent Assembly, and they are supported by other not unimportant but smaller States such as Jodhpur, Rampur and Cochin. On the other hand, the attitude of Hyderabad, large, wealthy and politically important, remains to be finally determined.

There are a hundred different variants of the basic suspicion and alarm with which several hundred Princes and Chieftains view the coming constitutional changes in British India and the new political forces that have been released. But they all share the uncomfortable knowledge that Congress at least stands for the same political, social and economic conditions in the States as in the rest of India and regards the States as an integral part of India which cannot be permitted a separate existence. They fear what Sir Reginald Coupland has described as an "activist" Congress policy within their borders, leading to their ultimate disintegration and the assimilation of the fragments with the new India. This apprehension is common to all; though it is only fair to say that many of the States' rulers sincerely desire to promote the freedom and unity of India, provided these objectives can be obtained by a process of federation which will leave them something more than merely nominal authority over their territories.

Clearly, with the effluxion of time the several hundred small feudatory principalities will disappear; but the larger units, particularly those which have kept abreast of modern developments in industry, agriculture and the social sciences, have a case to be heard which cannot be summarily dismissed on the authority of some egalitarian resolution or another, passed in the days when Congress was more concerned with the enunciation of abstract principles than with the practical business of government.

The majority of the Princes would probably like to sit on the fence indefinitely, but as that is not possible there are those who favour entering the Constituent Assembly forthwith and making the best possible bargain whilst the going is good. Others appear to take the line that, with the issue of national freedom virtually settled, Congress is rapidly falling to pieces

over economic policy, and that by withholding a decision their position will become relatively stronger. Meanwhile, a tentative agreement has been reached between the Negotiating Committee of the Constituent Assembly and the States' Negotiating Committee on the method of selecting States representatives for the Assembly, the coming session of which will probably prove decisive for the future relations between certain of the bigger States and the principal political party in British India.

Partition and Sub-Partition

WHEN, on March 8, the Congress Working Committee passed a resolution advocating the division of the Punjab into two provinces, Moslem and non-Moslem, it unquestionably implied surrender of a principle long cherished by the party. The resolution was in part due to the compulsion of recent events in the Province, and was a necessary prelude to the support which is promised, but has not yet been formally given, to the Hindu demand for the partition of Bengal. For the present the division of the Punjab remains a possible administrative device; the partition of Bengal has already become a popular demand, enjoying, oddly enough, the enthusiastic support of the political heirs of those who opposed it so bitterly nearly forty years ago. But they emphasize that the creation of a new Province of Western Bengal as a separate homeland for Hindus and an integral part of the Indian Union does not mean acceptance of the principle of Pakistan. They would also require the province of Eastern Bengal to form part of the Indian Union.

On April 5 the Bengal Provincial Hindu Conference at Tarakeswar authorized the creation of a council of action to prosecute the campaign for the establishment of a separate homeland for the Hindus of Bengal "in collaboration with all nationalist elements in the country", the enrolment of 100,000 volunteers and the formation of committees in each village, union and district to carry on an insistent agitation in the western half of Bengal. The demands of the Hindu community, which include the constitution of the new province before the transfer of power, are to be placed before the Interim Government and the British Cabinet.

Some redistribution of provincial boundaries, based upon valid ethnological considerations, might be no bad thing if it led to a division of India upon real principles instead of party slogans. In the case of a partitioned Bengal a measure of economic retrogression would be the price to be paid for the possible relief to communal strife. Clearly, however, the process of division and subdivision should not be carried too far: hence one's anxiety at the zeal with which a certain section of Hindus have taken up the idea of partition.

Thus, in a message to the above-mentioned Tarakeswar conference, Mr. V. R. Savarkar, President of the All-India Hindu Mahasabha, said that to frustrate the vivisection of Akhand Hindustan the Hindus must first vivisect Pakistan. To this end the immediate steps were:

- (1) creation of a Hindu province in west Bengal;
- (2) expulsion of Muslim trespassers from Assam at any cost, so as to sandwich and smother eastern Pakistan between two Hindu provinces;

(3) creation of a Hindu-Sikh province in east Punjab; and

(4) rejoining of contiguous Hindu districts in Sind to the Bombay presidency.

Thus about ten large Hindu provinces, he said, would be consolidated into a strong centralized government of Akhand Hindustan. But this or any other jugglery would fail to help Hindudom if Hindus, said Mr. Savarkar, did not emphatically declare and manfully act up to the rule that the Muslim minority in Hindu provinces should be given the same treatment as was given to the Hindu minority in Muslim provinces.

Mr. Sarvarkar's formula shows how quickly separatist ideas mate and reproduce. Incidentally, with the Congress party losing rather than gaining adherents, as a result of the formation of new Left-wing parties with predominantly economic policies, it looks as though the Hindu Mahasabha may well come into its own again if, as seems likely, it takes up the partition cry with vigour. On this issue it has no embarrassing past commitments. Whereas the Congress has always stood (in theory at least) for Hindus as Indians along with Moslems, Christians, Sikhs, &c., the Mahasabha stands for Hindus as Hindus—neither more nor less.

The Sterling Balances and other Matters

MUCH that has happened in India during the last quarter has of necessity had to be excluded from this dispatch. No mention has been made of the long and arduous session of the Central Legislature just concluded, the chief feature of which was a budget of an almost revolutionary character. Ordinarily, in the context of less important all-India developments, affairs in the Punjab since the beginning of the year would warrant detailed description and discussion. As it is, they must be dismissed with the observation that, on the doubtful assumption that civil disobedience is a reputable political weapon, the Moslems of Lahore and elsewhere in the Punjab acquitted themselves well in their first attempt at an organized mass movement of the kind.

From one end of India to another there is labour trouble, and there is little doubt that, whilst the other parties are fighting over the testamentary depositions of the British *raj*, the Communist party is concentrating its control over the big labour unions.

The forthcoming sterling balance negotiations between Britain and India are of the greatest importance to both countries. The February talks in New Delhi, exploratory and at the official level, revealed that a wide gap separates the ideas of the two Governments. We hear less nowadays of India's capacity to absorb, which, until recently, was thought to be the only criterion to be applied to the task of liquidating the balances. Henceforth, we shall probably hear more of Britain's ability to pay. An unsatisfactory ending to the coming discussions in London would have far-reaching consequences upon Indo-British trade, as well as political repercussions. The first set of negotiations suggests that India's expectations were pitched far too high.

India,

April 1947.

UNITED KINGDOM

PUBLICATION of the last number of *THE ROUND TABLE* was delayed by the fuel crisis; for although the Government had to confess that the fortnight's ban on publication of periodicals was without legal sanction, and indeed the legal authority for forbidding the use of electricity in industry was itself dubious, the fact was that for varying periods, up to nearly a month in the south of England, printing works along with all other industrial establishments could not use electric power. The lifting of this industrial ban was completed, area by area, by March 3; meanwhile grave damage had been done to industrial output, not only directly, but also by the dislocation of production planning through delays in manufacture of raw materials and components. It was a bitter reflection that a coal deficiency which had caused such fearful losses to the national economy—at most 20 million tons, or 10 per cent of annual output—could have been avoided altogether but for voluntary absenteeism in the pits, which itself has averaged over 10 per cent for some time. Since May 5 this absenteeism has been “consolidated and legitimized”—Sir Arthur Salter's phrase—in the five-day week.

The cruel winter weather, and consequent transport difficulties, were officially estimated to have caused a loss of only 895,000 tons. That the blizzard did not cause the crisis but only revealed it was indeed obvious. Critics of the Government likewise insist that the coal crisis itself is only a revealing symptom of deeper-seated trouble. The Government's production drive, with the slogan “We Work or Want”, is a tacit admission of this.

Meanwhile the fuel difficulties have had many repercussions. It is estimated, for example, that as a result 50,000 fewer houses will be built this year. Exports, on a standard 26-day monthly basis, fell from £88 million in January to £82½ million in February and March. These deficiencies will have their effect on the general standard of living in due course. But the public are also made to feel the pinch directly. Midweek sport was curtailed or banned. From May 5 until the end of September “space heating” is forbidden in industrial and commercial premises (with certain exceptions) and it is illegal for a private citizen (also with certain exceptions) to use a gas or electric fire in his home. The meagre domestic coal ration remains the same as last year but the public were given fair warning that they would be lucky if it were honoured in practice. The estimated saving of coal from these measures is 2½ million tons. This may be measured against an official output target of 200 million tons for 1947, which the T.U.C. and other critics thought should be 220 million tons, a figure still not high enough to provide more than a miniature volume of exports.

A three-day debate on the Government's White Paper on economic prospects and policy, which took place in the midst of the fuel crisis, yielded little that was new save an announcement by the Government that they were about to set up a joint planning staff to co-ordinate the economic planning elements for which different Ministries were responsible. This overdue

device is modelled on the war-time Ministry of Production (also used to some extent as a model for the Ministry of Defence) but is in no sense a department. The Government appointed as chief planning officer Sir Edwin Plowden, a business man just 40 years of age, who made his name in the Ministry of Aircraft Production; as industrial consultant he will have Sir Robert Sinclair, Chairman of the Imperial Tobacco Company.

They will be responsible neither for executing policy nor for framing it, but only for assessing its consequences and seeing that its elements do not mutually conflict, nor in total overcharge the resources of the nation. Such a check must become of increasing importance as socialist policy develops, and ministerial or bureaucratic decision supplants private interest and the higgling of the market as the determinant of economic events.

The Transport and Planning Bills

THE main advance of legislative socialism during the past quarter has been in the parliamentary progress of the Transport Bill, to nationalize inland transport and docks, and the Town and Country Planning Bill. The guillotine was imposed on both these measures in the House of Commons, over the Opposition's bitter protest. In consequence, when the pre-determined date arrived for the Report stage of the Transport Bill, no less than 37 clauses and 7 schedules, or more than a quarter of the whole measure, had not been discussed in Standing Committee. Yet the importance of committee discussion had been shown by the acceptance of 21 amendments moved by the Opposition and 13 by back-bench Labour members, not to mention 245 moved on behalf of the Government themselves. That last figure does not include one major change made by the Government: the whole of the clauses relating to “C” licences for road haulage are to be dropped, thus freeing carriage by industrial firms of their own goods from the clutch of nationalization. It was a concession of importance, not only in itself, but also as suggesting a trend of Government thought towards the idea, not shared by all their supporters, that private enterprise must be given a fair field circumscribed only by a limited programme of nationalization.

The Town and Country Planning Bill sets up new and larger planning authorities, so that development planning can be on the scale which present-day ramifications of industry, transport and public services require—a purpose unexceptionable in itself, but holding out a serious threat to the vigour of local government, and especially to the smaller units, which are steadily losing powers to the larger units or to State enterprises. But the key provisions of the Bill are, first, that no development of land or change in its use may be undertaken without the express permission of the local planning authority or in certain circumstances of the Minister; and, secondly, that in future all development value of land—that is to say, increment in its value through building or any other proposed change in its use—shall be subject to a “development charge” ranging up to 100 per cent of the increment, and payable before the changed use is authorized. A lump sum of £300 million is set aside for compensation for existing development values, the intention of all this part of the Bill being that all development value should in future

belong to the State. That sum will be distributed, in a fashion not determined by the Bill, but subject to the directions of the Minister, by a Central Land Board which will also fix the rate of "development charge".

That neither compensation nor tax should be on known, statutory and universal principles, but subject to adjustment according to changing policy or differing circumstances, is a general defect which the Opposition have not failed to point out. They have also made much of the charge that the removal of any inducement to private development must slow down the pace of economic progress, even within the limits of rational planning in the overall public interest. For their part, Government spokesmen have not disguised their belief and intention that the Bill is a big step forward on the way to complete nationalization of the land.

Amid a welter of new legislation and regulation under previous laws, one further event demands mention. On April 1 the school-leaving age, below which every child must be at school, and may be at school entirely at the taxpayer's expense, was raised from 14 to 15 years. Many of those who believed in this change as a long-term reform had doubts of its wisdom at such a moment of economic crisis; but the Government clearly felt that a postponement would have been too great an encouragement to the more backward local education authorities. Members of all parties regretted deeply that Miss Ellen Wilkinson, the late Minister of Education, did not live to see the consummation of this reform, on which she had set her heart. She was succeeded by Mr. George Tomlinson, and he by Mr. George Hicks at the Ministry of Works; later Lord Pethick-Lawrence made way at the India Office for Lord Listowel, and Mr. Hynd for Lord Pakenham as Chancellor of the Duchy of Lancaster, who might well be entitled Minister for Germany, and who now works in that capacity under the Foreign Secretary.

Conscription

A PART from the fuel crisis and its repercussions, three developments, not directly related to socialist planning, have unmistakably injured the esteem of the public for the Labour Government. One arose over their National Service Bill, prescribing military conscription to extend for five years after the present war-time scheme expires in 1949, and thereafter by Order in Council. The Bill laid down a maximum period of 18 months for compulsory service. Winding up the debate for the Government, the Minister of Defence, Mr. Alexander, said that regular forces in the foreseeable future would be insufficient in voluntary recruitment to carry out the nation's minimum commitments, including its due contribution to the forces at the disposal of the United Nations. National service men (the proposed name for conscripts) would, he added, be needed to help out overseas until the international position improved. Certain sections of those called up might, therefore, be required, when they had done perhaps 10 to 12 months' training, to do the remainder of their service overseas.

The Government, supported by the Conservatives, had to face bitter criticism from their own back benches. This emanated from three main sources, not mutually exclusive. First, there were the old pacists and

sentimentalists to whom conscription seemed the ultimate heresy for the Labour party. Secondly, there were the extreme Left wing who have persistently abused the Government for not pursuing a foreign policy more favourable to the Soviets. Thirdly, there was a miscellaneous group of intellectuals and trade-unionists who claimed that man-power for industry was more important at the present time than man-power in the Forces. Despite strenuous efforts to secure obedience to the party whip, no less than 72 Labour members voted against the second reading of the Bill, in alliance with the Liberals, and some 40 deliberately abstained.

That was on Tuesday, April 1. On Thursday, April 3, the Government announced that the Bill would be amended to reduce the period of compulsory service with the colours from 18 months to 12, the period with the Reserve (which is to be integrated with the Territorial Forces) being correspondingly extended from 5½ years to 6. Mr. Alexander and other Government spokesmen sought to justify this volte-face on the ground of revised military and economic calculation. But, remembering their words in the debate only two days earlier, the public felt no other conclusion to be possible than that the calculation was political. Mr. Churchill made the most of his tactical opportunity, but the worst wrath was that of the loyal Labour party members, some of whom had voted against their private convictions on the strength of the Government's assurance that 18 months' conscription was essential for the security of the country and the upholding of the United Nations.

Unofficial Strikes

THAT was a self-inflicted blow at the Government's prestige, though not necessarily at its popularity; for no one can pretend that conscription is a popular measure. Prestige and popularity have both suffered from developments in the industrial field for which the Government were not directly responsible but which they seemed unable to control. The succession of "unofficial" strikes, which for many months has harassed industry and the long-suffering public, has continued and has taken menacing new forms. At one moment a general dock strike was threatened, when thousands of dockers came out in London, Liverpool and other ports as well as Glasgow, where the trouble originated through the discharge of 500 men who had been declared, by the joint machinery governing the recruitment of dock labour, to be redundant to the port's peace-time requirement. The strikers were in effect striking against their own union leaders who had been concerned in that decision and who exhorted them to stay at work. Mr. Isaacs, the Minister of Labour, said on April 29 that the strike

"is a violation of the constitutional machinery of the industry and it shows a complete disregard for its effects on the national well-being".

Such disregard has been all too frequent, and it shows that the workers have not been brought by their leaders anywhere near to recognizing that in a period of full employment and widespread government control a pressure for sectional advantage can be successful only at the expense of their fellow

workers. It also shows that, possibly through defects in the machinery of industrial negotiation, the men are dangerously susceptible to the leadership of irresponsible extremists in defiance of their own unions. Another tendency which has caused much apprehension in moderate Labour circles has been exemplified in two or three strikes (in each case in a public-service industry) against managerial decisions on appointments or promotions.

The Budget

POPULARITY, though not prestige, has probably been lost by the Government over the Budget, which Mr. Dalton presented on April 15. The deficit in 1946-47, at £569 million, was £157 million less than the Chancellor of the Exchequer had predicted a year ago—a result due entirely to the buoyancy of the revenue, expenditure having actually exceeded the estimate. For 1947-48, expenditure was estimated at £3,181 million, a fall of £729 million, the cut of £899 million in defence expenditure being offset by the increased cost of social services and of food subsidies. Cost-of-living subsidies in 1947-48 would cost £425 million, including £392 million for food and £33 million for utility clothing and footwear. "We have now reached a point", said Mr. Dalton, "where in any case it would be necessary to consider very carefully whether we could face any further increases in the total cost of these subsidies." A new and up-to-date cost-of-living index, including many items of family expenditure not dreamt of in 1904, when the statistical basis of the present index was framed, would be shortly introduced. Any change in food prices would have less effect on the new index, and in due course a modified policy would be introduced, which would no longer aim at absolute stability, and which would, he hoped, cost the taxpayer less. The demand that the people be allowed to spend their own money in their own way, instead of having it taken from them by the Government in order to cheapen the articles they buy, has been more and more pressed lately by Opposition critics.

Mr. Dalton estimated revenue on the existing basis of taxation at £3,429 million, giving a prospective surplus of £248 million. The estimated revenue, however, included £503 million of non-tax income, mainly from disposal of war-time assets and from moneys unspent from previous votes, which are only a book-keeping item. The Chancellor of the Exchequer nevertheless took his hearers aback when he said that the prospective surplus could not be regarded as enough, in the light of the internal and external financial position and the objective of an average balanced budget over good years and bad. The main changes in taxation were:

Purchase tax reimposed on domestic electrical equipment.

Repeal of the duty on artificial silk.

Income-tax reliefs, mainly on earned-income and child allowances, costing £76 million this year and £87 million in a full year.

Increase in legacy and succession duties.

Doubling of all stamp duties relating to sales of stocks and shares and the like transactions.

A 10-per-cent tax on the issue of bonus shares.

Increase of the profits tax from 5 per cent to 12½ per cent on distributed profits, leaving it at 5 per cent on undistributed profits.

A 50-per-cent increase of the tobacco duty, which on the Chancellor's estimate of a consequential 25-per-cent drop in consumption would yield £75 million this year, and, "what is more important", save 30 million dollars on the balance of payments.

Sir John Anderson, the principal Opposition speaker in the budget debate, observed that no one could take satisfaction in finding our expenditure totalling £3,181 million nearly two years after hostilities had ended. This has been the main plank of Conservative and Liberal criticism. Our national economy, said Sir John, would never be on a satisfactory basis until subsidies had been reduced to negligible proportions. He criticized particularly the adverse effect of high income-tax on production incentive. This, he concluded, was "a Budget of expedients, shifts and devices, some commendable, some trivial, some positively mischievous".

In the City, where some form of profits tax to replace excess-profits tax had been expected, the Budget was calmly received. The public, inured to high taxation and severe controls, appears to have felt that it might have been worse. There was one exception on which the man-in-the-street has not unnaturally fixed as the main feature of the budget—the increased tobacco tax. To have to pay 3s. 4d. for a packet of 20 cigarettes which before 1939 cost 1s. is indeed a painful reminder of Britain's weakness in international purchasing power. But tobacco was the outstanding item in our dollar purchases which could be reduced without penalizing our economy, and the very painfulness helps to remind the public that sacrifices for the sake of national economic stability must be borne by all.

The Government's Position

THE Government has thus earned a good deal of unpopularity, which has nevertheless been slow to turn into positive favour for the Opposition. At the peak of the fuel crisis there was much talk in the press of the possibility of coalition. But two things may be taken as certain: that the Government will not seek coalition save on socialist terms, and that there will not be a straight defeat of Government by Opposition in the House of Commons in this Parliament. If there is to be a big upset of political fortunes before a general election comes in the normal course, it can only happen through a split in the Labour party. This might conceivably happen over the means necessary to meet an economic crisis precipitated either by world depression or by the exhaustion of the American credits, or possibly even over foreign policy and the defence arrangements necessary to sustain it. The Labour party as a body, however, had too sharp a lesson from the split of 1931 to repeat that process in a hurry; and if it were to divide there is a chance that the cleavage would come at such a point as to leave a working majority for a more severe socialist policy than ever as the means of escape from the crisis.

United Kingdom,

May 1947.

IRELAND IN THE ECONOMIC CRISIS

THE almost catastrophic events of this spring have at least achieved one useful purpose in revealing the economic interdependence of these islands. The fond and foolish belief of Irish extremists that England's difficulty is Ireland's opportunity has been exploded, let us hope, finally. Self-sufficiency, so long advocated by Mr. de Valera as the ultimate goal of Irish economic policy, is now seen to be what it really is, a necessary evil rather than a desirable aim. We have learnt at last during these "dark and evil days" that we are "members one of another" and that England's difficulty is Ireland's difficulty too. A modern Kipling surveying the Irish economic scene this spring might well have written:

When your railways cease to function and you have no coal to burn,
Light you will want in that lesson, but plenty time to learn.

Panic and Paralysis

THE first sign of the coming storm was the drastic reduction of the passenger train service in January.¹ But worse was soon to come. Practically all our principal heavy industries, our gas service and one-third of our electric service are also dependent on coal. Panic therefore reigned when it was announced, on February 6, that the British Minister of Fuel and Power had stopped its export. Coal stocks within the country were already low because of the previous serious reduction in imports. Moreover, weather during the autumn of 1946 had reduced turf supplies to a minimum. Domestic consumers were left with nothing but an entirely inadequate ration of damp turf to meet the rigours of one of the coldest winters on record. Fortunately the southern portion of the country escaped the worst of this appalling weather. On February 12 Mr. Lemass, the Minister for Industry and Commerce, informed the Dail that if unfavourable weather continued we were facing a first-class crisis in domestic fuel, and that the supply in the Dublin turf dumps was barely sufficient to meet the already meagre ration.

This alarming statement was followed on February 23 by the announcement that the main-line passenger service of the C.I.E. (the Irish railway corporation) was suspended, and the goods service reduced to three days a week. The Great Northern Railway, which runs on British coal supplied to Northern Ireland, reduced its main-line passenger service about the same time. Subsequently, for reasons of economy, and in spite of the railway union's objection, the guaranteed railway week on the C.I.E. was reduced to four days. Even during the worst period of the war no such drastic steps had been taken. Soon afterwards the electricity ration was cut by 25 per cent. (This cut has since been removed, heavy rainfall having led to increased water power.) In Northern Ireland, where the electricity supply is wholly dependent on coal, cuts in hours of supply similar to those prevailing in Great Britain were enforced.

¹ See THE ROUND TABLE, No. 146, March 1947, p. 164.

On February 24 Mr. Lemass revealed in a broadcast address the full gravity of our position. It could, he said, hardly be more serious. All remaining coal supplies must be confined to the essential public services such as transport, gas, electricity, and the vital food-producing industries. The position of these vital services themselves was precarious. Although the British authorities had given an assurance, he said, that they would make an effort to help us when their own crisis was over, he could not indicate when regular imports might be resumed. The chance of getting coal from other European sources was, he said, very slight, but the United States authorities had allocated 34,000 tons for export to Ireland (since increased by 100,000 tons), and this would receive priority in Irish ships. Some of this American coal has since arrived, but, as our minimum requirements are about 25,000 tons a week, it can do little to relieve the gravity of the situation.

Admitting the breakdown of the turf supply, Mr. Lemass suggested the possibility of using firewood as a supplement, and announced the removal of various restrictions to ensure this result. He also urged both industrial and domestic consumers to take immediate steps to secure private supplies of turf for next winter, since no coal would be available. The following day, February 25, nature underlined the Minister's gloomy message when the worst blizzard for a quarter of a century left a trail of havoc over a wide area. In spite of their own dire difficulties, however, the British Government, in response to urgent appeals, three days later released 5,000 tons of coal and 500 tons of coke to keep our essential services going.

Lack of Foresight

ON February 27 the Opposition brought forward a motion in the Dail condemning the Government for their alleged failure to make provision for the emergency. They claimed that Fuel Importers Ltd., the government-controlled importing agency, had been guilty of incompetence, carelessness and maladministration. Strikes, they alleged, had been allowed to interfere with the supply of turf and timber, and the railway had been permitted to return to a normal service too soon. The Government's lack of foresight had resulted in an enormous dislocation in employment and frightful suffering to all sections of the community.

Mr. Lemass, replying to this criticism, suggested that he and his advisers had been misled by the increase in British coal exports during the second half of 1946, and stated that the British Government had decided how these exports were to be used. But for the reserve of British coal purchased by Fuel Importers Ltd. in 1940, their transport, gas supply and vital industries would, he claimed, have had to close down during the war. Some of that reserve was still being used. The British Government had kept them going during the war when they might have pleaded their own difficulties as a justification for stopping supplies. He thought it deplorable that the crisis should be made a subject of political controversy. As long as they were dependent on hand-won turf there would be a fuel problem, and they could meet it only by producing more turf. The Opposition motion was duly defeated but the crisis remained.

British Aid

IN fact matters grew worse, the fuel situation continuing to deteriorate until something like chaos prevailed, particularly amongst domestic consumers, whose hope of obtaining turf receded as the rainfall increased. Black-market transactions became frequent and unchecked, for vital needs such as heating and cooking had to be met. A strike of turf-cutters increased the confusion. On March 20 the Government announced in desperation that firewood had been placed on the ration list and would be controlled, the maximum ration for April–May being fixed at half a ton of turf or firewood or a mixture of both. This new minimum was, however, in most places a pious hope rather than a wretched reality. Meanwhile timber was being sold in the black market at £6 a ton and most of the turf available was in a virtually liquid state.

No surprise was therefore felt when it was announced, on March 21, that Mr. Lemass, accompanied by Mr. Leydon, the Secretary of the Department of Industry and Commerce, and other officials, was flying to London for informal conferences with the British Government on "supply matters". On his return, after interviews with the British Prime Minister and other Ministers concerned, Mr. Lemass informed the Dail that he had received assurances that our coal position would receive early consideration and that the British Minister for Fuel and Power would authorize "such exports of coal as British circumstances would permit". Coal and coke, he said, had already been made available for transport and gas services, a statement which led Mr. James Dillon to exclaim: "They are a wonderful people!"

Early in April, however, a fresh crisis arose when for some days Dublin's gas supply was on the brink of closing down. This new trouble was scotched, after the visit of an Irish Labour deputation to London, by the announcement on April 9 that Great Britain would allocate 11,000 tons of coal and 500 tons of coke per week to enable public services and utility undertakings to function—one-fifth of the total amount to be allotted to essential industries. While this generous contribution to our necessities does not permit the restoration of passenger trains, it at least prevents the essential services from collapsing entirely. It is hoped that expanding production in Britain will permit of increased exports to Ireland during the summer.

Speaking in the Dail on April 23 Mr. Lemass disclosed that by the closing of their main lines the railway corporation had lost £500,000 in the first quarter of the year, and as its full capital was only £4,000,000 it could not afford to continue losing at that rate without ceasing its activities. Public transport, he said, would not be subsidized under any circumstances. We can, perhaps, take some consolation from the fact that over 3,000 Irish workers are now helping to win coal from the British mines. So far as domestic fuel is concerned we can only pray for fine weather to dry the sodden turf banks.

Bread and Butter

BUT the Government's problems were not confined to fuel. While snow and cold weather had made us realize our deficiencies in heat and power, the subsequent rain and flood disclosed an equal weakness in our food supply.

Already the disastrous weather of last autumn had seriously depleted the contents of our granaries. Mr. Lemass recently disclosed in the Dail that our position at that time was so critical that Britain came to our aid with a loan of 5,000 tons of wheat and 500 tons of flour. In this even more important department of our economic administration there is reason to think that a similar easy optimism prevailed, and that too much of our international quota of grain was expended on maize, to the detriment of our wheat position.

It finally became apparent in February that the situation was perilous and that the existing wheat supplies would not last beyond June. Representations through the normal official channels having apparently failed, the Government sent Mr. F. P. Hallinan, one of our leading millers and chairman of Grain Importers Ltd., the official purchasing body, to Washington for the purpose of securing supplies. His mission unfortunately had meagre results. At least 150,000 tons of wheat are required to provide the continuance of our present bread ration until the new harvest is reaped, whereas the additional allocation obtained from the International Food Council was only 9,000 tons of wheat and some flour. Mr. Hallinan has now been sent to Argentina, where there is still a free market in wheat, to secure further supplies.

The wettest March on record and bad weather at the end of April completed our misfortunes. Little winter wheat had been sown and the spring sowing was in deadly peril. Everywhere people recalled that black year, 1847, when famine followed by emigration decimated and dispersed the Irish race, with far-reaching results. Speaking at Mallow on March 9, Mr. de Valera pointed out that we were in a very dangerous position, and urged the farmers to sow at least 700,000 acres with wheat, for we should have to depend on our own harvest for bread. It is now certain that this target has not been reached and we shall be lucky if half of our requirements, about 400,000 acres, is obtained. Our 70,000 farmers, with the assistance of some 6,000 tractors, have done their part, working day and night during such dry spells as have occurred. Much depends, however, on weather in the early summer and autumn. In any event it will certainly be a late, and possibly a poor, harvest.

The failure of our food supply was not confined to bread. At the beginning of March the butter ration was reduced by half—from 4 ounces to 2 ounces a week—the margarine ration of 2 ounces being doubled as a set-off. The official explanation of this cut—which was rightly described by the Lord Mayor of Cork as "a national humiliation"—is that it is due to a fall in production. In fact, however, it is the result of a long process of official mismanagement, including interference with cattle-breeding in an attempt to produce a dual-purpose cow, and the application of totally unsuitable industrial conditions to agricultural labour. Dairy-farming, which even Mr. de Valera now admits is our basic industry, has been neglected and mismanaged while we pursued the chimaera of uneconomic industrial development behind tariffs that have penalized farmer and consumer alike. As a sop to the farmers the price of butter has now been raised by fourpence a pound, a step which will annoy the unfortunate consumers and is unlikely to increase the yield from the cows. The ration of 4 ounces has also been restored.

A New Opposition Party?

THIS economic tornado has had the effect of reducing politics to their proper perspective, but there have recently been some interesting political developments. Most people recognize that the time is ripe for a change from a Government which has been in office for fifteen years. It is a one-man concern, for "in the country of the blind the one-eyed man is king".

One recent example of Mr. de Valera's methods will suffice. Since the establishment of the Irish State, a dispute has raged concerning the ownership of certain funds which stood in the name of the old Sinn Féin party. Several organizations, including Mr. de Valera's party, claim to be the apostolic successors of this body, and the matter has been frequently before the courts. The party now calling itself Sinn Féin—an insignificant extremist group—claims the money. Mr. de Valera, being in his own words "afraid lest the court should on some legal technicality decide that the body claiming the funds should get them" and thus act "in an unreal manner" (i.e. contrary to his views), has introduced a Bill which provides that these funds shall be handed over to named trustees and devoted to the assistance of needy patriots. This direct interference with the process of the law is a very typical and quite unjustifiable performance, particularly as it was stated during the debate in the Dail that he himself would probably have had to give evidence concerning the past history of the Sinn Féin organization had the matter come before the courts. There is, however, no hope whatever of ejecting him from office unless the various Opposition parties unite, and this they show no inclination to do.

On April 5 Dr. T. F. O'Higgins, T.D., who is a Vice-President of Fine Gael, the largest Opposition group, and a brother of the late Kevin O'Higgins, in a letter to the press advocated a coalition of Opposition parties to fight the next general election. But Mr. Joseph Blowick, T.D., the leader of Clann na Talmhan (an agricultural party), the next largest group in the Opposition, firmly rejected the proposal, and the two Labour parties cannot even agree between themselves. It therefore seems that the only hope for the creation of an effective Opposition lies in the formation of a completely new party based on coherent and clearly stated principles. The Clann na Poblachta (Republican party), formed last autumn under the leadership of Mr. Sean MacBride, S.C., has already absorbed some of the more extreme elements in Fianna Fail, Mr. de Valera's party, but its programme hardly furnishes a broad enough platform for an effective national Opposition.*

Rumour has been busy with the name of Mr. James Dillon, T.D., as the possible leader of a new party, or combination of parties. He has many of the necessary attributes of an Irish leader. He is the inheritor of a great name, well educated and informed, a brilliant parliamentarian, a sincere democrat, a fine speaker and a man of great courage and originality. If he suffers from a tendency to exaggerate and repeat himself these are sound political weapons which nearly every Irish leader since O'Connell has used with effect.

But the first essential, which is so far lacking, is the formulation of a new

* See THE ROUND TABLE, No. 145, December 1946, p. 81.

and realistic policy to which all men of goodwill can adhere. It should recognize the economic difficulties and the external perils with which we are confronted and against which our only sure shield is a prosperous and powerful Britain. It should also rise above the stale personal quarrels which bedevil our political life and seek a *modus vivendi* with the North. Neither a weak colourless coalition, nor the present hapless and hopeless collection of warring splinter parties, is likely either to unseat Mr. de Valera or to achieve any other useful purpose.

Education through Irish

THAT Mr. Dillon has vision and imagination is proved by his recent speech on the condition of Irish education. Speaking to a convention of secondary school teachers in Dublin on April 8, he dealt trenchantly and candidly with the present system of educating English-speaking children "through the medium" of Irish, and proposed a plan for saving the language without destroying education. After twenty-five years of native government the position of the Irish language was, he pointed out, much worse than when the British left. It was true that a larger number of people had a rudimentary knowledge of Irish, but the number of native speakers had steadily dwindled. Worst of all, as a result of the method of teaching other subjects through Irish, the vast majority of the pupils leaving the primary schools were entering the secondary and technical schools illiterate in two languages.

The remedy he suggested for this state of affairs was to abolish compulsory Irish and provide equal educational opportunity from primary school to university for all who took Irish as a subject throughout their educational career. They would thus produce a body of Irish speakers who would create an educational aristocracy and establish Irish as the master key to higher education. This plan, he claimed, would save Irish as a living language and remove from it the stain of being a fraudulent instrument for the advancement of incompetent job-hunters.

The primary teachers at their annual congress in Cork were equally outspoken in their criticisms of the existing system of education. Mr. O'Kelly, the Vice-President of their organization, said that the whole language movement had become steeped in ignorance and hypocrisy. The language of their Parliament was English, and were it not for the inscriptions on the signposts and the milk-carts they might as well be living in England. The Government thought that by naming companies in Irish they were advancing the cause of the language, but they might as well think that by putting the word "Hot" on a tap they would get hot water and nothing else.

The Congress passed a resolution calling on the Government to appoint a commission to enquire into the whole question. Perhaps an even more striking revelation of the present position of the Irish language was innocently made by the Cork county librarian when he disclosed that the county library had a dead stock of 1,500 books in Irish which nobody read. A new agricultural party has had the courage to place the abolition of compulsory Irish amongst its political aims.

Mr. de Valera Carries On

AMIDST these crises and criticisms Mr. de Valera remains unperturbed. His chameleon-like party obeys his orders without a murmur, even when they involve a complete change of front. As he recently pointed out with some truth, the only way in which the Opposition parties could unseat his Government was by producing a better national policy. The Irish people, he said, knew that his Government had tried to do their best and they had succeeded in accomplishing many of the things they set out to do. There was important work yet to be done and they intended to do it.

One thing on which the Government may certainly be congratulated is the establishment at the Shannon airport of the first free airport in the world. This free airport, which comprises some 800 acres where processing and entrepôt trades may be carried on without customs restrictions, was inaugurated by Mr. Lemass on April 21.

Mr. de Valera's opponents are fond of suggesting that he is an apt student of Machiavelli, while his supporters cherish the belief that he is a second Einstein. Both views are exaggerated. He is merely an extremely competent and very wily politician. In a quite laudable desire to develop the Institute of Advanced Studies which he established some years ago he has now set up under its aegis a school for research in cosmic physics. This provoked the Opposition to wrath and his own back-bench supporters, who had never heard of this branch of science, to wonder. Mr. Dillon in fact rather unkindly suggested that the project was instituted for the purpose of representing Mr. de Valera as a scholar rather than a politician, and he quoted Machiavelli to the effect that a prince who wished to do well should act the part of the fox and the lion!

The Budget

THE budget which Mr. F. Aiken, the Minister for Finance, introduced into the Dail on May 7 further illustrated our close economic and financial ties with Great Britain. It was in fact a milk-and-water edition of Mr. Dalton's earlier effort. To provide for fresh expenditure on the butter subsidy, university scholarships, agricultural experiments and increased pensions and salaries, he announced an increase in the tobacco duty, entertainment tax and *ad valorem* duties on transfers of stocks and shares, this last made necessary by the similar increase in Great Britain. The increase in the import duty of tobacco by 5s. a lb. means that our cigarettes will cost us a penny each, as compared with twopence in Great Britain. Mr. Aiken indicated that he had not been as drastic as Mr. Dalton in this respect because a big increase in the duty on tobacco would reduce the revenue yield and thus necessitate increased taxation in other directions, and because our net deficit in trade with dollar countries during 1946 was only £3,800,000.

Although in 1946 the value of our imports exceeded our exports by £33.4 million, said the Minister, we had added about £20 million to our external assets. This balance, on all items of trade visible and invisible, represented the value of goods and services which we gave over what we received in return. Income tax remains unchanged at 6s. 6d. in the £, but Mr. Aiken again followed Mr. Dalton in giving relief to the lower-income

group by increasing allowances by £20 for a single and £40 for a married person. The budget was the biggest ever introduced here and disclosed that State expenditure, including both taxation and borrowing, in the coming year will be £69,356,000.

Partition

WITH his usual pertinacity Mr. de Valera made his annual broadcast to America on St. Patrick's Day the occasion for another protest against the partition of Ireland. He alleged that as long as this unnatural and unjust situation existed any genuine cordiality between the people of Ireland and Britain was impossible and attempts to foster it doomed. This statement, although it is patent nonsense—for there is no lack of cordiality between the two peoples and even his own Government is on excellent terms with that of Great Britain—naturally provoked Sir Basil Brooke, the Northern Prime Minister, to reply that while Ulster and the rest of Ireland could be good neighbours they could not live in the same house. It is difficult to see what useful purpose, other than the revival of old feuds, is served by these annual tourneys between Mr. de Valera and the Northern premier. St. Patrick's Day should be an occasion for uniting Irishmen in an agreement to differ which is both democratic and Christian, rather than an occasion for controversy.

Partition is the result of deep religious, political and economic divisions which cannot be cured by oratory, exaggeration or appeals to outside influence. It can be ended only by a slow process of patient consideration and education in Ireland itself, and by our eventual realization that the issues which still divide us are in fact already obsolete. The unity of Ireland is not dependent on the nineteenth-century conception of Irish nationalism, fine, heroic and vital as that conception often was. Co-operation for the welfare of all its people, development of all its resources, free intercourse among its inhabitants and the defence of common ideals constitute the real unity of a country.

In a new age, that unity must be sought by new methods. Opportunities for consultation and co-operation between the two Irish Governments will alone achieve unity of action. For that reason the Northern Ireland Bill, which is soon to be introduced in Parliament at Westminster, and which provides for such consultation and joint action on questions concerning water power, electricity and transport, is far more likely to promote real national unity than fervid speeches or resolutions. The real solution of the problem is to place the two Irish Governments in a position of complete political equality and let them settle their differences and their difficulties in their own time and their own way.

Ireland,

May, 1947.

CANADA

POLITICAL ROUNDABOUT

THE political situation in Canada can to-day be fairly described as being in a state of uncertain fluidity. The Liberal Ministry of Mr. Mackenzie King, which began its long spell of power in 1935, had its enormous majority in the previous Parliament pared down in the general election of 1944 to a very small plurality over the combined strength of the groups in opposition, the Progressive-Conservatives, the Co-operative Commonwealth Federation (C.C.F.) and the Social Credit party; whereas the operations of mortality upon the life appointees to the Senate have given it an overwhelming majority of about three to one in the Upper House.

The recent capture of a seat in Montreal from the Labor-Progressive party has given the Government some comfort after a series of adverse by-elections. Its majority in the House of Commons has been increased to 6, the present standing of parties being as follows: Liberals, 126; Progressive-Conservatives, 67; C.C.F., 28; Social Credit, 13; Independents, 10; vacant, 1. But the parliamentary position of the Liberal party is really stronger than it looks, because the wide divergence in the ideologies and practical programmes of the other parties makes their combination on any important issue very difficult. In most divisions the Ministry can count upon the support of one of them.

Mr. Mackenzie King's Successor

THE latest test of political sentiment through a Gallup poll indicates that the Liberals still enjoy a substantial lead in popular favour over their opponents. They can be expected to keep it as long as the present high level of economic activity and general prosperity continues. But the economic horizon is not without clouds, inasmuch as Canada's export trade, which is always a basic factor in her prosperity, is artificially swollen by the heavy purchases by foreign countries using some 1,850 million dollars worth of credits provided by the Canadian Government. If the exhaustion of these credits is followed by a sharp decline in exports, productive activity will be curtailed and Canada's already serious difficulties in meeting her obligations in the United States will be aggravated. The heavy balance against her in trade with her neighbours has brought the Canadian dollar to a discount of about 7 per cent in New York. Hence the main preoccupation of the Liberal politicians is to avert a recession in the nation's prosperity.

The Liberal party, however, cannot see its future course clearly until the existing uncertainty about its future leadership is ended. Mr. Mackenzie King, now in his seventy-third year, has achieved his ambition of holding the office of Prime Minister longer than any other Canadian statesman. More than a year ago he announced that he would not lead his party in another election. There was a later hint from his lips that he might reconsider his decision, but an illness, which befell him in February, was more serious than the public was allowed to know.

If he decides that he is unable to sustain any longer the heavy burdens of his office, the great majority of the Liberal members of the House of Commons, judging from a recent informal canvass of their views, would support the claims of Mr. St. Laurent, the present Minister of External Affairs, for the leadership of Liberalism. His age of sixty-five years might be considered a handicap, but he is still in the prime of his intellectual powers, with his physical vigour unimpaired, and there is general agreement that he is the ablest and most attractive political figure that Quebec has sent to Ottawa since Laurier. Naturally he would be the first choice of the eighty-odd members of the House of Commons who are either French-Canadians or owe their seats to French-Canadian votes. Some Liberal members from English-speaking provinces feel that the leadership of a French-Canadian would not smooth their own paths at the next election, but they also realize that a leader who would be virtually certain to carry all save a fraction of the Federal seats in Quebec—due to be increased from 65 to 73 by the Redistribution Bill now before Parliament—could supply a good foundation for another victory for the Liberal party.

Strong pressure, however, would be needed to dissuade Mr. St. Laurent, who has no real liking for politics but a deep love for his profession, from carrying out his intention of returning to the Bar. If he were not in the running, the second choice of the Liberal party as its leader would probably fall upon Mr. Douglas Abbott, K.C., now Minister of Finance. Since he entered the House of Commons in 1940 Mr. Abbott has rapidly acquired a high reputation both as a parliamentarian and as an administrator. He is also acceptable to the French-Canadians, because he sits for a division of Montreal and speaks French fluently.

Some Liberal Discord

BOTH Mr. St. Laurent and Mr. Abbott belong to the Right wing of the Liberal party, which seems to have been successfully exerting its influence during the past few months to check the Leftward tendencies apparent in the formulation of Ministerial policies at the close of the war. Recent actions and pronouncements of Ministers indicate a disposition to retreat to a more conservative position. Rapid progress has been made with the cancellation of regulatory controls over prices and business operations, and their final elimination at an early date is promised. Federal expenditures have been dramatically slashed as a prelude to the substantial reductions of income taxation which have been forecast officially for the coming budget. And explicit pledges have been given that socialism will be vigorously resisted by the Liberal party and every possible encouragement given to the system of free enterprise.

The *Winnipeg Free Press*, however, is very dubious about the staunchness of certain Ministers, notably Mr. Gardiner, the Minister of Agriculture, for the doctrines of true Liberalism in the light of the new wheat-marketing legislation which the Government has sponsored. This seeks to endow the Canadian Wheat Board with complete and arbitrary powers in connexion with the marketing of grain. The *Free Press*, making light of the plea that the control is necessary to implement the wheat agreement with Britain—

which, in fact, that paper condemned as wrong in both principle and practice—has been denouncing the new legislation as an unwarrantable departure from Liberal principles and a shameless attempt to outbid the C.C.F. for the favour of the farmers of Saskatchewan.

An equally outspoken Liberal critic of the Government has been Major C. G. Power, a very able and experienced politician, who since he resigned from the Ministry of Air in 1944 over the conscription issue has taken a strongly independent line. The national weekly with the largest circulation, *Maclean's Magazine*, published from his pen on February 1 an article entitled "What's Wrong with the Liberals", and widespread attention was attracted to its indictment of the leaders of Canadian Liberalism for their alleged betrayal of fundamental principles, and its call for an immediate return to the party's old moorings.

The present session of Parliament, which began on January 30, is likely to be prolonged well beyond midsummer, little progress having been made with an extensive programme of legislation, including controversial items like the decennial Redistribution Bill, which proposes to increase the membership of the House of Commons from 245 to 255. Moreover, the budget has still to be presented. Mr. Mackenzie King's Ministry has no longer any marked superiority in debating power, but the discord among its opponents enables it to look forward with reasonable assurance to the passage of all its major legislation. For example, while the C.C.F. has supported its wheat-marketing legislation and opposed the removal of price controls, the Progressive-Conservatives have taken a contrary attitude on both these issues.

The Progressive Conservatives

THE Progressive-Conservative party, which constitutes the official Opposition, has made some recovery of its fortunes from the low ebb to which they fell after the retirement of Lord Bennett. For some years thereafter, numerical weakness in the House of Commons and unimproving changes in leadership made the party deplorably ineffective in the performance of the normal duties of an Opposition. But under its new leader, Mr. John Bracken, it secured at the general election of 1944 a much needed reinforcement of both the numbers and the quality of its representatives in the House, and their recent parliamentary performances have done something to restore the prestige of the party in the public mind.

The personality of a party's leader, however, is a very important factor in Canadian politics, and Mr. Bracken has still to convince the country that he would be a satisfactory and competent Prime Minister. His assets are unquestioned political integrity, tireless industry, devotion to duty and an expert knowledge of farming problems; but against these must be set his somewhat pedestrian gifts as a debater in Parliament and a broadcaster, his lack of colourful personality and his imperfect knowledge of international problems. Moreover, as the leader of the traditionally high-protectionist party of Canada, he is placed in a difficult position by his earlier record, when he was Premier of Manitoba and a strong advocate of low tariffs. This advocacy he has not repudiated, and not long ago he shocked extreme

protectionists among his followers by a blunt declaration that Canada could never prosper under a policy of economic nationalism.

A restatement of the party's programme at the recent meeting of its national association revealed a considerable measure of identity with the programme of the Liberals. Greater emphasis was placed, however, upon the need for close co-operation with the other nations of the British Commonwealth; and for the balance of the session the party is expected to arraign the Government as half-hearted defenders of the system of free enterprise, upon which they have seriously encroached through such institutions as the Canadian Film Board, the Canadian Information Service and the Polymer (Synthetic Rubber) Corporation. But before another general election comes round Mr. Bracken and his party, if they are to hope for victory, must convince the voters that their policies are based upon firm principles by which they will stand or fall and that they are not opportunists seeking office at any cost.

The Socialists

OF the three Left factions—the socialist C.C.F., the Social Credit group and the Communists, now disguised under the title of Labor-Progressives—the C.C.F. has by far the largest popular following. It has a very valuable possession in its Federal leader, Mr. M. J. Coldwell, who maintains his reputation as one of the ablest parliamentarians in the House of Commons. But it cannot offer any really formidable challenge to the two senior parties until it can attract some reasonable measure of voting support in Quebec and the Maritime provinces, which between them will return almost two-thirds of the members of the next House of Commons.

The support for its socialist programme has always been strongest in the urban centres and mining communities, but by a curious trick of fortune the first chance of a practical application of its programme was given by rural votes, when in 1944 a large number of the farmers of Saskatchewan, disgusted with the methods of the local Liberal political machine, decided to forswear their traditional belief in rugged individualism and to give a mandate to a socialist Ministry. Its head is a Scottish-born clergyman, Mr. T. O. Douglas, who first made his mark in the Federal Parliament as an excellent debater and has transformed himself into a very resourceful politician. He and his Ministry have made an honest effort to fulfil their pre-election pledges to build a new economic order for Saskatchewan on collectivist lines. They have inaugurated a State medical service, they are gradually acquiring all the power plants in the province for a Power Commission which they have created, and they have established State corporations which handle housing, different kinds of insurance and bus services, and boards which market fish and furs and engage in the production and sale of timber. They have also embarked upon a series of State-owned enterprises for the manufacture of woollen goods, footwear, boxes, clay and leather products. They claim that, having now overcome the difficulties which were responsible for losses in the initial stage of these enterprises, they can now show profitable returns for most of them.

It is true that their critics challenge the soundness of their accounting

methods, but on the evidence of by-elections the farmers themselves, who welcome any measures tending to emancipate them from dependence for most of their purchases upon the protected manufacturers of eastern Canada, seem to be well satisfied with the achievements and general record of the Douglas Ministry. It has been very fortunate in securing favourable conditions, such as good crops and high purchasing power in the rural areas, for the start of its collectivist experiments, which may have to face severer tests in the future. Saskatchewan is now the working laboratory for socialism in Canada. The results achieved there, which are being watched with anxious interest by the financial and industrial leaders of eastern Canada, will be a very important factor in the future fortunes of the C.C.F.

The Imperialism of Social Credit

SINCE 1935 the Social Credit party has controlled the provincial government of Alberta and carried at successive elections the great majority of the Federal seats in the province. In the provincial arena its Ministries have given progressive and reasonably efficient administration, but the much advertised system of Social Credit, which was to have been a panacea for all the economic woes of the people of Alberta, still awaits inauguration. Its failure to materialize is attributed by its devotees to a sinister conspiracy of the Federal Government, hostile financial interests and a biased judiciary, which has pronounced unconstitutional a substantial volume of legislation enacted by the legislature of Alberta about monetary policy and other matters.

Scant credit, however, has accrued to the Social Credit party from the performances of its representatives in the Federal Parliament. Harping perpetually on the thesis that an evil gang of selfish international financiers, chiefly Jews, have organized an oppressive and baneful domination over the fortunes of all mankind, and that the United Nations and all the organizations affiliated to it are simply instruments for preserving that selfish ascendancy, they are violent opponents of internationalism in any shape or form, fervent imperialists, and sometimes anti-Semites, while they are also staunch defenders of the system of free enterprise and enemies of State socialism. To general debates the contribution of the average Social Credit member at Ottawa has so far been puerile.

Until about a year ago the Social Credit party had made no serious headway outside Alberta, but it has now evolved a nationwide organization and it seems to have made a large number of converts in French-Canada, where some of the younger Roman Catholic clergy have become attracted by its strange creed. Evidence of this trend was forthcoming last October, when the Pontiac division of Quebec, always regarded as a stronghold of Liberalism, was unexpectedly captured from the Government by a youthful candidate, the nominee of a local organization called "L'Union des Electeurs du Pontiac", who professed allegiance to the Social Credit faith. His success encouraged the formation of similar organizations in numerous other constituencies in Quebec; and although no formal tie with the Social Credit party has yet been acknowledged, the framework of a sympathetic faction in French-Canada is in process of construction.

Liberal papers like the *Winnipeg Free Press* allege that the leaders of the Progressive-Conservative party are keenly interested in this development and are giving to it surreptitious encouragement with the idea of forming a working alliance with the Social Credit elements at the next general election. Any move for political co-operation with such rabid financial heretics would assuredly shock the bankers and financiers of the Progressive-Conservative party, but they could be reminded that, after all, the Social Credit men have been content with theoretical expositions of their heresies and are valiant champions of the system of free enterprise and of the maintenance of Canada's ties with Britain and the rest of the Commonwealth. The open disclosure of a co-operative alliance between the two parties, however, would strain the allegiance of numerous adherents of both.

The Labor-Progressive party has no longer any representation at Ottawa, as it failed at a recent by-election to hold the seat in Montreal vacated by the expulsion from the House of Commons of its solitary spokesman, Mr. Fred Rose, as the result of his sentence to a long term of imprisonment for activities in espionage as an agent of the Russian embassy. The proven complicity of Mr. Rose and other Communist leaders in such disloyal intrigues has brought grave discredit upon their party and caused some withdrawals from it. Nevertheless it retains the allegiance of a hard core of fanatics, who seem to have ample funds for their propaganda and who at the moment are devoting their chief energies to a continuous crusade against the C.C.F. and to a defence of the international policies of the Soviet Government.

Dominion-Provincial Finance

MR. MACKENZIE KING'S Ministry can record some progress on the lines authorized by the last budget towards its goal of a drastic readjustment of the existing financial arrangements between the Dominion and the provinces, for the purpose of carrying out its programme of social security. By raising progressively the scale of the *per-capita* subsidies from the Federal Treasury, which it offers to the provinces as a compensation for their complete withdrawal from the fields of income taxation and death duties, it has secured the assent—qualified in some cases—of six of the nine provincial Ministries to new, separate agreements which have been drafted. It has still to win the acquiescence of the Liberal Ministry of Nova Scotia, the Progressive-Conservative Ministry of Ontario and the Union Nationale Ministry of Quebec. Further concessions might bring the Nova Scotian Ministry into line, but there is little prospect of overcoming the objections of the Governments of Ontario and Quebec to proposals which in their view would result in such an aggrandizement of the Federal authority that it would undermine the basic structure of Confederation. And any new arrangement from which two provinces containing more than 70 per cent of the population of the Dominion and an even larger proportion of its wealth are excluded cannot yield much gain.

Canada,

April 1947.

AUSTRALIA

THE GOVERNOR GENERAL

ON March 10 Mr. W. J. McKell was sworn in as Governor General of the Commonwealth of Australia. He is the second Australian to be appointed to this position. The first, Sir Isaac Isaacs, was appointed in 1930 on the advice of the then Labour Party Prime Minister, Mr. Scullin. The appointment of Sir Isaac Isaacs was criticized because he was an Australian; the view was then widely held in Australia that the tradition of appointing an Englishman to this post was better calculated to preserve the office as a symbol of the Crown and of British Commonwealth relations. It is significant of the development in Australian nationalism since that date that most critics of the recent appointment expressly disclaimed any opposition to the appointment of an Australian. Their criticism, which is endorsed—according to public opinion polls—by a majority of Australians, is based on Mr. McKell's position as a public man.

Mr. McKell is a New South Wales citizen of Scottish ancestry who for more than twenty years has been an active member of the New South Wales Labour Party. During this period he raised himself from humble origins to be a member of the New South Wales Bar and Premier of his State. His legal career, however, has been subordinate to his political career. The strength of his attachment to the politics of his State was indicated by the fact that in the party caucus he participated in the lobbying and voting for the appointment of his successor as Premier of New South Wales, even after the announcement that Mr. Chifley, the Prime Minister of the Commonwealth, had recommended his appointment as Governor-General.

It is felt that the appointment of an active party politician with a political history such as that of Mr. McKell may tend seriously to impair the prestige and dignity of the office of Governor-General. The office requires for its proper performance an incumbent who can be in fact politically neutral, so far as that is given to any man, and who is regarded by the people and the political parties as politically neutral. It also requires an incumbent who by reason of his services to the community commands the respect of all sections of the public. At the time of his appointment Mr. McKell did not satisfy these requirements.

It is not impossible for a man who has been an active politician to acquire a neutral attitude towards political conflicts. Active political leaders appointed to high judicial positions such as the High Court of Australia habitually do this. In Western Australia the Lieutenant-Governor since 1933 has been Sir James Mitchell, previously Nationalist Party Premier of that State. He was appointed by a Labour Party Government and no appointment of a Governor has since been made; Sir James Mitchell has ever since discharged the duties of Governor with complete satisfaction to the people of that State.

Now that Mr. McKell has been appointed, most of those who opposed the appointment take the attitude that he is the King's representative and as such entitled to the same respect as was accorded to his predecessors. The Opposition leaders have made it plain that, while conceding the constitutional right of Mr. Chifley to advise this appointment, they consider themselves equally entitled to advise its rescission when they are in a position to do so. However, they have not stated that they will necessarily act in this manner.

Although the possibility of appointment of Australians to the Governor-Generalship and as State Governors must now be taken as accepted by large numbers of Australians, a consideration of the debates over the appointment of Mr. McKell suggests that there are many advantages in appointing to such positions eminent public men from Great Britain or the other Dominions. Mr. Chifley was very hard put to it to discover an Australian whose general social outlook was sympathetic towards the Labour party, whose personal character and achievements were such that even Labour party followers would applaud his appointment, and who was willing to accept the position. The symbolic advantages of choosing a Governor-General from some other part of the British Commonwealth are obvious; it would seem that even considerations of political expediency might make such a choice wise.

As a footnote, it may be recalled that, in 1946, Australians were appointed Governors of Queensland and New South Wales, on the advice of Labour Party Premiers. The appointees—Sir John Northcott and Sir John Lavarack—were distinguished soldiers who had never been associated with politics, and the appointments were generally approved.

INDUSTRIAL UNREST

THE industrial situation continues to be the main topic of parliamentary and press discussion, and the incidence of industrial disputes continues to be high. Sporadic mine stoppages have continued. The metal-trades strike in Victoria had continued for seven months when this was being written; in addition to direct stoppages of output, this strike has caused a gradual running-down of other industries and of transport through lack of repairs and replacements. Several hold-ups have occurred on the Commonwealth-owned transcontinental railway, and have prevented the transport of Leigh Creek coal to Adelaide. In Sydney, waterside workers refused to work overtime, were suspended by the Stevedoring Industry Commission, and finally resumed work on a compromise agreement only after the development of a shipping bottleneck whose effects still continue.

Besides these and other present disputes, larger ones threaten. The Australian Workers' Union is the largest single union in Australia and has considerable influence in Federal, Queensland and Western Australian politics; it is not affiliated with the Australasian Council of Trade Unions and has a tradition of moderation and support for arbitration. In February the A.W.U. instructed its Queensland members not to accept work for more than forty hours per week after March 15. This Union's executive has also reaffirmed statements which its general secretary, Mr. Fallon, made last year,

to the effect that the A.W.U. does not regard arbitration as the sole legitimate method of obtaining industrial demands and is prepared on some occasions to use direct action.

These disputes continue to exist in conditions of labour shortage. Although up to 30,000 workers may have been directly or indirectly thrown out of their accustomed employment by the Victorian metal-trades strike alone, unemployment continues throughout Australia to be at a very low level.* A vivid example of the kind of thing happening was recently disclosed when the winner of a handsome prize in a radio "quiz" competition turned out to be an engineer, thrown out of work by the Victorian strike, who had obtained employment as a temporary warder at Pentridge jail. In these circumstances many trade unionists feel that as a matter of tactics they ought to press their claims now with the utmost determination.†

The position in the metal trades is typical. In every State except Victoria, and in many Victorian country towns, the unions concerned—of which the two largest have Communist executives—have obtained by bargaining with individual employers in heavy industry considerable wage increases, some of which may have been granted in breach of the wage-pegging regulations.‡ A strike, a lock-out—since called off—and shut-downs caused by the strike have happened in Victoria because a majority of Melbourne ironmasters objected to this piecemeal process of gaining concessions, which side-tracked the Arbitration Court and was in some cases, or in some degree, illegal.

Arbitration under Fire

UNDER these conditions the Federal Court of Conciliation and Arbitration and State industrial tribunals have been working under great strain. A majority of union claims are made in the form of complaints before industrial tribunals, in accordance with the general policy of the Labour party, of most unions, and of the Australasian Council of Trade Unions (A.C.T.U.). These detailed complaints take up much of the time of the tribunals, and, in particular, of the Federal Arbitration Court. The Federal Court also has before it the long-drawn-out forty-hour-week claim and the claim for an increase in the basic wage; and the unions, supported by certain State Governments, have refused to agree to a joint hearing of those two claims. It is particularly unfortunate that at this stage in the Court's history its membership should have been reduced by resignations and illnesses from a possible seven to four active members, and that the Government should have failed to take any steps to appoint fresh members.

The delays thus caused in reaching decisions, the long technical arguments over procedure, and by contrast the swift success obtained in many cases by direct action, have aroused dissatisfaction with the existing arbitration system. The grounds of the dissatisfaction, and the suggested remedies, vary greatly.

* For the quarter ended March 31, 1947, about 1.4 per cent of trade unionists were unemployed, compared with 9 per cent in 1938.

† See THE ROUND TABLE, No. 146, March 1947, pp. 189-90.

‡ See *ibid.*, pp. 190-3. The regulations have since been further amended to give the Arbitration Court wide powers of increasing basic and marginal rates, but they still fetter increase by private negotiation.

One view is that arbitration is being weakened because Governments do not attempt to enforce the legal sanctions of the system, or even to protect the tribunals from attempted coercion. It has now become common for powerful unions to announce that unless the Arbitration Court grants a demand they will take strike action.

The A.C.T.U. decided to hold a one-day general strike on May 1 if the Court decided to hear the forty-hour-week and the basic-wage cases together. The Court subsequently decided by majority to hear the cases separately, so the A.C.T.U. called off the proposed strike, though some of its member unions wanted to carry on with the strike unless the Court had in the meantime *granted* a forty-hour week.

Australia has seven different industrial codes—those of the six States and the Federal system. The laws of Western Australia and South Australia unconditionally prohibit strikes and lock-outs, under pain of heavy penalties on individuals, association officials and associations concerned. Queensland law prohibits strikes and lock-outs, under similar penalties, unless they have been authorized by secret ballot of the relevant association. New South Wales law also penalizes strikes and lock-outs, but only when made against an existing Industrial Court award; provision is made for termination of awards more than a year old by secret ballot of the association concerned. All these States have the system of Industrial Courts, adjudicating in disputes analogously with judicial procedure. Tasmanian law prohibits strikes and lock-outs against awards, with appropriate penalties. Victoria has no general prohibition of strikes and lock-outs.* The two last-named States have the system of wages boards for each main industry, consisting of employers' and employees' representatives and an independent chairman, which make awards without necessarily waiting for disputes to develop.

The Federal Conciliation and Arbitration Act contains no general prohibition of or penalties on strikes or lock-outs, but officials of unions who advise their members not to accept employment on the terms of applicable Federal awards commit punishable offences, striking unions may have their awards suspended and in some cases striking unions may be de-registered. The Federal system is on the lines of a Court determining a dispute. The Constitution requires that an inter-State dispute must exist as the basis for Federal action, and that an impartial arbitrator should settle the dispute, but it does not require that the arbitrator should be a lawyer or should follow the procedure of a Court of law.

A majority of unions are subject to Federal awards. The High Court has held that the Federal Act and awards made under it exclude the operation of State law, so that the State laws mentioned above do not apply to unions under Federal awards. Hence it can be seen that the question whether a particular strike is illegal, or whether punitive action can be taken against associations or individuals, is sometimes difficult to determine. There can be no question that, in some of the recent troubles, officials of unions bound by Federal awards have laid themselves open to prosecution under the Federal Act, but no such action has been taken.

* A State award may be suspended if a union strikes against it.

The Opposition attitude is that it ought to be taken, and that the Act should be so amended as to tighten up punitive provisions, or to permit the more stringent State laws to apply to such situations. They point to the success of Mr. Hanlon, Labour Premier of Queensland, in ending a meat-workers' strike in that State last year by the mere threat of holding a secret ballot under the terms of the State Act. The Federal Government says that punitive action against masses of workers is impossible, and that punitive action against leaders only embitters and prolongs the trouble, as was shown by cases under the Hughes and Bruce-Page régimes when more draconian provisions existed in the Federal law.

An Amending Act

THE practical difficulties in the way of enforcing sanctions against strikes and lock-outs are substantial. The Chifley Government is necessarily influenced, however, not only by those difficulties, but also by the fact that such sanctions are disliked by many of the powerful trade-union leaders who are members, or supporters, of the Australian Labour Party. Hence Mr. Chifley and his Attorney-General, Dr. Evatt, have brought down an amending Arbitration Act which embodies the principal trade-union and Labour party theory on this matter—that industrial arbitration should be speedier, less formal and less like the proceedings of ordinary Courts of law.

It is inevitable that the Federal system should have a considerable legalistic element, since it depends upon section 51 of the Federal Constitution—"the Parliament shall have power to make laws . . . with respect to conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State"—every substantive word in which has been the subject of many decisions of the High Court. It has also been necessary to give Arbitration Court judges life tenure in order to enable the Court to enforce its awards, since enforcement is a judicial function within the meaning of section 71 of the Constitution and attracts the requirement of life tenure prescribed by section 72. Hence it has been natural, though not constitutionally obligatory, to require the appointment of lawyers as judges of the Court; the amending Act preserves this requirement.

These judges have in turn created a formidable body of industrial jurisprudence, developed from case to case in the tradition of English judicial technique, and to be found in the many volumes of the Commonwealth Arbitration Reports.

The High Court has held that in making awards the Arbitration Court is more akin to a legislative body than to an ordinary Court, and the Arbitration Court judges have been well aware that doctrines of precedent can have only a limited application in this field. The Arbitration Act has always empowered them to use Conciliation Commissioners and Boards of Reference for fact-finding and for bringing parties together in conference to achieve voluntary agreement, and they have freely used these less formal techniques. However, in default of agreement between unions and employers, the case has hitherto had to go before the Court, and immediately it takes on the appearance of ordinary litigation. The judges sit wigged and gowned; the parties are

frequently represented by leading counsel similarly attired; examination and cross-examination of witnesses, the citation of authority and argument—sometimes extremely tedious—follow the accustomed course.

One cannot blame any particular person or group for this state of affairs. Unions and employers' associations having the means to do so inevitably brief the best brains available, and experience of the advocacy of laymen—sometimes employed by unions—has shown that they are apt to have less sense of the cogency of evidence than barristers, and to waste even more time on argument connected with facts than barristers sometimes waste on arguments over legal technicalities. But the resulting delays and the untelligibility of legal detail to laymen have contributed to industrial unrest, and have assisted the Communist and Left-wing Labour Party groups who condemn the whole system as weighted against the workers and intended to preserve capitalism.

The amending Act brought down by Dr. Evatt does not introduce revolutionary changes; the Constitution as interpreted by the High Court does not permit any radical departure, and for this reason many proposals suggested by the A.C.T.U. have not been adopted. The Government has also rejected the suggestion of the A.C.T.U. that the existing punitive clauses be repealed. The principal alterations are:

- to increase from three to fifteen the number of conciliation commissioners appointed under the Act;
- to give those commissioners power to make awards other than awards changing basic rates and hours;
- to reduce correspondingly the responsibilities of the Judges, who will now be concerned chiefly with questions of law, enforcement of awards, and determination of basic rates and hours;
- and to restrict, so far as is constitutionally possible, appeals from the Arbitration Court to the High Court.*

In keeping with their increased responsibilities, the Conciliation Commissioners are now removable only on address from both Houses of Parliament, but are subject to retirement at the age of 65. Conciliation commissioners are not necessarily laymen, but usually laymen are appointed to this post, and the intention of the Chifley Government is to appoint laymen.

Lack of Uniformity

THE Government is therefore pinning its faith to the hope that non-lawyers, given judicial tenure, will be able to proceed with the informality and speed which have in the past characterized the conciliatory activity of commissioners, will as in the past make conciliation or the encouragement of voluntary agreement their first aim, but will be able if necessary to make awards in most cases without having to undertake much further investigation of the issue in dispute than they have undertaken at the conciliation stage.

A further amendment establishes a Bureau of Research and Statistics,

* The Act purports to abolish appeals, but the Constitution preserves the power of the High Court, by writ of prohibition, to prevent the Arbitration Court from exceeding its jurisdiction, and this operates as a limited kind of appeal.

under the direction of the Chief Judge. This is a valuable innovation. One of the major difficulties of industrial arbitration is that the arbitrator needs extensive and accurate information about the economic condition of the community, and objective forecasts of economic probabilities, made by disinterested specialists. The Federal Court has been handicapped by having to rely on the parties to a dispute to put before it evidence on these matters.

Critics of the amendments urge five main points. First, changes in procedure cannot be effective unless the unions develop a greater willingness to abide by awards, or are coerced into doing so. Secondly, the Chifley Government is likely to appoint as Conciliation Commissioners men who have been Labour party supporters or union officials and who may be or appear to be biased against employers. Thirdly, conciliation commissioners will tend to give snap decisions. Fourthly, conciliation commissioners will tend to make awards providing different margins for skill, &c., in similar industries, so increasing the complexity of industrial law and leading to further industrial unrest.* Fifthly, the possibility of the Court's providing guiding principles for conciliation commissioners and State tribunals is materially reduced.

Another development in both State and Federal spheres is the creation of special tribunals, outside the general arbitration systems, to deal with industries alleged to present peculiar problems. These Commissions determine hours and wages, but they also have positive administrative duties; for example, the Stevedoring Industry Commission has the duty of providing attendance money for wharf labourers who after a call-up are not assigned to work, of improving amenities and of "decasualizing" the industry. The danger of such special tribunals is that they will settle conditions in their industries without regard to standards outside that industry and without regard to the general level of the country's prosperity. This danger is already implicit in the existence of separate State and Federal arbitration systems.

The Parliaments themselves at times undertake the regulation of conditions of employment; New South Wales and Queensland have recently passed legislation to establish a forty-hour week in the industries of those States not subject to Federal awards, as previously they had established the forty-four-hour week. In view of current criticism of these tendencies towards fragmentation of industrial control, and especially of parliamentary action in the field, it is interesting to recall that a number of eminent Arbitration Court judges of the past have said that the need for uniformity and the legislative nature of the function make it desirable that Parliaments rather than Courts should establish and change from time to time the basic standards of employment. But the Commonwealth Parliament lacks the power to do this, and the people have repeatedly refused to give it the power.

Australia, April 1947.

* The amending Act requires the Chief Judge to hold conferences of Commissioners at least once in every six months; this may help to ensure that a common policy is followed.

SOUTH AFRICA

THE ROYAL VISIT

THE six weeks' visit of the Royal Family has been an outstanding event in the history of the Union of South Africa. From the outset its success was assured in the nature of things, and in the event has exceeded every expectation. Over 10,000 miles of Union and Rhodesian territory the King, the Queen and the two Princesses were received with every demonstration of enthusiasm, affection and loyalty. To white, black and brown, to the rural backblocks as much as to the cities, to the districts traditionally divided in their loyalties between the two main political parties, the Royal Family brought home directly the reality of the monarchy. Their graciousness in all their dealings, the intimate charm of their own family life, and their keen personal interest in the people and affairs of South Africa, evoked a reaction of admiration and respect cutting across the prejudices which go so deep in this country.

To say this is not to suggest that a visit such as this could or should affect the party political divisions by which the people of this country are attempting to work out their destiny. It is over-simplifying a complicated situation to assume that the visible presence of the King would to any profound extent affect the constitutional implications of the monarchy in the structure of the Commonwealth which have been and which will remain a source of continual controversy in the Union. At the other end of the scale, the visit did not provoke the antagonistic demonstrations—from those of Nationalist tendencies or from the Indians—which were expected by some observers.

The Royal visit has enriched South African experience by a glimpse of a gracious way of life remote from the party politics which weigh so heavily on our country, and it would be unwise, as well as futile, to attempt to assess the effect of the visit in terms of party political votes.

Ripples from Lake Success

BEFORE and during the Royal Visit, Parliament, which is still in session, tackled a programme which included a number of questions going to the roots of affairs in this country. The rough treatment which South Africa received at the hands of the United Nations* stimulated a not unnatural reaction, which was expressed by Dr. Malan in what amounted to a motion of no confidence in the policies and tactics of General Smuts at Lake Success. The Nationalists, taking advantage of the general South African opinion that this country was unjustly treated by an uninformed or prejudiced majority at the United Nations, advocated a blunt refusal to comply with the latter's requests, namely, that the Union should submit trusteeship proposals for South-West Africa and that the Union Government should join with the Government of India in reporting at the next meeting of the General

* See THE ROUND TABLE, No. 146, March 1947, pp. 133-8.

Assembly on the measures taken to bring the treatment of Indians in the Union into line with "the agreement concluded between the two governments and the relevant provisions of the charter".

The majority, led by General Smuts, and following the normal party lines of division on colour questions, felt that nothing was to be gained by an attitude of outright defiance, and nothing lost by a more conciliatory attitude. The defeat of Dr. Malan's motion was followed later in the session by an almost unanimous decision of the House of Assembly that South-West Africa should continue to be administered as an integral part of the Union, and that provision should be made for the representation of the territory in the Parliament of the Union, but that the Union should submit reports on its administration of South-West Africa to the United Nations as it used to do to the Mandates Commission of the League.

An organized and widely supported boycott of Indian traders in the Transvaal has followed trade sanctions imposed by India, which have directly affected South African farmers by withholding practically the whole of the supply of bags for mealies. The boycott has had some ugly repercussions and racial passions have been fanned. While, however, the principle of a boycott is rejected by most sections of South African opinion, in practice it has undoubtedly been effective in persuading at any rate the local Indians that trade sanctions by one nation against another are a double-edged sword. At the time of writing, the Prime Minister has been able to permit himself some cautious remarks which hint that discussions with India are possible.

Generally speaking the Nationalists are pleased with themselves—not without some reason. The victory at Hottentots-Holland* was undoubtedly a marked setback for the United party. It was followed by the announcement that Mr. Havenga, the former Minister of Finance under General Hertzog, and the present leader of the Afrikaner party, had joined the Nationalist party, apparently unconditionally. The direct strength of the Afrikaner party is not great, but it can form a bridge over which the Ossewa Brandwag, the Grey Shirts and Mr. Pirow's Nieuw Order can rejoin Dr. Malan. The Nationalists also place great faith in the appeal that Mr. Havenga might have, as a "moderate", to the English-speaking section.

The Nationalists won another by-election at Wolmaransstad which, although not nearly as significant as Hottentots-Holland, indicates the progress the Nationalists are making in the rural areas. There is ample evidence that, particularly since the United Nations debates, the appeal of the Nationalists to colour prejudice has been making progress, even to a small extent in the towns. A recent reaction has been a discreet move from the Labour party towards an understanding with the United party, in order to avoid Nationalist domination of the next general election.

Immigration: a Political Issue

ANOTHER main topic of sessional discussion was immigration. The Government has embarked on a vigorous policy of introducing people from Britain and other European countries. The Opposition is not able to

* See THE ROUND TABLE, No. 146, March 1947, p. 196.

condemn in principle a policy of strengthening the European population of this country, but quite obviously Dr. Malan and his colleagues resent the idea of bringing to South Africa large numbers of people who will not automatically agree with the Nationalists' rather narrow views on racial and constitutional issues. Opposition attacks on the policy have therefore been directed to questions more of administration than of principle.

These attacks have found some support outside the ranks of the Opposition. The acute shortage of housing, plus the normal prejudices of established workers against possible competition from abroad, have raised widespread, if rather superficial, doubts about the wisdom of the immigration policy. Nevertheless, the Government has insisted on carrying out the project of bringing people to this country on a scale unexampled since the arrival of the 1820 settlers, and, in spite of the doubters, responsible opinion is strongly behind General Smuts on this vital aspect of South African policy.

The Budget

THREE salient features characterize the budget for 1947-48. Firstly (as has indeed become a commonplace) there is the size of the previous year's surplus. Despite expenditure which is now expected to have exceeded the original provision for the year (£122,700,000) by no less than £9,500,000, an expected shortfall on revenue account of more than £2,300,000 has been converted into an expected surplus of revenue over expenditure amounting to £6,300,000. The estimates of the revenue collections have been revised upwards from £120,400,000 to no less than £138,600,000.

This is satisfactory for a double reason, as indicating both a continuance of vigorous economic activity and great progress in the alleviation of commodity shortages. As regards the former of these considerations, it is also worthy of remark that economic activity was not merely maintained but increased in spite of a serious drought which was responsible for over £2 million of last year's excess expenditure, even though £10 million had already been set aside for importing and subsidizing the consumption of maize and wheat. As regards the latter consideration, it is significant that imports in 1946 totalled £199 million as compared with £102 million in the previous year and £85 million in 1944. Customs receipts, not very surprisingly, therefore, have contributed over £11 million more than they had been expected to do twelve months ago. It would be still more satisfactory, however, were it not for the fact that the yield of normal income-tax from the gold mines is down by £3 million, and that there is a prospect of a decrease perhaps nearly as large again from this source during the current year.

In the second place there is the extent of the scope for tax remissions in the budget year 1947-48. There had been fears in some quarters (and, it must be admitted, hopes in others) that Mr. Hofmeyr would find difficulty in making provision for the payments outstanding on Lease-Lend account. Negotiations have now fixed the amount at \$100 million, which includes outright purchases from the United States as well as Lease-Lend balances. To meet a bill for an unexpected £25 million would naturally have severely

dislocated Mr. Hofmeyr's budget calculations; but it turns out that the bill was by no means unexpected. That this should not have been generally known is not surprising; for money had been tucked away to meet the greater part of these obligations in one or other of the special funds which have been a feature of the Union's attempt to provide greater financial flexibility and less detailed parliamentary control of expenditure during the war emergency. And these same funds, the War Expenses Account and the External Procurements Fund, together with the War Stores Disposal Account, are in a position to meet the whole balance without further burdening the taxpayer.

Provision is being made during 1947-48 for total expenditure of just under £120 million and the yield of taxation on the existing basis is estimated at £138½ million. Mr. Hofmeyr intends to sacrifice the whole difference either through remission of taxation (to the amount of £15,800,000) or by the reduction of public debt (£2,700,000).

This leads to the third main point of interest—where the reductions in taxation are to come. As last year, there is something for everybody, but not everybody is equally satisfied with the concessions. Reductions in postage rates and a 2d. per gallon reduction in the import duty upon petrol (which will be accompanied by a reduction of 1d. in the retail profit margin, thus bringing the price of petrol down by 3d. per gallon) are generally welcomed. Few grudge the gold mines, faced with serious cost problems due to the general rise in prices and wages during the war years, either the modification of the formula tax or a more generous amortization allowance. The individual income-taxpayer, on the other hand, seems inclined to look the Minister of Finance's gift horse in the mouth. Rather than be impressed with a 50 per cent increase in the rebate for children, he says it only amounts to £2. 10s. a child in any case, so that an addition to the family would not show much profit.

What has impressed everyone is that Mr. Hofmeyr has abolished the excess profits duty and the trade profits special levy completely as from July 1, 1946—taxes which it is estimated would have yielded, between them, £15,300,000 in 1947-48. As a result, he has been loudly assailed with bringing in a "rich man's budget". This is decidedly unfair. Mr. Hofmeyr has never shown himself solicitous of the interests of big business, and an openly expressed preference for his predecessor, Mr. Havenga, is by no means uncommon in business circles.

To begin with, the figure of £15,300,000 from the excess profits duty and trade profits special levy is a gross figure, and should be reduced by £2,600,000 which will still be collected as arrear payment on profits earned before June 30, 1946. This sum is to be devoted to a reduction of the public debt. In addition, the rich man, already highly taxed in so far as his riches come in the form of income and not of capital appreciation, will find that a good deal of what he gains on the E.P.D. roundabouts he loses on the super-tax swings—again except in so far as he does not convert into money the increase in share prices stimulated by the prospect of higher dividends. Mr. Hofmeyr expects to get back £4,250,000 in this way. Finally, in addition to the usually noted inequities of these special war-time taxes, there ought

perhaps to be some doubt as to whether a considerable proportion of the profit on which they were levied represents a genuine profit at all. But this leads to some further considerations.

A weakness of the Government's case against its critics was an appeal to business men (voiced more particularly by the Minister of Posts and Public Works and Acting Minister of Economic Development) asking them to take advantage of their reduced E.P.D. contributions to cut their rate of profit while still affording a satisfactory dividend to their shareholders. The sentiment may be unexceptionable, but it is perhaps asking too much of human nature to suggest that business men should forgo their profit just when the Government allows them to keep it all for themselves. It might indeed be asked why, in the past, businesses did not reduce prices to their customers and content themselves with a smaller margin of profit, when more than three-quarters of the difference would have been contributed by the Treasury.

These questions have been put to business men, and the reply has come from some quarters—notably from a very active director of companies who is enough of a portent of the "managerial revolution" to begrudge most increases of dividends to his shareholders and to deprecate the rise of his companies' shares on the Stock Exchange to what he regards as unjustified heights—that they would willingly have cut down their excess profits if it had proved practicable. It was asserted, however, that it had been made impossible by uncertainties of supplies, of replacement values, of wage commitments in the face of new wage determinations and of tax obligations, together with the administrative burdens of rendering returns to various controls and making sure of keeping within the law in such matters as maximum price regulations and the demarcation of employment under wage determinations. These, it is stated, have precluded all attempt at calculating how much prices could have been reduced below the legal maxima (a reduction which would have varied with different lines of merchandise) in order to cut out, for the benefit of customers, the earning of excess profit. In other quarters the desirability of such a policy when supplies are inadequate has been questioned.

The Taxation of Profits

THE abolition of the E.P.D. and the trade profits special levy will help to remove some of these uncertainties; but if it makes closer calculation of anticipated profit margins possible it also does away with some of the incentives to making such calculations. Only the reappearance of genuinely competitive markets can ensure the reduction of profit margins for which the Minister of Posts and Public Works appealed. If the abolition of these war-time taxes hastens their reappearance by twelve months—as well it may—the sacrifice of revenue involved will have proved amply justified.

An immediate result of the abolition of liability for these taxes as from July 1 last will be a considerable increase in the dividends paid by companies which would otherwise have paid large amounts in E.P.D. or trade profits special levy. Yet it remains doubtful how far these increased dividends, or

the taxes which they replace, represent payments made out of the genuine current earnings of the firms concerned. In many instances replacement of plant and machinery necessitated by wear and tear and obsolescence has unavoidably been on much too low a scale during the past seven years, and such financial provision as has been made is often inadequate to meet the immensely increased cost of post-war building and post-war equipment. Dividends and E.P.D. would appear, in fact, to have been paid in part out of capital rather than income.

One reason for this is the undistributed profits tax, introduced in 1941 and specifically designed to encourage the payment to the shareholders of at least 80 per cent of the profits earned each year. The large number of cases in the last two years in which firms, regularly paying good dividends and E.P.D., have raised additional capital by new share issues is at any rate a partial demonstration of its effects.

There are strong arguments for a penal tax on undistributed earnings as a normal ingredient of tax policy, although the arguments are not all on one side. There were no doubt compelling reasons for introducing this tax in 1941 to ensure that profits were not merely salted away to be distributed at a later date when E.P.D. had disappeared and supertax had receded from war-time levels. These particular reasons have lost much of their force to-day, while the general arguments in favour of such a tax are by no means overwhelming in a period of inflation of prices. Mr. Hofmeyr might have done well (in spite of the difficulties which would then have had to be overcome in making equitable arrangements regarding the taxation of private companies) if he had on this occasion complemented the abolition of E.P.D. with the suspension of the undistributed profits tax. This would have encouraged the employment of the amount forgone in taxation for the strengthening of reserves and maintenance of capital instead of the payment of dividends. As it is, the increased allowance of 15 per cent of the purchase price of new machinery, which might be set off against income in the year of purchase, and which was conceded in the 1945 budget for two years only, will shortly come to an end.

Union of South Africa,

April 1947.

NEW ZEALAND

INDUSTRIAL STRIFE

THOUGH neither as numerous nor as grave as in some other countries, industrial disputes in New Zealand have been sufficiently numerous in the opening months of 1947, and their consequences sufficiently serious, to arouse grave public concern, and to pose a major political problem through the strain thrown upon the existing machinery for reconciling the interests of industrial groups. The Arbitration Court has found itself confronted with a problem of recognizing, or refusing to recognize, illegal "adjustments" of wage rates conceded by employers under the pressure of unions.

The Railways Industrial Tribunal, one of the statutory bodies created by the Government to determine wages and conditions in special fields, refused to concede most of the increases in pay applied for at a recent prolonged hearing, and was harshly criticized by the workers' organizations for taking account of the deteriorating financial position of the railway system. The most disturbing topic during the period was the waterfront crisis, which brought under fire another statutory tribunal.

A number of minor disputes have been prevented by concessions, or settled by or referred to tribunals set up under war-time regulations. They are constituted of an equal number of representatives of workers and employers with a chairman normally selected by the Minister of Labour. The decisions of such tribunals are legally binding on both parties; but, significantly, the Minister has commonly required from both an advance undertaking to accept the finding. In most cases the decision has in fact been made by the chairman, usually a Magistrate or a Conciliation Commissioner, and in most cases recently it has involved concessions to the workers.

A trivial question over hours to be worked in "wet" places, initially affecting only two men, precipitated a sudden strike on the Waikato coalfield. It continued long enough to require the curtailment of Easter train travel, and by limiting the use of steam plants, to make more drastic the restriction already in force on the use of hydro-electric power. A series of disputes over very high special rates of pay demanded by unions for salvage work by their members on the inter-colonial liner *Wanganella*, which ran aground on Barrett's Reef at the entrance to Wellington Harbour on the night of January 19 and remained there for eighteen days, held up repair work on the ship for some seven weeks after she had been moved into the floating dock by officers and officials. One tribunal has already settled the claims of the crew. Another at the present time is considering the claims of other workers. The owners and underwriters undoubtedly feel that they have been ruthlessly exploited and many of the public are inclined to agree with them.

Effects of Full Employment

THE special causes of this industrial unrest are to be found in the employment situation, in the now-established tradition of the forty-hour week and in the reaction to the elections of last year. The employment situation

is a source of professed pride to the Government, yet also possibly a source of potential danger to the country. The Minister of Employment has given the number of notified vacancies at the end of November as 10,800 for males and 12,531 for females, while only 146 men and 9 women were registered as seeking work. Vacancies have since increased in number and those seeking work have diminished. Newspaper columns testify to the effort to attract workers, especially female workers, by the offer of overtime at discretion, good conditions and amenities. Employers are in fact forced to bid against one another in terms of amenities, and those whose industry is most standardized and whose costs have been longest under the critical scrutiny of the Price Tribunal are in the weakest position.

In some employments overtime is desired to maintain earnings near their war-time level, in others depleted staffs are making overtime a burden. The general application of the forty-hour week is producing a distinction between those who can complete their work, including overtime, from Monday to Friday, and those who must at times work on Saturday and Sunday, even though they work no more than forty hours in the week. Hence recurrent disputes over the payment of penal rates for Sunday work even where overtime is not involved.

The discipline and restraint on the part of trade unions which are necessary for stability under conditions of full employment are going to be difficult to maintain in New Zealand. The narrow victory of the Labour party at the 1946 elections has apparently increased the tension between moderates and less moderates in the parliamentary party and it may be precipitating a struggle for power within the ranks of the industrial movement.

The widening work of the young Institute of Industrial Administration, the calls made by progressive employers on the services of the Industrial Psychology Division of the Department of Scientific and Industrial Research, the development of personnel work and industrial hygiene, are all signs that employers for the most part are keen to have better industrial relations. Similar evidence is found in their interest in profit-sharing and incentive payment schemes, even though they may not allow sufficiently for the trade union point of view on such matters. Yet employers seem to be finding it increasingly difficult to express their problems and grievances without innocently giving umbrage to trade unionists.

The attempt by the leaders of the Federation of Labour to initiate a grouping of small unions into large bodies* may not only be a means to greater influence but may also be planned to prepare for fuller participation of workers in industrial management, which would clearly require preparatory study by workers. Many Labour leaders and some Labour journals, however, still use the terms of the class-struggle between workers and bosses in an unregulated economy, and the tone of their discussions seems to have sharpened over recent months. Clearly New Zealanders have reached the condition of full employment or more without having first acquired the set of ideas appropriate to the situation. The result is that the Government is

* See THE ROUND TABLE, No. 146, March 1947, p. 202.

confronted with a troublesome problem, most aspects of which are revealed in the history of the waterfront dispute.

It might be pointed out in passing that, even when due allowance is made for shortages and dislocation due to war, the difficulties which the Government faces are in part the result of its own policy. Ministers have been reluctant to accept fully the self-discipline involved in proper co-ordination of plans and slow to recognize that when many objectives are pursued too intensively they become inconsistent with one another by competing too strongly for limited resources of men and materials. The Government talks much of planning and co-ordination but is not willing to accept the full implications of its own preaching.

The Waterfront Crisis

THIS very important episode represented a new phase of a very interesting experiment. Under the Waterfront Commission a system of co-operative contracting was introduced, shipowners being charged a contract rate for each port based on an average rate of work for each type of cargo, plus charges for delays or overtime and certain levies to cover administration costs. The men are employed at award rates and a profit-and-loss account is prepared for each ship. "Profit" due to the men working at above ordinary efficiency is distributed at three-monthly intervals among the unionists who participated in the work, non-unionists being excluded from the distribution. Non-unionists are, of course, engaged only when union workers are not available. The records of the Commission show that efficiency increased in some types of work, principally export loading, and decreased in others, principally unloading.

The men benefited in the first five years of the scheme by the distribution of £660,000 "profits" among some 7,000 unionists, and the current gain from this source might be about £40 per man per annum in main ports. Shipowners are keenly conscious that by various concessions the costs of handling cargo have in fact increased, and they have been critical of union demands. Unionists, on the other hand, do not seem to have risen above the old spirit of internecine warfare characteristic of pre-Commission days.

Unionists are expected to report at 8 a.m. each morning and to hold themselves available for engagement for two hours thereafter. Once gangs are formed they can be required to work overtime from 6 p.m. to 9 p.m. Monday to Friday. Until the present crisis they have been required to attend for possible engagement on Saturday morning, though they have contended that the necessary engagements could be made on Fridays. Hours worked by any man vary appreciably from week to week, but not so much from month to month. They include a large proportion of overtime at penal rates, and average earnings have been high in main ports and lower in small ports where work is more irregular. They have lately been less in either than during the latter part of the war period.

The decision of the Commission guaranteeing work or payment to the amount of £25 per four-weekly period for A-class watersiders* was in fact

* See THE ROUND TABLE, No. 146, March 1947, p. 203.

a decision by the Chairman and represented a compromise between the views of representatives on the Commission of the shipowners and the workers. It would be of some benefit to workers in small ports, of much less benefit to unionists in main ports, and was estimated to involve an increased overall cost of about £40,000 per annum. A return for the concession was required in that the Commission asked for "reasonable" relaxations of customs restricting the mobility of workers and a modification of the "spelling" system under which, in effect, half of each gang works while the other half rests. Established after long struggle these practices were of dubious social value, except for special types of work, even when work was highly casual and too many men were offering, and were clearly inappropriate to a system of Commission control in which union representatives participated, with labour decasualized, with man-power short and with an urgent need to speed the loading and unloading of shipping.

The union decision to work only forty hours per week, soon made effective in most ports, created such inconveniences that the Government, the Federation of Labour and its recently formed affiliate, the Transport Federation, were in succession drawn into the struggle. The Prime Minister was firm but conciliatory. While the Commission existed the Government must support it. Unless normal working were resumed, Commission control with its benefits must be terminated. Following an ultimatum issued by him on December 30, the powers of the Commission were suspended on January 7, and the Minister of Labour assumed responsibility. In effect this would mean little until contracts already entered into should run out. Throughout the Prime Minister and other Ministers urged that the Commission could reconsider its decision and the matter was open for negotiation. But normal working must first be resumed.

The officials and National Council of the Federation of Labour were bound as to policy by a resolution of the 1946 Conference of the Federation which required all affiliates to exhaust every avenue of negotiation before resorting to stoppage of work. Were normal working resumed they offered to conduct the case for the watersiders, or to support their case. Conferences between the two executive bodies were followed by acrimonious discussions as to what had been agreed. The Transport Federation was apparently disposed to support the claims of the watersiders but not their methods. The language of officials of the Waterside Workers Union and its branches was truculent, and indicated an intention of forcing an issue of increased wages and improvements in conditions upon both the Federation of Labour and the Government. They sought support among affiliates of the Federation and secured some.

Finally an Extraordinary Conference of the Federation of Labour, the second in its history, was called for January 21 to deal with what Federation officials termed "the most important issue in the history of the Federation and of the whole trade-union movement". After two-and-a-half days' sharp discussion, and as a result of hard fighting by the Prime Minister and other Ministers, the Conference supported by a considerable majority the policy of the Government and of its own officials.

Meantime conferences of representatives of the waterside workers, Federa-

tion officials, Cabinet Ministers and Labour Members of Parliament resulted in the resumption of work after January 17 and the restoration of the powers of the Commission. On meeting, however, the members of the Commission could not find a basis for agreement and the Chairman offered his resignation. As a "temporary" arrangement the Commission was reconstituted with the former General Manager as sole Commissioner. Compromise terms were hammered out with the union, the protesting shipowners being completely ignored. The men won a guarantee of work or payment to the amount of £5 per week, two hours' pay for attendance without engagement, concessions as to engagements for Saturday work and as to holiday pay and an assurance that the provision of amenities on the wharves would be speeded up. As a consequence the levy on all cargo was raised to 8d. per hour, and shipowners doubt whether this will cover the costs involved.

The crisis had merely been the outstanding episode in a period of apparent incipient irresponsibility and anarchy in industrial unionism. The Prime Minister, acting consistently, had won his main point by concessions which made it a Pyrrhic victory. Federation officials had retained their leadership. The watersiders, yielding on the prior resumption of work, won less than they asked, but the "spelling" system went apparently unchallenged. Their demand for increased wage-rates appeared to be partly met by an announcement by the Minister of Labour that the Government had decided to issue a regulation permitting an application to the Arbitration Court for a general wage order.

Stabilization

THIS announcement may have been due to current discussions of stabilization by the Federation of Labour, which apparently envisaged a general increase in all wages. Arbitration Court orders granting increases of this type were granted before the introduction of stabilization in December 1942. Since 1945 the Court has been able to grant increases only to correct disparities and anomalies, and has been guided by a general order setting standard rates for skilled, semi-skilled and unskilled workers which it issued at that time. Meantime the index-number of money wage-rates has increased somewhat and new anomalies have developed. Adjustments made in the salaries of public servants, teachers and others have not gone unnoticed by unionists, even though they represented long-delayed remedies.

A meeting of the executive and national council of the Federation was addressed at length by four Cabinet Ministers, and after discussion a statement was prepared by a committee and released. It affirmed the continued necessity for stabilization controls in view of the accumulation of purchasing power greatly in excess of the value of goods available from current production. It criticized the practice, followed at times by the Price Tribunal, of meeting rising costs of a manufacturer producing both essential and non-essential lines by permitting a widened profit margin on the latter to offset a narrowed margin on the former. This practice has also been sharply criticized by the Manufacturers' Federation.

The statement condemned "cost-plus" methods of price-fixing, suggested that prices be "based on the costs of the averagely efficient firms in each

industry", with closer examination of the financial position in each case, and suggested greater precautions and tighter controls in regard to the subsidies which have been so extensively used to hold stable the war-time index of prices. It suggested a strengthening of the Tribunal, with a change in personnel, increased publicity respecting applications for price increases, and opportunities for the Federation to present submissions on any application should they desire so to do.

The statement contended that increased production of essential lines is necessary and "can be facilitated by the adoption of the new method of price-fixing, by giving the workers a financial incentive to produce more, and by giving trade unions an opportunity of carrying on production". Not altogether consistently with this, the statement indicated that a case would be prepared for a general increase in wages, and later various spokesmen indicated that an increase of £1 per week was to be asked for. Clearly this would give a strained meaning to "inducement to produce more". Yet some unions and leaders said "nothing less will do". The National Secretary of the Waterside Workers' Union stated: "The function of the Court has been clearly defined. It is not so much to determine wages and conditions as to preserve industrial peace. If it wants to do that, the way is obvious."

A New Dairy Industry Plan

THE concession by the Government of penal overtime rates for all weekend work in dairy factories naturally led the organizations representing farmers to urge upon the Government their claims to recognition in the weekly wage allowance which really serves as the basis for guaranteed prices. One result of these representations is to be seen in some aspects of the agreement reached between the Government and the dairy industry, details of which were announced by the Prime Minister on April 17. Under the proposed plan a New Zealand Dairy Industry Commission of seven members is to be set up to undertake the buying, handling and selling of dairy produce for the export market and to regulate local market costs and distribution.

The Commission will receive power to determine the guaranteed price as on the basis laid down in the present Act, with the proviso that in determining the price it will have regard to the general economic stability of New Zealand, and, if the Dairy Industry Account is in debit or likely to be in debit for the season, then it will first consult with the Minister of Marketing before fixing the price. The price so fixed is to be guaranteed by the Government. The Commission is also to be empowered to reconsider the price payable to farmers for the season ending June 30, 1947, after taking into full consideration the extension of the forty-hour-week policy. This plan will to some extent remove the affairs of the industry from Government control. Nevertheless the Commission will be required to "comply with the general trade policy of the Government and with any general or special directions issued by the Minister in terms of Government policy".

New Zealand,

April 1947.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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HEIRESS AND INHERITANCE

THE MARRIAGE OF PRINCESS ELIZABETH

TO find a precedent for the marriage of an heiress to the throne (since the Princess Charlotte was married and died while her father was still only Prince of Wales) it is necessary to go back more than eight centuries, to the wedding of the Empress Maud to Geoffrey Plantagenet, Count of Anjou, in 1127. This curious fact may be taken to emphasize the sense of a profoundly significant event which has been displayed throughout the British Commonwealth and Empire on the occasion of the betrothal of Princess Elizabeth. Never has a royal marriage been more universally acclaimed. By a singular felicity Lieutenant Philip Mountbatten unites in his person all the qualifications, some of which would have been held *a priori* incompatible, of the consort of a future sovereign. On the one hand he comes of the male line of one of the oldest dynasties still reigning in Europe, the Danish house of Oldenburg, the same that gave a husband to Queen Anne and wives to Edward VII and James I, besides James III of Scotland before the union of the crowns. On the other hand he has had his upbringing almost entirely in England, speaks English as his native language, and has followed one of the most honoured of British callings in the Royal Navy, where he served during the war with distinguished promise. His close relationship on the mother's side to two of the most distinguished admirals of this century, Prince Louis of Battenberg and the present Governor General of India, suggests on grounds of heredity that his marriage may be depriving the Navy of the future of a potential commander of high degree. But what the Navy loses the dynasty, and therefore the Commonwealth, will gain.

To the Princess, who now obtains companionship, counsel and support as she sets forth upon a career of public service from which there can never be remission, the congratulations and good wishes of all the Empire will go out with a fervour that has attended upon no bride in the thousand years of our national and imperial history. In this year, which has witnessed her coming of age, and her exalted act of self-dedication on that day of happy omen, she has stood out before the eyes of the Empire as the natural leader of the rising generation, upon which the renewal of a shattered world depends. She has begun in South Africa to establish that direct understanding between herself and her future subjects beyond the seas which will one day enable her to provide, by personality as well as by office, the indispensable link uniting the many nations of the Commonwealth. More than a century of constant change has elapsed since the wedding of Queen Victoria to Prince Albert, and it is certain that the place to be occupied by the monarchy of the future Queen Elizabeth II and her husband will differ considerably from that which was accepted when last a woman occupied the throne. But in all probability the gains will outweigh the loss. The direct authority of the Sovereign in government has perhaps become a little less. There has

been added, however, something substantially new—the conception of a social and representative monarchy, in which the King or Queen is recognized by the people as the embodiment of their own collective character, having equal affinity with every class from the highest to the humblest, a conception that goes far to reconcile all that was most inspiring in the idealism of divine right with all that was most rational in the Whig scheme of constitutional kingship. Of monarchy thus conceived King George V was the principal founder; King George VI has carried on and extended the tradition; his daughter, it is already apparent, has inherited that power to identify herself with her people which will one day enable her to adapt it to any changes that the future may bring.

A Practitioner of the Constitution

BUT although this representative or social function is the characteristic addition of the twentieth century to the content of the kingly office, it has enriched without displacing the older and more political idea of a constitutional monarch. Not merely is Bagehot's judgment still true, that by virtue of remaining continuously at the centre of the affairs of state, while party administrations come and go, a King or Queen may be expected to acquire a cumulative experience of government and so to become a consultant of unique authority. In parenthesis it may be remarked that it has been in the past held possible, and constitutionally proper, to open to the heir the means of acquiring in advance a large measure of this experience; nor would it be reasonable, although here the precedents fail, for secrets of state, which in the public interest may be revealed to an heiress presumptive, to be withheld from the consort who will be her closest personal confidant when she accedes to the throne. But the modern British monarchy still retains much more of actual political influence than this power of informally advising the ministerial advisers of the Crown. A higher view than has of late been conventional of the Sovereign's direct activity in government is taken in the lectures on the Constitution,* recently published, which were given at Oxford last winter by Mr. L. S. Amery; and since the author looks back upon fifty years of public life, nearly half of them spent in office, his description of the process of government in Great Britain, and his exposition of the principles that he finds implicit in the process, are not to be lightly disregarded even though they run counter to much that has long been taught in the text-books.

What now passes for canonical doctrine, and is assumed by the majority of political speakers and writers of all parties, was in fact developed by the liberal theorists of the nineteenth century on a foundation mainly provided by the democratic tenets of the French Revolution. Under their influence it has come to be thought that the first object of the Constitution is to ascertain the will of the people and apply it to the conduct of public affairs. The only source of political authority is the electorate. Parliament, which is created to legislate, is a delegation from the voters; the Cabinet, which exists to

* *Thoughts on the Constitution*, by the Rt Hon. L. S. Amery, C.H., D.C.L. Oxford University Press. London: Cumberlege. 8s. 6d.

administer the law, is a committee of Parliament. Montesquieu, who held that the secret of English ordered liberty resided in the separation of powers, has completely misled his American and other disciples; on the contrary, the Constitution, by deriving the executive from the legislative, and both from the people, has ensured that every apparent discord between them can be resolved into harmony. The people at one remove, through Parliament, make their own laws, and at two removes, through the Cabinet, govern themselves.

So extreme a simplification of the theory of course does injustice to the great Victorian doctors of the Constitution. But it has had its vogue in Europe, and serves to explain why so many attempts to naturalize on the Continent what was supposed to be the English principle of government have ended in disastrous failure. It is persistently dogged by two opposite dangers, and frequently falls into both successively. The first proceeds from over-emphasis on the idea of the dependence of the executive upon the legislature and of the legislature upon the voters. Pains are taken to make Parliament an exact reflection of all shades of opinion in the electorate, and the Cabinet of all shades in Parliament—and so the multitude of counsellors reduces government to impotence. This result is apt to precipitate recourse to the other extreme. This derives from the notion that the executive represents the final distillation of the will of the people, which is *ex hypothesi* the sole source of authority in the state. In that case, why confuse counsel by retaining in active being either the electorate or the legislature, once they have served their purpose by indicating their choice of governors? By this simple line of reasoning the whole totalitarian edifice can be erected on the democratic foundation—as Hobbes saw, but much earlier the argument had been crystallized in the famous epigram of Ulpian: *quod principi placuit legis habet vigorem, utpote populus ei et in eum omne suum imperium et potestatem conferat*.*

Examples of both dangers are sufficiently numerous in the recent history of Europe for the point to need no labouring. But why does the British Constitution remain immune to both the opposite threats of anarchy and despotism? Because, says Mr. Amery, it is not based at all upon the principles alleged; and he proceeds to show by examination of its actual working that its operation cannot be reconciled with them. The supposed source of all authority, the electorate, in fact originates nothing. It does not set up a Parliament reflecting the various shades of its own view; it is only permitted to choose among candidates belonging to two, or at most three, rival teams. It does not make its own laws; it expresses a preference between two administrative and legislative programmes, in the drafting of which it has no share, and each of which must be accepted or rejected as a whole. Nor is the Cabinet a committee of Parliament. Its membership, and the distribution of offices among the members, are controlled not by the House of Commons, nor even by the majority party, but by the Prime Minister, whose authority in this matter is almost absolute; and the Cabinet does not deliberate upon terms of reference imposed by the House, but ever more insistently directs

* "The pleasure of the sovereign has the force of law, inasmuch as the people delegates to him the whole of its own authority and powers."

the House as to the business that it shall transact. If the House has an ultimate power to dismiss the Cabinet, the Cabinet has a limited but more practically useful power to dissolve the House.

Leadership and Consent

YET no deliberative body in the world surpasses the authority of the British Parliament; no people is more secure than the British in the enjoyment of the substance of liberty. If Mr. Amery is asked to reconcile this observed fact with his rejection of the mid-Victorian liberal theory, he replies that in essentials Montesquieu was right. British liberty does derive from a separation of powers; Montesquieu erred only in his description of the powers separated as executive, legislative and judicial. The Cabinet is not exclusively executive; it plays a greater part in legislation than Parliament itself. Parliament is not primarily a legislature; its most vital function is that of watching over and if necessary correcting the Cabinet's use of its executive powers.

In order to appreciate what the separation of powers really means it is necessary, in Mr. Amery's view, to dismiss at the outset the assumption that the object of the Constitution is to ascertain and apply the will of the people. The object of the Constitution is simply government—to maintain an authority, the King and his Ministers, with sufficient effective power to guard the commonwealth against its enemies and preserve at home that order on which the enjoyment of individual rights depends. But if the governing authority is to be kept at a high level of efficiency and fidelity to its trust, it requires to be watched with constant vigilance by some other authority, independent of itself. Moreover, if it is not to be a tyranny it must govern according to law; if the law is found to conflict with the needs of good administration, it must cause the law to be changed. It is for the Government to say what changes in the law are required; but since the law is the people's inherited and accepted way of life, it must not and cannot be changed without their consent. Parliament is the constitutional arena where the Government meets the representatives of the people for these two purposes—to justify its administration in the face of critical review, and to obtain consent to the legislative changes that the continuance of its policy requires. The King, whose initial action in the formation of a Cabinet sets the whole process at work, sees to it that the function of government is entrusted to men whose general policy is sufficiently acceptable to the Parliament of the moment to survive the criticism of its details, and who can secure consent for the legislation they need to continue it.

In this description the whole emphasis is thrown upon government, which is conceived as a mixed process of administration and legislation; and Parliament cannot govern, and was never meant to govern. "Our system is one of democracy, but of democracy by consent and not by delegation, of government of the people, for the people, with, but not by, the people." The consent, each of which operates over the whole combined administrative and legislative field; and the authorities in which these powers are vested,

the Government and the people, are in continuous conference or parley in Parliament.

Thus the Constitution provides for an active and a passive element in the conduct of public affairs, one created by delegation from above and the other by delegation from below; each constitutes a check and balance upon the other, and by their delicate interaction liberty is preserved. As a description of the actual working of the Constitution by one who has long experience of it this theory is certainly an improvement upon that of universal popular delegation, at any rate for the present day and perhaps even for the period when the more fashionable doctrine was formulated. It need not be an objection to it that abstract political theory, which is always reluctant to rest in such a dualism as Mr. Amery postulates, will seek to supplement it. Mr. Amery derives his whole conception of the active element in government from the initiating power of the Crown; and those who refer to his original text will be impressed by the degree to which he shows that this power is marshalled by the personal, though admittedly very occasional, action of the King. But, writing as a practical statesman rather than as a theorist, he does not find it necessary to discuss the question of what ultimate sanction sustains the authority of the King himself.

Political philosophers have never succeeded in finding more than two alternative final sources of secular power: divine right or popular consent. The legislation of the revolutionary settlement went as far as law can go to eliminate divine right from the British Constitution. It may be that this is beyond the power of law; there will always be some to hold that obedience to the powers that be is a religious duty, and that this is the real source of the authority we acknowledge in the national tradition that is ultimately embodied in the person of the sovereign. Nevertheless in law, at least, the King is simply the person nominated by the Act of Settlement, and his legal power clearly depends upon popular consent. So also in practice, when he sets in motion the machinery that creates a Government, he acts in accordance with what he supposes to be the popular will as expressed in Parliament. And all the various elements that participate in the national leadership under the Crown, that is, in the governing rather than the consenting part of the Constitution as defined by Mr. Amery, can be shown to be built up from a foundation in the people. Only they are not built up upon votes. The process of working out a programme or policy, which may be adopted by a party, submitted for the acceptance of the electorate, and, if approved, be applied to the government of the country, is a process in which any subject of the Crown can take part. In order to make his power effective, however, he must do far more than see that his name is inscribed on the electoral register. He may be in the actual employment of the Crown, and contribute as a civil servant to the formation of policy. He may be active in the affairs and organization of one or other of the rival parties. He may be a political speaker or writer, or take a line of his own as a member of one or other House of Parliament. But in every case the extent of his participation in the creation of policy, and of his ultimate influence upon government itself, will depend upon a judgment of the quality of his thought or action, and not

upon the weight of numbers. That judgment moreover will be largely a judgment from above; leadership is a hierarchy, and men make their way into it by proof, to the satisfaction of those who are already qualified, that their opinions are worthy to be taken into account.

In this sense the governing as distinct from the consultative part of the Constitution derives also from a popular foundation. It will always require a limited cadre of persons specially interested in public affairs and devoting much of their time to them, who will supply in effect an aristocratic element in the commonwealth. This aristocracy shapes policy and supplies the practitioners of government from the Cabinet down to the most junior servants of the State. But it is an aristocracy whose ranks are open to all comers, provided only they are willing and able to qualify in their degree by active public service.

Commonwealth Relations

MR. AMERY'S conception of the principles involved in the British parliamentary system inspires all his suggestions for constitutional adjustment or reform. His aim is to make the Cabinet, as the proper source of all initiative, stronger, and Parliament, regarded almost entirely as a consultative and critical body, not stronger as against the Government but more articulate. For instance, he favours the revival of something like the Imperial War Cabinet system of 1916, in which a small group of Ministers might be released from departmental responsibilities in order to have leisure and detachment to plan government policy in a large strategic sense. Here, of course, his proposals have affinity with those of the Haldane Committee, which have been before the nation for many years, and to which most Governments have paid lip-service without going far towards that general reorganization of the machinery of Whitehall which is their foundation. Mr. Amery also associates himself with the proposal originally made by Mr. Churchill in his Romanes Lecture of 1930 for the addition to Parliament of a third House, elected on a functional basis to represent industry, and possessing purely consultative powers. Such a House could scarcely fail to improve the capacity of Parliament in its critical aspect. At the same time it may be questioned whether it would not militate against Mr. Amery's ideal of strong government. The Cabinet in effect would have to satisfy two Houses of Commons. It is true that the House of Industry would not possess constitutional power to overthrow the Government. But supposing that a policy (for instance, a diversion of man-power from industry for purposes of defence) which could be successfully defended in the House of Commons on political grounds had been censured in the House of Industry on economic grounds by the combined forces of masters and men, would not the Cabinet that proposed it suffer a crippling loss of prestige?

Mr. Amery's emphasis on the importance of government naturally dictates his approach to the problem of imperial unity. Observing that the United Nations begins its work with fundamentally the same instruments as the League, and in an international atmosphere much more discouraging, he holds that the prospects of peace in the world for a long time to come depend

in pre-eminent degree upon co-operation between the nations of the British Commonwealth. But he in effect accepts the Statute of Westminster as a final settlement, and looks for that co-operation solely to the agreement of the existing sovereign governments. Therefore his proposals for imperial integration are all made in the field that belongs to Cabinets and not in that which belongs to Parliaments. He would give permanent institutional form to the secretariat of the Imperial Conference, and place its machinery at the equal disposal of all the British Dominions. He assumes—perhaps unnecessarily—that this secretariat must be geographically located in the United Kingdom, but makes the wise observation that it should be visibly separated from the area associated with the administration of these islands, and could be most appropriately lodged in the vicinity of some personal residence of the Sovereign of the Empire, such as Windsor or Hampton Court. He would develop all the existing machinery of collaboration between the imperial governments, notably that of the High Commissioners exchanged between them. The ultimate aim would be to create the equivalent of an Imperial Cabinet, made up of delegations—generally the Prime Ministers—from all the governments of the Commonwealth. Such a body, though of course not in continuous session, would in his view be capable of providing leadership for a united policy of the Empire in world affairs; and he does not think the unity of the leadership incompatible with the necessity to go to five different Parliaments for the element of consent which is correlative to leadership in his general constitutional theory.

As usual, Mr. Amery, writing as the experienced politician, keeps his eyes firmly fixed upon the practical; and there is no doubt that in the present state of opinion throughout the Commonwealth, including the United Kingdom, the method of consultation between mutually independent governments affords the best immediate hopes of imperial co-operation. His argument affords the best immediate hopes of imperial co-operation. His argument that a very large development of this consultation is possible, both over the whole field of the Commonwealth and by regional association among some of its members, should bring welcome reinforcement to all who believe in the mission of the British Empire in the world. That his conception of the high vocation of government leads naturally into this programme of imperial integration is itself a recommendation of his constitutional theory.

For those associated with this Review who share to the full Mr. Amery's lifelong devotion to the cause of a liberal imperialism, it may be cause for regret to observe that this merely consultative union, which to them is the next step upon the way of progress, appears to be in his eyes the end of the journey. Mr. Amery dismisses the ideal of organic union, "supported at one time by the able writers of THE ROUND TABLE group" as impracticable not only now but for ever, because

"Foreign affairs, defence, monetary, industrial, commercial, transport, and social policy have become an indissoluble complex of national life. No nation conscious of its national existence is prepared to surrender any of these functions to an outside authority."

For the avoidance of misunderstanding it should be stated that THE ROUND TABLE has not receded from its belief in organic union as the ultimate

ideal. That belief, which was maintained in its earliest issues, was reasserted in its hundredth number, dated September 1935, and is still held to-day. It is compatible with the frank recognition that the prevailing currents of opinion in imperial affairs are setting the other way, and with the whole-hearted support of policies more immediately practicable which make it their object to foster united action in the Commonwealth. Such policies may be maintained even by those who cannot change their reasoned belief that the policy of consultative co-operation, great as are the improvements it may yet make upon the present incomplete integration of the Empire, will in the long run find that there are obstacles that it cannot surmount. In Mr. Amery's terms, the more the element of government in the Commonwealth is forged by consultation into a single leadership, the more difficult it will be for it to seek the correlative element of consent from five—or now seven—completely discrete authorities. The answer to Mr. Amery's central objection is that a time may come when a body to which all the nations of the Commonwealth might entrust their powers to criticize or consent to the foreign and defence policy of a united imperial leadership will cease to be thought of as "an outside authority"—just as the "sovereign" States of the American Union have long ceased so to regard their federal executive and legislature at Washington. That time may admittedly be far off, and in the meanwhile there is no occasion to quarrel with so potent an ally in the cause of a united Empire as Mr. Amery's long and devoted career of imperial service has shown him to be.

MR. MARSHALL'S ADVICE

EUROPEAN DEMAND AND AMERICAN SUPPLY

"ADVICE" rather than "offer" and certainly not a "plan"—that would be the most realistic interpretation of the contents of Mr. Marshall's speech delivered on June 5 last before the Harvard University Alumni Club. This is the definition best calculated both to extract from Europe the maximum response of self-help and to ensure a follow-through by the United States in the form of active participation. It is therefore doubly unfortunate that the term "offer" and even "plan" should have gone so freely into circulation as the description of the historic invitation made to Europe by the U.S. Secretary of State in this speech.

The events that led up to this speech can be stated quite simply. For many months it had become apparent to all who could read and interpret statistics of international trade and payments that the world was running headlong into a crisis of dollar exhaustion. The balance of current payments between the United States and the rest of the world, which in the four pre-war years showed an average surplus in favour of the United States of a mere \$260 million, had in 1946 shown a surplus of \$8,200 million, and in the first quarter of 1947, instead of undergoing the expected gradual contraction towards "normalcy", had suddenly leapt to a rate of \$12,000 million a year. The gap thus revealed was far from being filled by fresh lending or giving by the United States. It was being covered by drawing on fast-ebbing lines of credit and loans already granted and by payments out of equally fast-contracting reserves of dollars and gold held by the outside world. Evidence had been accumulating since the early part of this year that dollar exhaustion was beginning to affect many countries of the world—from the republics of the west coast of South America, which were among the first to feel the impact of the shortage, to Britain, whose drawings on the U.S. line of credit began to acquire an accelerated tempo, to France and the Low Countries which showed the red light by beginning to draw on their facilities with the International Monetary Fund and, finally, to such financially strong countries as Sweden, Argentina and Canada, all of which have in recent months shown signs of balance-of-payments difficulties and have taken appropriate action to restrict imports.

This current surplus of the U.S. balance of payments and the deficit of the rest of the world is, in present circumstances, neither abnormal nor reprehensible. It is not a symptom of the chronic tendency to over-export and under-import of which the United States has so often been accused in the past—with little justification, it should be added. The present surplus in the U.S. balance of payments is a result of the changes in the distribution of world productive power caused by the war. It reflects such factors as the temporary ousting of Germany and Japan from the ranks of the world's great centres of industrial productive power; the deep wounds inflicted on the economies of some of the victorious Powers; the increase which, by contrast, occurred in the productive capacity of the North American

continent. If the ravages of war were to be restored with American aid a substantial surplus had to appear in the U.S. balance of payments. That surplus would be the measure of American assistance in the rehabilitation of war-shattered economies; it would also be a measure of the time that must inevitably elapse before the flow of world trade could return to anything like the normal channels from which it was so roughly disturbed by total war, by the complete abandonment of normal commercial criteria in the distribution of international commerce and by the devices of Lend-Lease and Mutual Aid. However generous and constructive these arrangements for the pooling of resources and financing of trade between the allies, the problems they left behind should not be ignored. Lend-Lease and Mutual Aid, by allowing Britain to abandon any attempt to pay her way in her war-time external payments, made it possible to concentrate the whole of her man-power on fighting and munitioning the war. This led to victory, but it also led to a forbidding legacy of distorted industrial development, of broken commercial ties with traditional overseas markets and, since all external expenditure was not financed by Lend-Lease or Mutual Aid, of a gigantic accumulation of debts to other countries, namely the war debts represented by the overseas accumulation of some £3,500 million of sterling assets.

To discuss whether the resultant situation which crystallized with such brutal severity on VJ-day did or did not call for some continuation of Lend-Lease on a gradually tapering scale is now a barren exercise of academic interest. This was not the way chosen to "finance" the conversion to normality. A return to more "commercial" concepts was decided upon. What was in the Lend-Lease pipe-line continued to flow, but against promises to pay. The Lend-Lease termination credits amounted altogether to \$1,500 million or about one-sixth of what the United States had exported under Lend-Lease in 1944 alone. To ease the strain of the transition period the United States contributed \$2,700 million to UNRRA, increased the capital resources of the Export-Import Bank from \$700 million to \$3,500 million and called upon that government-owned institution to grant foreign reconstruction loans, a type of operation for which it had not been designed. These were only the first items in what was to be a formidable and generous U.S. foreign aid programme. The total, including the \$3,750 million inter-governmental credit granted to the U.K., comes to the impressive figure of \$23,027 million; and as may be seen from one of the tables in the appendix to this article, no less than \$12,660 million of this potential supply of dollars remained unutilized on July 1 last. But much of this unutilized total is not readily available or could not be mobilized to meet the specific danger that threatens world commerce with the United States. For example the considerable U.S. contributions to the International Monetary Fund and the International Bank are not mobilizable except through the operation of a machinery which, to date, has not functioned very promisingly. As for the relief granted under the head of the Philippine Aid programme and Greek-Turkish aid, it will not be canalized or spent in such a manner as to make much contribution to solving the problem of the world's scarcity of dollars for normal current commercial transactions.

The Causes of Dollar Exhaustion

THE contrast between the massive aid provided by the United States in gifts and loans since the end of hostilities and the present headlong rush of the world outside the United States towards dollar exhaustion cannot be explained by a single factor. It is the result of a complex of circumstances, some unforeseen altogether, others unexpected in their severity. Most important of all has been the extent of the war damage done to the economy of the world and the pull of forces that have militated against rapid recovery. In planning the scale and character of post-war reconstruction very few of the experts can have calculated the depth of the wounds suffered by the countries of Europe. Still fewer can have been so pessimistic two years ago as to envisage the fate that has actually overtaken Germany and central Europe or to foresee the deadlock in political and economic co-operation between eastern Europe and the U.S.-West-European group which was to keep the pace of European reconstruction down to such a leisurely and disappointing crawl. All the calculations that accompanied the negotiation of Lend-Lease termination and general reconstruction credits by the United States to her former allies must have been based on a much more hopeful view of the immediate prospects for reconstruction than has in fact been realized. Not only was the damage to the economies of most of the belligerent nations underestimated, but the powers of resilience, moral and physical, of their peoples were assumed to be far greater than in fact they have proved to be. Europe's come-back has been disappointing, not only because of damage sustained during the war and conscious political sabotage by nations and parties which see in economic chaos the best milieu for the propagation of their doctrine; it has also been disappointing because the necessary effort of reconstruction has not been forthcoming.

Let it be admitted that the failure to meet the reconstruction hopes is due to faults of omission and commission on the part of Europe as well as to the unexpected magnitude of the disasters that had overtaken Europe. Apart from this general group of reasons for the inadequacy of the programme that was to carry Europe through the post-war transition, a few more specific factors should be mentioned. The first is the rise that occurred in the dollar price level after the U.S. Congress decided, in its wisdom, that the need for price control had passed. Since the loan of \$3,750 million from the United States to Britain was contracted, its value to this country has depreciated by 28 per cent. Mr. Dalton recently informed the House of Commons that import prices of commodities purchased with the proceeds of the loan had risen by the following percentages: steel, 20 per cent; raw cotton, 56 per cent; soft woods, 100 per cent; hard woods, 50 per cent; tobacco, 15 per cent; wheat, 28 per cent; carcass meat, 41 per cent; cheese, 31 per cent; dried eggs, 5 per cent; lard, 49 per cent. The loan to the U.K. was finally cut well below the figure of \$5,000 million for which the British negotiators asked. This cut, together with the fall in the purchasing power of the \$3,750 million that were granted, accounts in part for the threatened exhaustion of the loan at a far earlier date than had been expected.

In explaining the unexpected size of the dollar gap, account must also be taken of the part taken by nature in deciding that abundance should be visited on the western hemisphere and deficits on Europe. Two successive droughts took their toll of Europe's harvest for 1945 and 1946, and the ravages of last winter will again serve to keep the overall 1947 yields well below the levels that could have been hoped for had more normal weather prevailed. It was fortunate the surpluses were there in the dollar world to meet the deficiencies outside it; but the deficiencies and the abnormal demands to which they gave rise had the effect of keeping the level of agricultural prices inordinately high, and the financing of the transfer aggravated the problem of maintaining a sufficient supply of dollars in the non-dollar-currency areas. Finally, a word must be said about the disappointing pace at which the International Bank has set out to fulfil the rôle destined for it by the U.S. administration, that of becoming the principal instrument for canalizing American capital into the task of post-war reconstruction and development. A combination of personal and technical difficulties has served to keep the operations of that institution well below the volume that could reasonably have been expected of them, though now that the Bank has successfully launched its first bond issue on the New York market the Bank may be entering on a range of loan operations more in keeping with the large resources at its disposal and with the hopes centred on it.

The American Warnings

ALL these factors, the damage done to the European economy, the rise in dollar prices, the visitations of nature and the inability of the instruments for making foreign loans in the United States to achieve what was expected of them, have brought their contribution to the dollar scarcity and to the imminent paralysis of the machinery for financing trade between the United States and the non-dollar world. One of the first clear words of warning of the impending crisis was uttered by Mr. Dean Acheson, then Under-Secretary of State, in a speech at Cleveland, Mississippi, which was to be one of his last public utterances before leaving the ranks of an administration he had served so well. The Cleveland speech was the true forerunner of the Harvard speech. In it Mr. Acheson, after explaining and measuring the gap in the U.S. balance of international payments, drew from his analysis three conclusions. The first was that the United States must take as large a volume of imports as possible from abroad in order that the financial gap between what the world needs and what it can pay for may be narrowed. But, even if the United States abolished every tariff on imports, that gap could not be covered in existing circumstances of shortages in Europe and Asia and abundance in the western hemisphere. Therefore, Mr. Acheson pointed out, "the facts of international life also mean that the United States is going to have to undertake further emergency financing of foreign purchases if foreign countries are to continue to buy in 1948 and 1949 the commodities which they need to sustain life and at the same time rebuild their economies". But thirdly, he said, since the world demand exceeds American ability to supply, "we are going to have to concentrate our emergency assis-

tance in areas where it will be most effective in building world political and economic stability, in promoting human freedom and democratic institutions, in fostering liberal trading policies, and in strengthening the authority of the United Nations". Mr. Acheson made another point which may have an important prophetic bearing on the attitude of the United States to whatever plan may be put up by the sixteen European nations now negotiating in Paris. It was that the United States should now push ahead with the reconstruction "of those two great workshops of Europe and Asia—Germany and Japan—upon which the ultimate recovery of the two continents so largely depends". Here was the first definite hint of the views that were to find somewhat more generalized but more authoritative expression in the words of Mr. Marshall.

The Harvard speech has been variously interpreted. It is certain that its initial reception in the United States was one of uninterested indifference. It was only when Europe began to talk of a Marshall "plan" and when Mr. Bevin had grasped Mr. Marshall's offer "with both hands" that the United States began to study the speech and attempt to read into it a new phase of State Department policy. The cynics have interpreted the speech merely as a warning to Europe that the era of piecemeal assistance from the United States was over because it had been found so utterly wanting in results. But the speech had more to it than this negative warning. There was in it an admirable statement of the economic disintegration of Europe and of the fact that "in considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy". Then followed the positive assertion that "Europe's requirements for the next three or four years—principally from America—are so much greater than her three or four years—principally from America—are so much greater than her present ability to pay that she must have substantial additional help, or face economic, social and political deterioration of a very grave character". Such assistance, said Mr. Marshall, should not be on a piecemeal basis as various crises develop but should provide a cure rather than a palliative; it would be provided to "any government that is willing to assist in the task of recovery"; it would be withheld from "any government which manœuvres to block the recovery of other countries or which seeks to perpetuate human misery in order to profit therefrom politically or otherwise". But, added Mr. Marshall, it was not for the United States to take the initiative in this matter; "there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government . . .", but "the initiative must come from Europe".

Europe's Approach to a Plan

THE great design was launched. Mr. Bevin seized the invitation with an alacrity which at first blush seemed to embarrass public opinion in the United States but which on second thoughts found a welcoming echo in

that country. Mr. Marshall had admitted at a press conference given soon after his Harvard speech that the Europe to which he referred was "everything west of the Urals" and Mr. Bevin's invitation for a preliminary European conference on the issues raised by the speech went to France and Russia. The meeting of the three Foreign Ministers was held in Paris. It opened on June 27 and closed five days later in complete deadlock. Mr. Molotov refused to consider a scheme which, he said, would threaten the sovereignty of the smaller countries. Britain and France then decided to proceed without Russia and sent out invitations to twenty-two countries to attend a European conference to meet in Paris on July 12. Fourteen nations accepted and eight refused the invitation. The eight include all countries in the Russian sphere. Czechoslovakia, which had accepted, was compelled under pressure from Moscow to reverse her decision. One of the immediate results of the Marshall speech has, therefore, been to crystallize more clearly than ever before the division of Europe into two spheres. This was not so much a regrettable development as the open admission of a regrettable fact. As long as that fact was not candidly recognized and admitted the omission had paralysed almost every effort made to set the rehabilitation of central and western Europe in train.

Freed from the procedural and other obstacles which the participation of Russia and her satellites would almost certainly have entailed, the Paris discussions got off to a speedy start. Within three days the discussions at ministerial level were completed. These were primarily concerned with setting up the machinery for the subsequent conduct of business. It was decided to set up a Co-operation Committee on which each of the sixteen countries is represented. Under this there is an Executive Committee on which the U.K., France, the Netherlands, Norway and Italy are represented. This executive committee has set up four technical committees, dealing with food and agriculture, fuel and power, steel and transport respectively. The whole of the machinery thus set up has gone into action with a speed in keeping with the vigour of the opening phases of the work. A questionnaire has been circulated to the participating Governments, and on the basis of the answers that are now arriving the committees will be drawing up inventories of essential needs, lists of what is available within the group of European Powers and their dependencies and associated nations. By deduction some indication will be available of the help from the United States that will be required. The presentation of this material will fall into two parts, a short-term statement of immediate needs and a longer-term plan which should indicate a sharp tapering off in the need required from outside the European group as the effort of self-help gets under way and yields fruit.

But the work now being undertaken in Paris must be much more than the drawing up of a "shopping list". It must tackle the much more formidable and more constructive task of economic integration. If the plan which emerges from the Paris meeting is to appeal to the United States sufficiently to qualify for economic assistance, it must be a plan which brings with it the promise that Europe is again on the road to solvency and self-sufficiency and that any American investment in the rehabilitation of the continent will be

investment in what promises to be a going concern. All this must be ready by the end of August. It is clear, therefore, that the vision of economic integration of Europe will have to be drawn in general and somewhat impressionistic outlines, though with sincerity none the less. There has been some over-facile talk of a European customs union. There would be no hope even of drawing the outlines of such a plan for Europe in the time required. Such a union, or even a form of political federation, might be announced as ultimate objectives which the nations represented at Paris might later discuss, though any such project would raise serious reservations on the part of Britain, given our joint membership of Europe and of the Commonwealth.

Even without such ambitious soaring there should be ample work and detailed planning to be done in the more limited sphere of the fuller and more intelligent use of the industrial resources of Europe and, in particular, in the revival of the productive power of the Rhineland industrial basin. The German problem is bound to loom large in the Paris negotiations. It has already provided a serious bone of contention, the French delegation claiming that in any consideration of the German situation the issue of security, that is the security of France, must take precedence over any other and that following this up by contending that it would be iniquitous to give to the reconstruction of Germany any priority over the reconstruction of the economies that were ravaged by German aggression. This issue epitomizes the real difficulties that will have to be resolved.

One may question whether in drafting the Paris agenda a serious omission has not been made, namely, a study of some of the purely financial aspects of the obstacles to European recovery. In Britain we have recently become increasingly familiar with authoritative diagnoses of our difficulties which lay considerable blame on purely monetary pressures, on the excess of purchasing power, the effect of which is to undermine intelligent planning, to distribute labour into relatively unproductive channels, to put pressure on certain supplies of materials and conduce to what Mr. R. J. Hicks has recently called an "empty economy". These phenomena prevail in varying degrees of intensity throughout Europe. More particularly, the rigidity with which exchange rates are now being held is allowing abnormal discrepancies to occur in price levels, and in countries whose currencies are grossly overvalued—and there are many in that position—the normal corrective mechanism which inflation should bring into operation is paralysed, with the result that in those countries of relatively high prices, imports are positively encouraged and exports are being priced out of foreign markets. These discrepancies are in themselves a severe impediment to recovery and can hardly be ignored in the discussions for European rehabilitation. This, however, is a problem which, if dragged into the orbit of the Paris discussions, ever, is a problem which, if dragged into the orbit of the Paris discussions, would certainly defeat the time-table. It is, moreover, a problem which is the particular province of the International Monetary Fund in Washington and which could not be tackled in Paris without reference to that new international institution. It is to be hoped, however, that the report which will emerge from the Paris discussions will not ignore this important factor in the situation and will suggest that remedial action should be taken as soon

as possible through the instrumentality of the International Monetary Fund. That hope is strengthened by the decision to circulate to the participating countries a questionnaire on their balance-of-payments problem.

Convertibility and Non-Discrimination

ONE of the most intriguing issues that face the Paris scene is the relation and possible contradiction between the mechanism of economic integration in Europe and the doctrine of non-discrimination and economic liberalism which has for many years emanated from the State Department in Washington. Are there some symptoms of schizophrenia in Washington's demand for an integration of Europe, to which it might be difficult to give expression without some cartellization of industry and some discriminatory and preferential machinery, by contrast with the commercial orthodoxy which Washington is to this day preaching in the International Trade Organization discussions that are taking place in Geneva? The question is one that their work must be conditioned by an estimate of what the United States will accept and approve as worthy of their assistance. The clash will be more particularly apparent to the British delegates, who cannot be unaware of the extent to which Britain's particular difficulties have been induced by the "strings" attached to the Anglo-American financial agreement of December 1945. The "sterling convertibility" clauses may have given rise to the keenest debates in the negotiations that led up to the agreement, and in the prevailing dollar shortage the convertibility of current sterling added disastrously to the pressure on our gold and dollar reserves. But in retrospect this particular condition of the loan agreement may be found less significant than the non-discrimination clauses which slipped in with greater ease. The essence of the relevant "clause 9" is that in imposing quantitative restrictions on imports Britain shall not discriminate against U.S. goods unless the discrimination (and it must not be substantial) is in favour of a country whose economy has been devastated by the war. This exception would make possible discrimination in favour of most of the European countries represented in Paris, but it would not include the trade between Britain and the other members of the Commonwealth. Discussions between London and Washington in July began to ease the severity and rigidity of this clause, with the idea particularly of excluding from it the trade between Britain and the non-self-governing colonies which have a common quota with the U.K. in the International Monetary Fund. The whole question was then swept up in the Washington discussions between the British delegation led by Sir Wilfrid Eady and representatives of the U.S. administration. Convertibility of sterling has been partially abrogated. The principle of non-discrimination is being eased so as to allow commercial arrangements which, while avoiding the conscious discriminatory devices that the United States rightly distrust and dislike, will not compel a country, when owing to dollar exhaustion it must curtail imports from the United States, to curtail similarly its imports from other countries where it could continue to purchase. When non-discrimination becomes restrictive it ceases to hold the

virtues to which in principle it can lay claim. The world is already beginning to suffer from multilateral paralysis of trade. The Paris delegates must have very much in mind the problem of reconciling the American doctrine on this subject (remembering that this plan must be "sold" to the American public and to Congress) with the hard realities of the economic situation that faces Europe.

The Scale of American Aid

NO review of the work now being done in Paris should, however, allow the final curtain to fall on the Paris scene. The last thought must go back to the United States. If we are to be spared much disillusion it would be well to ask how far the delegates in Paris, if they are building on the assumption of substantial American aid, are building on reality? A wide gulf can separate the views and hopes of the Administration from the actions of Congress, especially when one is Democratic and the other Republican, when the country is in a mood of retrenchment, when presidential elections are in the offing. The delegates in Paris would be well advised to keep as much as possible of their plans to the sphere of what can be realized without spectacular help from the United States. That help will no doubt be forthcoming, but not in the grandiose figures that are so lightly thrown off in discussion of the "Marshall plan" and not before the United States has very clear evidence that Europe is helping herself. Coal exports to Europe make little sense to Americans when British coalminers have just been given a five-day week.

The educational campaign in favour of further American aid to Europe has been launched and is making good progress. But it is neither true to say that the United States in helping Europe would be getting rid of her unwanted surpluses, nor to suggest that such help is the only way for the United States to avoid an economic recession. Those arguments will carry little weight. When the additional help is forthcoming it will probably be given by bilateral arrangements with each country concerned, and not through a grandiose European rehabilitation plan. It will, moreover, be provided in the first instance by existing agencies, such as the International Monetary Fund if the problem to be met is a short-term disequilibrium in the balance of payments, or the International Bank if the project is one of longer-term development or reconstruction. That should indicate the scale and character of the probable assistance from the United States on which it would be wise for the Paris conference to work. The most dangerous basis for the work of that meeting would be a false and unrealized assumption of American aid. The need for what is now being attempted in Paris will be all the greater if the hopes of American assistance are in fact disappointed. It would, therefore, be a tragic waste of an opportunity if all that is now being constructed in Paris were to vanish into thin air because in the end it were found that the United States refused to help. Whether it is to be known as a Marshall plan or a Bevin-Bidault plan, something drastic and revolutionary will be needed to meet the payments crisis towards which Europe is now rushing with such alarming speed.

TABLE I: U.S. Balance of Payments, 1946 and 1947

	1946	1947 (original est.)	1947 First half (actual figures)
Commercial exports and UNRRA	\$9,700	\$12,000	\$7,600
Commercial imports . . .	5,100	6,700	2,900
Commercial surplus . . .	+4,600	+ 5,300	+4,700
<i>Invisibles:</i>			
Shipping	+ 600	+ 500	..
Tourist			
Immigrants remittances			
Interest and dividends . .			
Military supplies . . .	+ 400	+ 400	..
	+2,600	+ 1,000	..
Total invisibles . . .	+3,600	+ 1,900	+ 850
Total current balances . .	+8,200	+ 7,200	+5,550

TABLE II: U.S. Balance of Payments, 1935-8 (\$000,000)

	1935	1936	1937	1938	Average
Visible exports . . .	2,283	2,456	3,349	3,094	2,796
Visible imports . . .	2,047	2,423	3,084	1,961	2,379
Balance . . .	+236	+ 33	+265	+1,133	+417
<i>Invisibles:</i>					
Shipping (net) . . .	- 36	- 61	-103	- 42	- 60
Tourist expenditure (net) .	-292	-358	-403	- 357	-352
Immigrant remittances (net)	-115	-180	-180	- 155	-157
Interest and dividends . .	+350	+330	+298	+ 333	+325
Government transactions .	- 56	- 65	- 96	- 64	- 70
Miscellaneous . . .	+ 96	+148	+206	+ 178	+157
Total invisibles . . .	- 53	-186	-278	- 107	-157
Balance on current account .	+183	-153	- 13	+1,026	+260

TABLE III: Potential Supply of Additional Dollars Under Existing Programmes*
(In millions of dollars)

	Available or potentially available	Funds drawn through June 1947	Unutilized
<i>U.S. Government Lending:</i>			
Export-Import Bank loans . .	3,500	1,770	1,730
Lend-Lease "pipeline" credits .	1,500	1,250	(a)
Surplus property credits . . .	1,150	900	250
Ship sales credits	210	110	100
Loan to U.K.	3,750	2,050	1,700
Monetary stabilization credits .	287	9 (b)	278
<i>International Institutional Lending:</i>			
International Bank	3,266 (c)	100	3,166
International Fund	3,500 (d)	58	3,442
<i>U.S. Gov. Relief and Special Aid:</i>			
UNRRA	2,700 (e)	2,700	..
Post-UNRRA relief	350	..	350
Relief in occupied areas . . .	1,645	1,000 (e)	645 (f)
Greek-Turkish aid	400	..	400
Philippine aid programme . . .	695	170 (g)	525
International Refugee Organization.	74	..	74
Grand total	23,027	10,117	12,660

(a) Shipments held up, balance not likely to be utilized; (b) as of March 31, 1947; (c) The U.S. capital subscription of \$3,175 million plus dollars paid in by other countries through March 31, 1947. The authorized lending power of the Bank is \$8,000 million; (d) the U.S. quota contribution of \$2,750 million plus gold paid in by other countries, partly estimated; (e) estimated approximate cost; (f) estimated expenditures in the President's budget for the fiscal year ending June 30, 1948; (g) \$100 million made available in surplus materials.

Sources: assembled from miscellaneous sources including Export-Import Bank reports, Daily Statement of the U.S. Treasury, Treasury Bulletin, Survey of Current Business, reports of the International Bank, Budget for the fiscal year ending June 30, 1948, &c.

* Compiled by The National City Bank of New York.

VALEDICTION TO INDIA

THE LAST PHASE OF THE BRITISH RAJ

THE imprint of recent events in India upon the mind of the world has been the less for their swift succession. Any one of the major phases in Anglo-Indian relations in the first eight months of 1947, if it had happened at the pace of nineteenth-century history, would have no more needed recapitulation a few weeks or months later than Queen Victoria's Proclamation of 1858, or the outbreak of the Mutiny in the Bengal Army in the previous year, needed to be recalled to memory two or three generations after their occurrence. At the time of writing it is less than six months since the British Cabinet's declaration of February 20, which began the rapid chain of events by setting a time-limit upon British withdrawal from the government of India, and by entrusting the carrying out of the new policy in India to a new Viceroy, Viscount Mountbatten. It is barely two months since Lord Mountbatten sought and obtained the assent of the chief Indian politicians to the partition of British India into two nation States and to an immediate transfer of power under the constitutional convention of Dominion status—that is to say, national independence within the British Commonwealth. Yet February 20 and June 3 have been almost erased from the tablets of public impression by the even more memorable date of August 15, when by her own will and action Britain ceased to be the overlord of India, and two great new independent nations were born.

As astonishing as the speed of these events was the virtual unanimity with which this self-termination of British rule was accomplished, a unanimity all the more remarkable in view of earlier dissension. The announcement of February 20 had its severe critics, not confined to those British Conservatives who saw in it a disgraceful resignation from Britain's responsibilities to the Indian minorities, and generally to the Indian people, to refrain from handing over power until a new constitution had been established by agreement in India, capable of guaranteeing peace and justice for all. There were also many non-party well-wishers of India who disliked it for a different reason. They foresaw the fifteen months' time-limit running out, with agreement among the Indian parties actually balked by the British declaration itself, since none would agree with his political neighbour in India if he could hope to get more from the British when they were obliged by their own promise to hand over power; so that in the end Britain's retreat from the government of India would have to be conducted under the most dangerous conditions of three-sided political strife. However necessary the declaration may have been to create the conditions for a fresh policy, the new Viceroy's later actions reveal clearly that, once on the spot, he instantly recognized the force of this criticism. The time-limit could not be allowed to run to its appointed end. At all costs it must be anticipated.

Lord Mountbatten perceived equally clearly that the declaration of February 20, in terms of practical politics, was a promise of Pakistan in some form or other—articles of surrender to Mr. Jinnah's seven years' campaign. Fortunately, Indian political opinion, including that of the Congress, had at once drawn the same conclusion, and accepted it as the preferable alternative to a violent struggle in which the present right-wing leadership of the Congress would almost certainly be submerged. Putting these two propositions together, Lord Mountbatten devised a plan which at any other period of Indian politics might have been execrated, but which, matched with supreme skill to the moment, was instantly accepted both by the main political parties in India and by almost every section of British public opinion. The magic formula was immediate practical independence for two Dominions, the decision on India's partition being taken, not arbitrarily by the British Government, but by vote of the areas affected, in such a way that while partition was a foregone conclusion it would cost the Muslims the sacrifice of large non-Muslim-majority sections of the key provinces of Bengal and the Punjab.

Lord Mountbatten's policy represented in effect a reversal, not only of the February 20 policy, but also of a certain trend in British policy towards India, already apparent in 1940, but strongly accentuated by the Cripps Mission of 1942 and by the Cabinet Mission of 1946, with which Sir Stafford Cripps was again prominently associated. British policy appeared to be based on the belief that what chiefly interested Indian political opinion was the ultimate constitutional settlement; all efforts must accordingly be bent towards devising a watertight scheme for evolving such a settlement, while immediate policies would emerge naturally once the long-term future was assured. Lord Mountbatten reversed the priorities, with such instant success that one is tempted to wonder how much happier might have been the course of Indian affairs if Sir Stafford Cripps had been able to offer in April 1942 not a clockwork-smooth piece of post-war constitutional mechanism but a rough-and-ready plan for sharing power during the war; or if the Cabinet Mission had given to the immediate tactics of shifting the load of governmental responsibility as much careful skill and effort as they gave to the long-term strategy of constitution-making under the plan of May 16, 1946.

Another piece of wisdom-after-the-event provoked by the Mountbatten scheme is the conclusion that the Pakistan issue was bound in the end to be settled by the British. Left to themselves, the two Indian parties could never agree, because their respective policies of unity and partition of India were logically and for ever irreconcilable. Mr. Gandhi's mesmeric formula about the absence of the third party should be turned upon its head. In this respect at least, only in the presence of the third party was Indian agreement possible in practice. After the opportunity was lost, before 1945, of saying once and for all that Britain would not take responsibility for handing over India in pieces, eventual decision of the third party in favour of partition became more and more certain. So utterly uncompromising upon the principle of Pakistan has Mr. Jinnah been that those who were not against him were in

the end bound to be for him; only head-on conflict might have broken his will or disunited his supporters.

The Prospects of Pakistan

SINCE unity was the first and greatest benefit of British rule to India, so the division of India is the first and crucial fact about the plan for ending the British raj. Historical judgments cannot be made on short views, and no more can be attempted here than some interim reflections upon the creation of Pakistan. First, it does not solve the communal problem in India. Minority rights in either of the two nation states will be as difficult to reconcile with the claims of the communal majority as they would have been in a single Indian union. Each will have to face its own problems of electoral weightage, communal registers, representation of minorities in executives as well as legislature, guaranteed proportions in public employment, and all the rest. Cow-killing and music before mosques will continue to be the signal for communal rioting in Pakistan as well as India. Nor is there any substance—or, if there is substance, any comfort—in the theory, often advanced by Mr. Jinnah in the past, that the minority in each country would serve as a hostage for the minority in the other.

On the other hand, the creation of Pakistan has undoubtedly put the Muslims throughout India into an entirely different and more constructive mood. This is well exemplified in the co-operation of non-Pakistani Muslims in the Indian Constituent Assembly, where they have already participated in at least one unanimous vote. The Indian Muslims have acquired a sense of national dignity and security which they would not have had with a no nation State of their own, however well guaranteed had been their rights as a minority in a predominantly Hindu State. Their memory of past glories is matched by aspirations to future national greatness. And it is well to note that the emergency of a new Islamic State in the councils of the nations may have a critical effect on the balance of forces among the various groups into which the world is rapidly organizing itself. All this is on the credit side of the amazing achievement of Mr. Jinnah as leader of the Muslim League, which has risen in just ten years from the position of a poorly organized political party, representing a minority of a minority, to that in which it could successfully challenge the British and the Hindus together. The achievement was, of course, considerably eased by the repeated political errors of the Congress under the leadership of Mr. Gandhi and Pandit Nehru.

How Pakistan will fare in practice when it really stands on its own may be a matter of doubt. It is industrially and financially weak, and is left with the major burden of frontier defence without the advantage formerly enjoyed by the Punjab of being heavily subsidized by the rest of India as the main source of military recruitment. Detachment of the Eastern Punjab is a serious blow to its wealth in produce and in people. Nevertheless, in other respects it is stronger than is commonly recognized. It is self-sufficient in essential foodstuffs—a vast advantage over the deficiency areas of the rest of India. Its provincial finances are sound, and with a proper use of its water

power and the development of its ports it has great opportunities of industrial and commercial advance. If Pakistan can have a peaceful start it should be able to survive and prosper.

At the same time it is manifest that the first task of the two new States in their external affairs must be to regulate their mutual relations in a fashion far more intimate than those that normally subsist between foreign States. Wherever the frontiers may be eventually drawn, they can have little natural defensive meaning, and must cut across the lines of trade and communications which have developed freely over all India under British rule. A European type of frontier barricade would be strangulation and folly. While national sovereignty will be jealously cherished, the two new nation States must clearly, in their own vital interests, set up some common organs of administration for defence, customs, communications and currency. On a basis of equality and a free veto it should not be impossible to devise such organs which will work, however defective their theoretical structure.

The States and the Indian Dominions

THERE is a counter-balance to the division of India into two nation States. The short-term tactics and the long-term strategy of Lord Mountbatten's policy have helped towards at least an interim solution of the Indian States' problem. Under the Cabinet Mission's plan, to join in the new constitutional structure would have implied for each of the princely States a complete and—as far as such things can be—final settlement of all issues involved in its accession to the Indian Union. How slow and difficult this process must have been is illustrated by the experience of 1935–39 in seeking the adherence of the Princes to the diarchical Federation. Meanwhile the administrative and political relations between the States and what had been British India could hardly have stood still. Some of the smaller States would have yielded their independent identity to *force majeure*, and at all points friction, delay and confusion were to be expected. An opportunity for a far more flexible approach was afforded by the plan to launch India's independence in the form of Dominion status. For this not only gives to the whole of political India a breathing-space in which to consider coolly the many details of its future constitution, without any sense that thereby complete self-rule is being jeopardized or postponed. It also assures the Princes that, although paramountcy is ended, the ultimate sovereignty of the British Crown remains for the time being, and that by accepting now the supremacy of either new Dominion in certain central matters (together with a standstill arrangement for existing administrative relations with British India) they are only continuing a system to which they are accustomed, without prejudice, so far as constitutional form and legal covenant go, to their long-term future.

For this opportunity to be utilized, three things were necessary: a clear-cut policy on the part of His Majesty's Government, restraint and realism on the part of the Congress and the Muslim League, and a long-visioned statesmanship on the part of Their Highnesses. Through Lord Mountbatten, through Sardar Vallabhbhai Patel as Member for the States Depart-

ment of the new Cabinet of India, and through a host of Princes and their advisers, these qualities have been forthcoming, with the result that India and Pakistan start with the immense advantage of working arrangements with virtually all Indian States. Those arrangements amount to the adherence of the States, for the time being at least, to union for the three major central purposes adumbrated in the plan of May 16—defence, external affairs and communications. Although several States proclaimed their intention of setting up in independence, only Hyderabad appears at the moment likely to keep to this policy with any determination. And Hyderabad itself continues to negotiate with the Indian Union for a treaty covering at least those three major purposes, though terminable, as the Nizam insists, if India should decide to quit the British Commonwealth.

British policy has been to throw all possible weight into the scale for the adherence of States to the new unions, and to give no encouragement to any State, large or small, to seek independent relations either with the Crown in the United Kingdom or with the world at large. This was the only wise policy, and it is a tribute to the broad-mindedness of the Opposition leaders at Westminster that no play was made against the Government with the allegation that we had betrayed the Princes or broken faith with them.

The fact is that all the treaties, engagements, *sanads* and customs which have governed the relations of the Indian States with the British Crown have been based on the assumption that Britain would continue to rule India—that is to say, in constitutional terms, that the Crown in India was the Crown advised by Ministers in the United Kingdom. From the date of the first promise of full self-government to India, the destruction of that assumption was foreseeable and foreseen, and such of the Princes as considered the matter at all knew the promise to imply that they must eventually make their future with the rest of India on such terms as they could, independent of British support or intervention. It is significant that the promises were made in the first place to "India", not to British India alone; and the idea that the States could or should lag behind democratic India in independence of Britain was an afterthought which it was a mistake ever to have encouraged. True, some even of the sagest of the Princes and their advisers deliberately adopted a policy of playing for time, in the hope that the developing tactical situation as between the British Government and the two rival Indian communities would favour them in the terms they could make; but, when the declarations of February 20 and June 3 made it clear that there was no more time to play for, these were for the most part among the first to seize the ripe tactical opportunity for a basic settlement with political India.

That opportunity would have been destroyed by a false attitude on the part of the Congress. Had they continued their policy of threats and coercion towards the States the timid might have succumbed but the stronger or more obdurate would certainly have preferred a struggle, in which, it is true, most of the long-term advantage lay on the anti-States side, but a struggle which would have gravely weakened the former British India itself at the outset of its independent career. Fortunately Sardar Patel, a tough and dangerous

antagonist in opposition, has proved as great a realist in office. He, rather than Pandit Nehru, whose statesmanship, though sometimes on the highest plane, is, to say the least, erratic, has determined Congress policy in this matter during the current critical phase; and the statesmen of Pakistan, always more ready than those of the Congress to give the States good terms, have been content to follow his lead. He saw that, if once a struggle were precipitated, much more than the future of the States might be involved; as an old political incendiary he knew how impossible it is to confine such fires, and how often those who bring the torch are themselves consumed in the flames. He realized that the long-term advantages of democratic India, over against the States as absolutist relics, would have effect quite as much in a state of peace as in one of war. He knew that the vital need for the people of India and for the cause of republican independence which he himself had championed was to launch the new union—Dominion at first—smoothly and with the least opportunity for political violence or administrative disruption. Hence his statesmanlike declaration that all he sought from the Princes was the pooling of their rights in respect of defence, external relations and long-distance communications. These were matters on which the Princes had in fact never had any practical independence.

The instrument of accession embodying this doctrine simply gives the Union the power to make laws for the State in question on those three matters. It requires nothing from them but their co-operation—not a pice in revenue, not a representative nor a vote. It has the political merits of simplicity, even if subsequent disputes reveal its corresponding defects. Its most remarkable provision is a clause whereby the authorities of the Dominion may exercise in relation to the State "such functions as may be vested in them by or under the Government of India Act, 1935, as in force in the Dominion of India on the 15th day of August, 1947". The accession is to the Dominion, and depends entirely upon the continued applicability to the Dominion of the 1935 constitution as amended by the Indian Independence Act. This emphasizes again, not merely the legal freedom of the States to resile from their adherence to the new Indian nation States when the Dominion phase is ended by a new constitution or a declaration of secession from the British Commonwealth, but also, and perhaps even more importantly, the fact that the whole transfer of power is being made across the bridge of the 1935 Act. The labours of Parliament over a period of two years, following the Round Table Conference, have not proved in vain. Moreover, abortive as the federal part of the Act proved to be under British rule, it may yet come into its own during the period of transition until a new constitution, or rather constitutions, can be framed with equal care and deliberation in India. For the Indian Independence Act allows the Governor General to apply, with such adaptations as may be necessary, the federal just as much as the other parts of the 1935 Act. And, if the interim Dominion period lasts as long as seems likely, something more will clearly be required than the stock instruments of accession and standstill agreements to adjust the relations of the States with (or, rather, within) the new Dominions. For while the States have yielded control of important branches of their affairs

to authorities in which they have no voice, they contribute nothing towards the cost of Indian defence or other common functions of government whose benefits they enjoy.

However it may be done, sooner or later there must be constructed a permanent constitutional relationship between the States and whichever of the two new nations they choose—or are obliged by circumstances—to join. That it must be a federal relationship is beyond doubt; so, too, is the extension of the federal sphere of functions at least to the three groups of defence, external relations and communications, and to currency and central banking, which the States have neither the desire nor the means to administer for themselves. Beyond that, there may well be variations among the different States; for it is certain that each State will try to keep in its own hands all those functions of government, especially in the field of economic affairs and social welfare, which it can claim to be capable of discharging. Thus, some at least of the larger States are likely to form units of a federal system as restricted in its federalization of powers as was the proposed Indian Union under the Cabinet Mission's plan, and perhaps even more loosely knit.

India before the Tribunal of the World

ITS capability of working will be watched with the keenest interest, both on behalf of those living under it and as an experiment of concern to the whole world. For such a system, in its broad shape, is precisely that which appears to many people necessary on the international scale to save the world from war—a system in which sovereignty is pooled to the minimum extent necessary to defend the supreme common interest in peace and peaceable intercourse, while leaving each member entirely master in its own house respecting those economic and other matters which require national differentiation and exercise legitimate international rivalry.

Apart from that, the India now taking shape is a rich field for constitutional experiment, notably in devices for the satisfaction of the rights of minorities in "plural communities" and in the development of functional organs of collaboration for specific common purposes which are not federalized in the ordinary way (e.g. railways as between Pakistan and India, or certain economic functions as between either Dominion and its adherent States).

With a great political ambition achieved, and with vast and exciting possibilities ahead in the future, the India which has sought this objective should surely be filled with joyful hope. But in fact such emotions are mingled with pessimism and dread. For many Hindus partition was too painfully heavy a price to pay for independence. Yet it is not partition that chiefly accounts for the depressed and anxious mood of much of political India; the sorrow in Pakistan itself. The reason lies rather in self-distrust in face of grave internal and external dangers, for whose mastery the British raj has hitherto shouldered the responsibility. The dangers abroad are those which confront the whole world: the clash of rival ideologies, the breakdown of old sanctions of international conduct and of old systems of imperial stability, and above all the threat of war with weapons designed for the suicide of civilization.

These dangers India meets in inexperience and weakness, and in a position on the world's map which might well make her a cockpit of global war.

Her external weakness is enhanced by her grave internal dangers, which are twofold. India lives on the brink of starvation. In order to hold at bay the Malthusian corrective to an excessive and steadily expanding population—famine and disease—she must greatly and swiftly increase the productivity both of her soil and of her industry. The new Hindu Dominion of India faces this task with the handicap of losing, in the Pakistani provinces, areas which contributed a surplus of food towards the deficiency of India's remaining millions. To achieve what is needed demands not only unusual feats of economic and governmental organization but also a prolonged period of political and communal peace. Therein lies India's second great internal danger. Communal tempers have been assuaged for a while by the simultaneous achievement of Pakistan for the Muslims and independence for all India; but the causes of trouble remain, and bitter indeed are the memories, and stern the resolutions upon revenge. It will be a miracle of political skill and human forbearance if India and Pakistan get through their first few years of independent life without major disasters of inter-communal conflict. And if, through such disasters or any other cause, the rapid improvement of India's productivity in field and factory is interrupted, many millions will die prematurely, according to the inexorable law of nature which prescribes the minimum on which a human being can live in health. Meanwhile the vultures are already hovering in the brassy sky of world power-politics.

Such being the dangers, there is still a strong section of British opinion which feels it a defeat and betrayal of the highest national duty to have passed over our responsibility to hands less practised at least, and perhaps inherently less capable, than our own: some would say, a betrayal of India to the politicians. There is much that is sound as well as noble in this view, so often mocked by those whose political motives are far baser. If British will and British resources were still matched to the task, another decade of British rule, with all the lessons of economic as well as political experience thoroughly learnt, might well leave a more united, peaceable and prosperous India than is likely to emerge after ten years of independence. But neither the will nor the resources are to-day so matched. And the tasks of reconstruction in India are such that an alien power, inherently feeble in imposing the necessary social revolutions, is under a serious handicap by comparison with one supported by the people's suffrage. Indians, far more easily than British, can enforce agrarian reform in India, upset ancient social customs and religious usages, take the powers and the property needed for national economic policy, defeat the rising force of Indian Communism, and do all else that will be necessary for India to catch up with the middle decade of the twentieth century.

The Legacy of British Rule

THAT she has a long way to go to catch up may be charged for blame upon the British Government with its long reign in India. It will be many years before history can strike a just balance-sheet between loss and

gain in the economic and social history of India under the British raj, and perhaps there is more to show of loss than British opinion usually recognizes. But much would have to be found on the adverse side to outweigh the achievements of the great irrigation works, the roads and railways, the major industries, in which, almost without exception, British enterprise pioneered the way, and above all the peace and security which are the condition of economic welfare.

It is not indeed in the economic field that, in the long view, either Britain or India will look for the true criterion of the British connexion's value. Britain brought to India a standard of good government, equal justice and uncorrupt administration which India had never known and is unlikely to surpass. Its memory and its example are Britain's fairest gift at parting. That British justice led to excessive litigation and a surplus of lawyers, that corruption is a relative term and the pull of the old school tie may be as unjust as that of the customary bribe, that good government is no substitute for self-government, are criticisms which take away nothing from the value of that example, however India in her own wisdom may adapt it. Supreme in the British system has been the idea of the rule of law, and of constitutional government. There was a grave danger that all this—priceless to India with her under-current of internal conflict—would be lost through revolutionary transfer of power. That was the threat of the Congress rebellion of 1942, and to defeat it has been the supreme achievement of the British Government and successive Viceroys. Power has been handed over by constitutional process; the rule of law has not been defied; authority in India derives no less after August 15, 1947, than before from lawful appointments under a continuous legal sovereign. Looking back to some of the dark days since 1941, we may rank that last achievement as among the greatest of the British in India.

THE LAND OF FIVE RACES

PROBLEMS OF COLOUR IN SOUTH AFRICA

TO attempt, in the compass of a single article, to cover the whole coloured problem of South Africa is to attempt the impossible. The most that can be achieved is to give a broad sketch of the position as it exists to-day, followed by an outline of the policy contemplated by the Government. South Africans have been disturbed more than they usually care to admit by the concentrated venom of criticisms voiced at Lake Success last year. Although the first reaction was one of resentment at the obvious malice and ignorance of many of the speakers, a tendency to re-examine the national conscience soon became evident, and many to-day are much better informed of the issues than they were. The result has been a noticeable impulse of liberalism, tinged, of course, with a recognition of hard facts which was absent in the discussions at UNO.

What are these hard facts? The first is that the great mass of our 7,700,000 natives—and the same applies to the High Commission territories of Basutoland, Swaziland and Bechuanaland and to the Rhodesias—are still sunk in ignorance and superstition, and dogged by poverty which is due at least as much to their own defects of character as to drought and lack of sufficient land. They no longer starve when times are bad—the Government sees to that—but they do suffer much from malnutrition and the diseases that follow in its train. Although the natives have only 12 per cent of the country in their reserves, this includes much of the best land. But even the best land needs careful handling, and the state of the reserves to-day forms a tragic commentary on the destructiveness of man. In justice, let us add that many European-owned regions are little better.

Poverty spells apathy and apathy spells idleness. Well-fed and well-led, the native can be a first-class worker. In his own kraal he is indolent. Just enough work to meet essential needs and no more is his rule.

That is the raw material. Missionary work, government help in agriculture, education, both in school and in industry, are making the material more malleable, but a real transformation must obviously take two more generations at least.

To the South African who likes and admires his "boys" for their willingness, good humour and capacity for work, while often annoyed beyond endurance by their occasional stupidities and sullenness, the suggestion that, given a couple of quick hoists, the native could be brought to an economic and intellectual equality with Europeans seems fantastic. You cannot bridge two thousand or more years in a decade.

The second hard fact touches the European attitude. The trouble here is fear—and fear from two widely different sources. The first is based in history. It is only a hundred years since the Dutch pioneers, invading from the South, were locked in a life-and-death struggle with the black hordes invading from the North which ended at Blood River, and much less than a hundred years since the question of white supremacy was finally settled at

Ulundi. To-day it may be said that the fear there engendered has become an anachronism. But historic fears are not easily dissipated, and it is a fact that the descendants of these pioneers still regard the natives as a potential danger, although the fear is motivated less by violence than by votes. Fear breeds cruelty and repression. We still see signs of both, especially in the Transvaal, and unscrupulous politicians are not above capitalizing the fear for their own purposes.

The other fear is economic—that of the white artisan who scents danger to his standard of living in the cheap labour of the native. To the native this is the worse fear. Casual cruelty he regards as an act of God and soon forgets. Attempts at repression through Parliament can count on stubborn opposition and generally fail. But economic fear works through administrative measures and especially trade-union rules and regulations, excluding the native here, hedging him in there, and by implication condemning him for ever to unskilled labour. Seventy per cent of registered trade unions do not admit non-Europeans. This is the real colour bar, and it is imposed not by Parliament or the Government but by men of the very class who in England would be sturdiest in their support of free opportunity for the native in Africa. The most startling manifestation of it in recent times is the opposition of the building trades unions to a government scheme for training natives as building artisans so that they could be employed to assist in overcoming the deficiency of native housing. To the man in the street it seems a matter of common sense, as well as of common justice, that native houses should be built as far as possible by natives. The building artisan sees in it only the thin end of the wedge.

Irrational as they may be, these fears are facts which have to be taken into account by statesmen. And while they last a satisfactory long-term policy for improving the native's lot is difficult to frame and still more difficult to carry out. Mr. J. H. Hofmeyr, the acknowledged leader of Liberal opinion, has had to confess that he sees no clear-cut approach to the native problem which leads to a determinable and final solution. An attempt to picture what the country ought to look like, or will look like, in a hundred years' time leads to realms of fantasy. It is more profitable to consider what are the native's immediate needs and what can be done to meet them.

The Hofmeyr Policy

IN the Hoernle Memorial Lecture of 1943 Mr. Hofmeyr summarized these needs by saying that the native is entitled to facilities for development of the best that is in him, in terms of education, health, housing, nutrition and better living conditions. As a short-term policy this could hardly be bettered, except in one respect. The first need of every human being is justice and security. Before the law the native stands on an equality with the European, and the security he enjoys is a very real thing. But although lynch law and race rioting are unknown, and cases of cruelty have greatly diminished, there are still too many of such cases and they are not always adequately punished. In the sense that punishment for the same crime is more severe for natives than for Europeans, it can be said that there is one law for the white and

another for the black. And then there are the Pass Laws which are a constant worry, landing many respectable natives in jail.

The bread-and-butter policy outlined by Mr. Hofmeyr has made great strides in the last few years, largely under his own inspiration as Minister of Finance. The vote for education has gone up from £543,000 in 1926-27 to £3,400,000 in 1946-47, including £860,000 for school feeding. Well over £1,000,000 a year is now paid out to natives in old age, disability and blindness pensions. More millions have been found for sub-economic native housing. The shocking position in several large towns to-day is due not to lack of money but to lack of labour and material. Native wages have risen considerably, partly under the impetus of Wage-Board decisions. By and large, the urbanized native is better off than ever before. There is plenty of unskilled work, often paid at surprisingly high rates. Hence the rush from the reserves to the towns, which has upset all municipal plans and created chaotic conditions in Johannesburg and Cape Town. Economists and business men now speak of the absorption of the native into industry as essential for the prosperity of both races. The native evidently agrees.

As to higher things, the last serious step was taken in 1936, when the Native Representation Act for the first time gave the natives of the Transvaal and Free State representation in Parliament, set up a Native Representative Council to advise the Government, and established a Native Trust Fund which has added some 7 million acres to the Reserves at a cost of nearly £6 million. This was the farthest point to which public opinion could be dragged at the time, and it marked a notable advance. Recently native leaders have again grown dissatisfied. In November they suspended sittings of the Council *sine die* as a protest, and last month they decided to boycott the election of a representative in Parliament when death created a vacancy. That they have not yet achieved a sense of responsibility may be deduced from their demand that all discriminatory legislation should be abolished. As Mr. Hofmeyr incisively pointed out to the Council, the first effect would be that the reserves would be thrown open and the restrictions on the sale of European liquor to natives withdrawn. There are more legal discriminations for the protection of natives than for the protection of the European.

At a meeting with the Council last November General Smuts adumbrated two new moves. One is to legalize native trade unions—they cannot be registered under the present law—the other, to test the capacity of the native for administration by handing over the administration of the reserves to the Council, which would become an all-native body. This will not satisfy Dr. Xuma and his friends, but it raises questions of great interest as to the native ability to govern. The time is ripe for a trial.

Broadly speaking, the Government policy is a bread-and-butter policy benefiting the rank and file, coupled with a gradual, very gradual, advance on the political level to satisfy the natural aspirations of the small body of intelligentsia, many of whom have left tribal conditions far behind.

But the fact remains that the vast majority of South African natives are still in the tribal stage and that the Government must, for a long time to come, regard its duties as those of a trustee. There is a tendency nowadays in

advanced circles to regard trusteeship as merely an excuse for repression. To the educated class of native it is little more than a red rag to a bull. At the moment that attitude is a trifle absurd. The mere existence of the reserves, in which more than half the native population have their permanent home, and the expensive efforts made, with full native concurrence, to increase them, are proof that trusteeship exists and cannot be dispensed with. Inadequate as they are, the reserves enable vast numbers of natives to make the best of both worlds; they have a haven of rest in the reserves and full access to the labour market in the rest of the country.

Ultimately, it seems certain that trusteeship will go. The breakdown of the tribal system, increasing absorption into town life as industrialism goes ahead, the natural desire of the native for a higher standard of living, the desiccation of the reserves themselves, all contribute to turn the average native from a kraal-dweller, with excursions into industry, into a "wage-slave", just as in the 'sixties the English agricultural labourer became a textile operative in Manchester. He will no longer need the special protection that was necessary when he was first exposed to contact with modern ideas. But that time is not yet, and those who encourage native leaders to agitate at the present stage for full equality are doing the native a very great disservice. He still requires help and support along the rough road he has to travel.

The Coloured

THE problem of the coloured people, though not simple, is considerably less complicated. There are some 900,000 of these, of whom 90 per cent live in the Cape Province—mainly descendants of the slaves and servants of the original Dutch settlers. Their chief characteristic is the lack of definite characteristics. A native is a native, but a coloured man may be anything from a near-white to one indistinguishable from a native, and a caste-system keeps them divided. At the top the near-whites approximate to whites, often mix with them socially and occasionally enjoy the minor triumph of having a child admitted to a European school. It is this class that produces the leaders whose policy it is to keep in with the Europeans as a means of advancement. At the bottom is the large class of agricultural labourers and unskilled workers who, permanently underpaid and underfed and consequently for the most part of poor physique, constitute the real problem. In the centre is another large class from which domestic servants, artisans and factory workers are drawn—on the whole a self-respecting and industrious class. Economically, the war brought great benefits to these two sections. Thousands enlisted for the transport services at high rates of pay and with liberal family allowances. Those palmy days are over. But they have left an aftermath in improved wage-rates which should carry on into a better future. Many grievances, however, remain, and the coloured people can only be regarded broadly as a depressed class. In the upper strata they compete unequally with Europeans; in the labouring class they compete even more unequally with natives; and between the upper and nether millstone they undergo a perpetual squeeze. They are a happy-go-lucky, rather improvident crew, whose poverty is made much worse than it need be by

enormous families, and this fecundity as usual brings a high death-rate and an alarming incidence of tuberculosis. Their worst enemy, however, is drink. Within a few years three government Commissions have reported in sombre tones upon the deplorable ravages of drunkenness among the coloured people and have made recommendations for reducing it. So far nothing has been done; and it must be confessed that in a wine-producing country the problem of keeping drink away from one section which cannot control its desires is extremely difficult. Apart from these faults of character, the coloured people suffer, like the natives, from the colour bars. Social bars do not seem to worry them. Benches labelled "Europeans only", and separate beaches for bathing, separate cinemas, schools and so on leave them almost unmoved, but General Hertzog's White-Labour policy of 1924, which led to a reduction of 13 per cent in the proportion of coloured to European employees in the railways, was a bitter blow, and they suffer equally with the native from trade-union intolerance, which debars them from apprenticeship in a number of trades. Politically, they are in a much better position than the native, inasmuch as in the Cape Province they can be registered as voters on the common roll on complying with very elementary property and educational qualifications. But their own leaders complain of widespread apathy in this respect. Proportionately, very few take the trouble to enrol.

The coloured problem is very well understood in the Cape. Educationally, progress has been tremendously accelerated. At Cape Town and Port Elizabeth municipal health and housing services have been pushed ahead, although much slack remains to be taken up. At present the chief trouble is that the Government at Pretoria knows nothing and cares less about this particular worry of the "shank-end", and the old promises of General Hertzog that the coloured people would be assimilated to Europeans, politically and economically, have long been forgotten. In part, this may be responsible for the sag in morale which distresses their friends. Whether that is so or not, it cannot be denied that the coloured people have not done enough to help themselves and one another. Instead of fighting their own battles they have depended too much upon the crumbs from the white man's table. On the other hand, the policy of their leaders in refusing to link up in a common front with the natives and Indians is clearly justified. From such an association they stand to lose much and gain nothing. Even if this were not so, social prejudice would stand in the way. A deputation from Durban recently asked the Prime Minister to rule that coloured people should not be expected to share compartments of the railway with Indians and natives.

General Smuts has once more promised that the coloured people will be treated as an "appendage" of the European population, but there is no reason to suppose that the immediate future will bring any material changes, especially with an election in the offing.

The Indian Problem

THROUGH the events at UNO last year the Indian problem has received a disproportionate amount of attention in the world press. In fact, it is of minor importance compared with the other two. There are only 280,000

Indians, of whom some 16,000 are in the Transvaal and the rest mainly in Natal. Transvaal Indians are Moslems and petty traders, who in spite of many repressive measures in the past have survived and prospered. Except for a recent boycott campaign which caused them anxiety, they have few troubles to-day and only ask to be left alone. Public opinion is generally in their favour and against persecution. The Natal Indians enjoy a less friendly environment. The descendants of Hindu members of the oppressed castes ("untouchables"), who were imported under contract for work in the cane-fields, have multiplied at a disturbing rate and have shown a marked tendency to desert farm labour in favour of town life. It was this development that led, through a long agitation, to the residential restrictions embodied in the Act of 1946. But it must not be inferred that European opinion in Natal, except for a few extremists, is actively hostile to the presence of Indians. On the contrary they are widely recognized as a useful, almost indispensable, branch of the body economic. What Natal aims at is a continuance of what may be called social segregation—the natural tendency of people of differing races and colours to keep to themselves in their social relations. In this respect General Smuts has made it clear that the policy of the Act will remain the policy of the Government, namely, maintenance of the present measure of residential separation, coupled with an initial measure of representation for Indians in Parliament and Provincial Council and a renewed drive for improved educational, health and housing facilities.

Certain points deserve to be borne in mind. One is that the Act is not a "Ghetto Act". So far from confining Indians within a limited area from which others are excluded, it does not move a single Indian from his present residence or place of business. It merely shuts off certain areas as predominantly European in which he may not own or occupy land. Elsewhere he is as free as before. Secondly, the process of raising Indians of the class imported to civilized standards of life is heavy and very expensive. It has hardly been attempted in India. In Natal not nearly enough was done in the early years. More recently great progress has been made, and to-day the Natal Indian is incomparably better off in every respect than his kinsman in India. Thirdly, the average Indian understands this very well and would prefer peace to the perpetual agitation fostered from India in the last few years. It was a misfortune that the "wild men" gained control of Congress and embarked upon the slippery path of passive resistance. Now that that piece of stupidity has failed, there are signs that the men whom they displaced are regaining control. Lastly, the Indians have suffered, like the coloured people, more from their own excessive birth-rate than from any disabilities imposed upon them: and as improved hygiene reduces the death-rate, the position in this respect tends to grow worse instead of better. While this disastrous fecundity persists a large degree of poverty and malnutrition is unavoidable. The most recent figures show that the Indian birth-rate is 44 per 1,000—much the same as in India—but the death-rate is 19 per 1,000 instead of 34. The European rates are 26 and 9.5 respectively.

Union of South Africa,
July 1947.

THE SOUTHWARD BASTION

PROBLEMS OF SECURITY IN THE INDO-PACIFIC AREA

TWO recent events, the British decision to withdraw from India and the proposed withdrawal of United States naval forces from their advanced bases to the Central Pacific, must have a profound effect upon the distribution of power in the Indian Ocean and the South-West Pacific. They must influence, in the course of time, the manner in which the British Commonwealth is likely to develop in these areas. That it will continue as a society of nations, that it will still be bound together by common interest in defence, economics and culture, and that its centre of gravity may move outside Europe in future are opinions which have wide currency in Australia. But whether the Asian and African elements which now constitute the majority of its citizens will continue within the British Commonwealth, and what will be the future relations of the Dominions to these areas, are questions which must be faced in the not too far distant future and have not yet been fully examined in Australia. Considerable time must elapse before the full political and strategic implications can be assessed. The immediate reactions are important only in so far as they indicate a possible trend in policy and opinion. In Australia these reactions have been along the lines of the assumption of increased responsibility within the British Commonwealth system, coupled with genuine public fear of isolation. These underlying factors explain the diplomatic action taken, the strategic opinions expressed and the post-war defence policy recently announced.

Australian External Relations

THE announcement on February 20, 1947, of the intention of His Majesty's Government to transfer power to responsible Indian authorities by June 1948, was immediately welcomed by the Minister for External Affairs. In a statement in the House on February 26 Dr. Evatt expressed the hope that there would be no permanent severance of association between the British Commonwealth and India. He emphasized the need for intimate future co-operation between India and Australia, saying that the destiny of Australia was inextricably linked with events in this part of the world, in which the Australian people were the trustees of British democracy. The Minister followed this statement with a proposal to Pandit Nehru for a regional conference of the countries of South-East Asia to discuss matters of common interest in economics and defence. Although this proposal was politely acknowledged, it was soon apparent that the Indian leaders considered that a regional conference was untimely, since they were beset with pressing internal problems. Moreover, the Congress party's conception of Australia as an appendage to South-East Asia, implied at the proceedings of the Asian Relations Conference at Delhi in March, was scarcely in line with Australian ideas. It is understood that the scheme for a South-East Asia

regional conference has been shelved for the present. But the announcement by the Viceroy of India of his proposal for the early transfer of power to one or two Dominions was made the occasion in a further ministerial statement on June 6 to reaffirm Australian friendship and goodwill to India.

In this statement the political implications of the release of new national forces in South-East Asia and of the curtailment of British commitments in the countries adjacent to the lines of communication to Australia were examined in some detail. Australian responsibilities were defined as the maintenance of the whole of the British Commonwealth position in South-East Asia and the Pacific. At the same time, the need was emphasized to help the peoples of these areas to achieve their legitimate aspirations. The British public was reminded that there were many general interests in the Pacific and Indian Oceans to be safeguarded by the closest co-ordination of British, New Zealand and Australian effort, and that British political thinking showed little apparent interest and less concern in these problems. Any Australian assumption of increased regional responsibilities was said to presuppose a high degree of political co-operation in these matters. Partly as the result of the fact that the Minister's statement was tabled immediately before the House of Representatives went into recess, there was no parliamentary debate upon it and only perfunctory comment in the press.

Turning to the Pacific the Commander of the United States Pacific Fleet, Admiral Denfeld, recently announced the intention to concentrate the U.S. naval forces in the Central Pacific. This decision, made largely as the result of cuts in the U.S. naval estimates, involved the abandonment of any claim for rights to use the large fleet anchorage and base at Manus Island, in the Admiralty Group, north of New Guinea. This base was constructed by the U.S. Navy at the cost of about 150 million dollars during the war, and is well located as a forward naval base for the defence of the South-West Pacific area. The question of its future use, either by the United States alone or jointly with the British Commonwealth, was at issue between the U.S. Naval staff and the Australian service authorities shortly after the termination of hostilities. There is little doubt that an agreement upon joint use would have been extremely advantageous to the security of the South-West Pacific. The strategic implications of withdrawal were modified by the visit of a United States task force to Australian waters and by cordial but general suggestions upon the need for closest liaison between the R.A.N. and the U.S. Pacific Fleet in peace.

The withdrawal from Manus Island again made clear the vital need for the effective disarmament of Japan. Dr. Evatt, pointing to a tendency towards the piecemeal settlement of outstanding issues with Japan, took the initiative to arrange a preliminary conference among British countries concerned with the Japanese settlement. This conference is expected to meet in Australia in August and to consider the special machinery of control and inspection necessary to ensure that Japan shall not again be permitted to menace the security of the Pacific and South-East Asia.

Finally, diplomatic measures have been taken to strengthen Australian relations with our immediate neighbours. The prolonged embargo on Aus-

tralian trade with Indonesia seems likely to be terminated as the result of direct negotiations with the Indonesians and the Dutch. This embargo has been due to the refusal of the Australian waterside workers to handle Dutch cargo in Australian ports, to the Dutch naval blockade of Java and Sumatra, and to currency difficulties. The Governor of Portuguese Timor has been invited to Australia in the hope that informal discussions will open the way for an extension of the war-time understanding and close ties between the Australian and Portuguese Governments upon defence, commerce and air communications. An Australian expedition to the Antarctic is preparing to depart in November with the object of establishing permanent meteorological and research stations in the area claimed as Australian territory and, presumably, to assert effective occupation of the area.

The Australian policy resulting from the changing conditions in the Indian and Pacific Oceans has thus been fourfold. First, it apparently assumed a greater regional responsibility in the interests of the British Commonwealth. Secondly, it desired to maintain the goodwill and friendship of the peoples of South-East Asia and to help them to achieve their "legitimate aspirations": presumably, their freedom from European colonial control. Thirdly, it took active steps to ensure the continued disarmament of Japan. Fourthly, it took special measures to settle outstanding regional differences.

It is difficult to assess the degree of public support which these measures have received. The need for an early and satisfactory settlement with Japan is universally recognized and the desirability of good neighbourly relations has, at least in theory, the assent of the Australian public, traditionally apprehensive of Asia. But proposals to assume greater regional responsibility have been described as pretentious by Opposition members during the short and limited debates on foreign affairs which the Government has so far permitted. Thus it is open to doubt whether the scope of diplomatic action proposed is appreciated by the public and whether it is consistent with the military and economic forces available and the strategic risks apparently incurred.

Strategic Factors

FOR the time being Australia enjoys almost complete security from external aggression. Sea-borne invasion is impossible unless an Asian Power succeeds in building substantial naval and air forces. In practice Japan is the only Power industrially capable of such a feat. Whilst the U.S. naval forces control the Central Pacific, the chances of a Japanese resurgence are small. The main Australian centres of production are out of range of existing weapons, with some qualifications, and it is a fair presumption that Australia would be no more than a rear base should a conflict arise in the Middle East or East Asia in the immediate future.

The political changes in the Middle East and in South-East Asia seem likely to require British Commonwealth decisions upon the future location of the main British bases in this area. The problems involved are complex and dependent upon the relation of the Indian Dominions to the Commonwealth. Fears have been expressed in Australia that the Indian Army may be

so weakened as the result of partition that the way may be opened for active Soviet intervention at some later date. Accordingly, it is argued that no effort should be spared by the British Commonwealth to preserve political and military stability in India in the interests of security.

The matter is not quite so simple as some Australian commentators have believed. An influential section of the Congress party has definite views upon the status that India should enjoy as the predominant Power in defence of the Indian Ocean. A leading advocate of this point of view, Sirdar K. M. Pannikar, contemplates an Anglo-Indian treaty which secures for India the joint occupation of such key points in the Indian Ocean as Singapore, Mauritius and Sokotra. On the surface, a regional extension of Indian responsibility would be in line with Australian conceptions and act both to protect India and to safeguard British Commonwealth communications. Unfortunately the Indian attitude, in so far as it was correctly expressed at the Asian Relations Conference, is similar to that of Egypt before the second world war. The Indians appeared to want a guarantee of British Commonwealth support, and to expect Britain to assume the financial burden involved, but were reluctant to agree to reciprocal action by India in the interests of the Commonwealth as a whole. An extension of Indian regional responsibility on these terms would probably be disadvantageous to the British Commonwealth and in particular to Australia. These issues await elucidation when the terms of partition are settled.

A further aspect of the same problem is the wisdom or unwisdom of a British Commonwealth commitment to Pakistan and Hindustan which may involve it in the local defence of India. The military issue is that, if such a commitment be made, the main British bases would need to be in either India or Ceylon. Otherwise bases in Africa and Australia would be sufficient to retain control of the Indian Ocean and could be held securely at little cost. The extent to which Britain should maintain a costly military organization in the Indian Ocean area is questionable, and suggestions have been made that Australia should assume responsibility for garrison duties at Singapore and elsewhere in this area. It has been pointed out that the relative *per caput* cost of service establishments and the proportion of persons retained in the armed forces is much higher in the United Kingdom than in Australia. It has been suggested that Britain is entitled to tangible Australian support to reduce this burden.

These considerations suggest that it will be necessary to choose between three methods of organizing Commonwealth security in the Indian Ocean: either the replacement of British garrisons by Australian forces, or the extension of Indian authority, or the withdrawal of the main British bases clear of the Asian continent coupled with an Anglo-Indian settlement which does not impose major commitments on either party. The first choice runs counter to the Australian desire to maintain the friendship of the peoples of South-East Asia. The second would place an Asian Power in the position and with the means to jeopardize Australian security. The third policy is consistent with the reduced value of Singapore as a major base and the substitution of African and Australian bases such as Cape Town and Sydney as

the focal points of Commonwealth defence. There can be little doubt in which direction Australian interests lie.

It is necessary to refer to the sea and air routes across the northern Indian Ocean. These routes are not essential to Australia in war, since alternative communications are available or can be developed. Australia is at present dependent upon the Middle East and Indonesia for supplies of oil. It seems likely that, in the immediate future, supplies could be drawn in emergency from one or other of the existing fields. Thus Australian vital interests would not be immediately threatened by an extension of Soviet influence in South-East Asia.

A final word is necessary upon the bearing of technical developments, such as atomic and biological weapons. The general opinion is that a period of not less than ten years is likely to elapse before the range of guided missiles armed with atomic explosives and bacterial containers can span the inter-continental space. For the moment these lethal weapons cannot be used in quantity beyond heavy bomber range. The Australian capital cities are out of range except from New Caledonia and possibly from Indonesia, countries which are friendly. But Australian security lies rather in the unimportance of the Australian industrial centres as a strategic target. The big Powers possess at the moment only a limited quantity of the weapons developed since the second world war and, should hostilities open, such weapons would be employed against more profitable targets. A military decision, in the short run, would be reached in other parts of the world, and Australia would be obliged to conform to it.

The long-range prospects are not so encouraging. Should an Asian Power emerge with the industrial capacity to manufacture guided missiles in quantity, then the possibility that such weapons would be used against Australia in the first instance cannot be excluded. The demographic trend of population in East Asia is such that a large increase in numbers will follow stability and industrialization. Such an increase would impose a very great strain upon the agricultural resources of Asia and could lead to conditions in which a substantial migration from the Asian continent became an international issue. Although the portents in East Asia point to a prolonged period of disorder, the ultimate risk of a mass migration from Asia is one which the peoples of the sparsely populated lands in Africa, Australasia and the Pacific must recognize. They can do little or nothing unaided to prevent it, if the peoples of Asia achieve technical equality in industry.

These strategic factors suggest that Australia does not need to maintain large defence establishments. On short term, the importance of Australia as a secure base of operations for both the Commonwealth and the United States has been confirmed and the immediate need is to retain the minimum establishments to secure this function. On the long term, the risks of inter-continental warfare are unpredictable. Australia requires to maintain active research upon the latest developments, to build up an industrial potential and technical efficiency as a deterrent to opportunist attack, and to develop close co-operation within the British Commonwealth and with the United States in regard to the defence of the South-West Pacific area. The recently

announced Post-War Defence policy manifestly attempts to satisfy these requirements.

Post-War Defence Policy

A COMPREHENSIVE statement upon the Australian Post-War Defence Policy was made by the Minister for Defence on June 4, 1947. It outlines the steps to be taken to give effect to the basic principles of defence formulated in the Governor-General's speech of November 6, 1946, viz., to maintain forces for local defence, for co-operation in the defence of the British Commonwealth and, if required, to be used by the United Nations for the preservation of international security. The plan proposes an expenditure of £250 million over a five-year period or an average annual vote of £50 million, that is, about 3 per cent of the national income. This annual vote is to be shared by the departments of Navy, Army and Air, the Defence Department which co-ordinates their activities, and the various departments concerned in research, development and munitions.

The four guiding principles adopted by the United Kingdom upon the supply of equipment for the post-war forces, namely, concentration on research, the limited introduction of equipment of the most modern kind, the greatest possible use of accumulated stocks, and the maintenance of a reasonable war potential, are accepted. An average annual expenditure of £6.7 million is to be incurred upon research and development. The main item in this programme is the Guided Missiles Project in Central Australia, to be begun immediately in close collaboration with expert British staffs. Higher organization has been strengthened by the establishment of two committees, a Scientific Advisory Committee and a New Weapons and Development Committee.

The greater share of the service vote goes to the Navy because of the necessity to build up vessel strength in time of peace. The naval programme, costing £15 million per annum, aims at building up a balanced force capable of operating independently and backed by shore establishments for its maintenance. It also includes escort vessels for the protection of shipping and survey vessels to continue the surveys necessary in Australian waters. The squadron, at the end of the five-year programme, would consist of two light fleet carriers, two cruisers and six destroyers. It is proposed to establish an R.A.N. base at Manus Island in place of the present base at Dreger Harbour, New Britain, and to grant facilities there, if required, to the U.S. Navy.

The Army plan provides for the maintenance of Permanent Forces of 19,000 and Citizen Forces of 50,000 men. The Permanent Force is intended to include an independent brigade group, of three infantry battalions, an armoured unit and supporting units. The Citizen Forces are to be organized on a volunteer basis in a Field Force of two infantry divisions, one armoured brigade and selected corps units. The annual period of Citizen Force training remains unchanged at 14 days' camp and 24 days' home training. The annual cost of the scheme is estimated at £12.5 million.

The Air Force plan provides for a small Permanent Air Force capable of rapid expansion in emergency, a training organization planned to meet the

initial commitments of mobilization, the essential elements of an aircraft industry, and a system of air bases for the strategic deployment and tactical operation of the Air Force. The organization includes a static Home Defence organization of seven squadrons, including interceptor fighter and reconnaissance units. This is supplemented by a group of Task-Force elements, including fighter, bomber and transport units, capable of use in emergency as a mobile force for strategical purposes and in support of the other services. The post-war Air Force would have a strength of about 13,000 men and a unit equipment of 144 first-line aircraft with adequate reserves of operational and training types. The annual cost is estimated at £12.5 million.

The post-war plan develops the machinery for co-operation in British Commonwealth defence by co-opting the High Commissioners of the United Kingdom and New Zealand as additional members of the Australian Defence Council and by giving permanent status to the Joint Services Representatives and Staffs from the United Kingdom and New Zealand, now accredited to the Defence Department in connexion with the British Commonwealth Force in Japan. The organization developed during the war, for national planning in emergency and for civil defence, is to be continued in skeleton form in peace.

The Government proposals, which have had a mixed reception, will not be debated until the House resumes in October. Army leaders, including General Sir Thomas Blamey, described as suicidal the decision not to revive compulsory military training. The Air Force plan has been criticized on the grounds that it ignores the lessons of the air warfare in the South-West Pacific and provides only a striking force of negligible size. A more balanced view suggests that the plan should be taken as no more than an interim programme that in essence reflects serious doubt and uncertainty as to the future of defence weapons. From this point of view the allocation to research and development may well prove to be upon too modest a scale. Field-Marshal Lord Montgomery emphasized this aspect of defence in recent addresses in Australia. Defining the five elements of national strength as a strong national character, a good organization for scientific and technical research, a powerful industrial potential, well disposed, a small regular defence force backed by a citizen-force organization and, finally, preparedness, he laid the greatest emphasis upon research.

Broadly, then, the Australian defence policy provides an adequate force to meet any immediate danger attributable to the changed political and strategic position in the Indian Ocean and South-West Pacific areas. It shows a realistic acceptance of the obligation of preparedness which the present unsettled state of the world imposes upon all Governments and Powers.

Commonwealth of Australia,

July 1947.

BURMA: WHAT NEXT?

AFTERMATH OF THE MURDERS IN RANGOON

THE news of the murder of U Aung San, Thakin Mya and their colleagues must have come as more a shock than a surprise to those who have been in any way intimately connected with post-war developments in Burma. Whatever virtues Aung San may otherwise have possessed—and he was by no means devoid of virtues—he himself was no stranger to the use of violence, so that it was always a fair bet that at some time he would have violence used against him. The shock is that some political group in Burma has in fact resorted to assassination. Hitherto the Burmese have prided themselves on their freedom from political murders; it is disturbing that this method of getting rid of political opponents should have crept into Burmese life. It is difficult to see where it will end. There have been a rebellion and riots in Burma, but these are quite different from the killing of selected individuals and are much easier for the authorities to handle. It probably would be quite easy to quell a general uprising in Palestine, but we are finding it mighty difficult to cope with the underground movements. The assassin is a difficult fish to land.

Did Aung San expect this to be the sort of end which was in store for him? The writer has a vivid recollection of one conversation which he had with him alone. Aung San was a lonely little man in a big position. He said that he had only two intimate friends and went on to explain that in Burma, as elsewhere, popularity could not last for ever. He reckoned that he might be able to hold his position for about three years—but for no longer than that. At the time of this conversation Aung San was in the process of putting a number of rods in pickle for use against us. He was organizing and drilling his private army, the PYT; he was supporting and instigating industrial strikes to embarrass the administration and was doing nothing to discourage dacoit leaders; and under the banner of his Anti-Fascist People's Freedom League the Communists were in places conducting "No-Rent" and "No-Revenue" campaigns in the country districts. Aung San's argument was that in a fight for freedom the end justified the means and that, whatever the consequences might be, he was right to stir up as much trouble as he possibly could. He was asked whether he thought that he would be able to control the more lawless elements among his followers when he came into power. For example, would he be able to restore law and order by giving orders to dacoit bands to stop their activities? The writer had no reason to disbelieve him when he replied in the negative, protesting that he was being credited with much more power and authority than in fact he possessed. He spoke freely of the difficulties which he was experiencing with his "wild men" in the inner councils of AFPFL, and by no means resented a warning that in due course he might find himself being belaboured by those self-same rods which he was pickling for our benefit. To the question what he thought would be the future of AFPFL after the elections,

which clearly he would win, he replied to this effect: "We shall win by a large majority. Once we are in office AFPFL will begin to disintegrate. There will be a scramble for office and for power. While my popularity with the masses remains, I may manage to keep the League together, but after that has gone there is no saying what may happen."

Après moi . . . has not every dictator said these words? Aung San was of the stuff out of which dictators are made, but undoubtedly it was his personality alone that prevented disunity in the ranks of AFPFL and rallied the people to support the League. Yet even in his fullness of power he could not maintain a completely united front, being forced to dismiss two of his Executive Councillors, U Ba Pe and the Communist Thein Pe, and to expel both Communist parties from the League. But in spite of this his name and fame won a resounding victory for AFPFL at the elections. Even though many Burmans protest that these elections were by no means either free or fair, the fact remains that Aung San had what amounted to a walk-over.

What now? If Aung San himself could not foresee what would happen after his departure, certainly no one in Europe can pretend to do so. These words are being written by one who has been away from Burma for more than a year and before significant news has arrived of what has happened since the murders were committed. Probably, however, Aung San's appreciation quoted above gives the clue to the course of future events, even though the Burman is by nature inclined to say "The King is dead. Long live the King." The mantle of Aung San has fallen upon Thakin Nu, but it is doubtful whether he will contrive to reign for long. He will be up against a number of powerful aspirants for his crown—the Communists, the Centre parties under the forcible leadership of U Saw, and last but not least ambitious men within AFPFL who may have hesitated to pit themselves against Aung San, the popular hero, but who will have no hesitation in challenging Thakin Nu if it suits their purpose to do so.

The Rival Factions

MUCH, of course, depends on whether AFPFL will hold together under Nu's leadership. The Communists under Thakin Soe will go into action without paying much heed to public opinion. U Saw and his colleagues will doubtless redouble their efforts to win support; but this must take time. While they are talking, the Communists will be acting, taking advantage of every bit of unrest, using all the methods that Aung San used against us. The arrest of U Saw, whose guilt or innocence is still *sub judice*, would not at present be a proper subject of comment. Not very long ago Aung San gained a number of adherents because men and women were afraid of what might happen to them if they appeared to be in opposition to AFPFL. The Communists by creating a reign of terror may gain support in the same way, even from the ranks of AFPFL.

Much, too, may depend on the attitude of two very different classes, the Buddhist priesthood and the police.

The writer has heard more than one Burman suggest that sooner or later there is bound to be a struggle between Church and State. The priesthood

cannot regard the rise of Communism with any degree of complacency, and may now decide to throw in their full influence on the side of the moderates, leaning probably towards the Centre parties. Their influence is still something to be reckoned with, and an all-out effort on their part might have a decisive effect.

It is difficult to forecast how the police may react to any given situation, more particularly now that the key positions in that force are held not by impartial British officers but by Burmans, who naturally are concerned about their own future. In a rash moment Aung San lent his support to a police strike which demonstrated to the strikers the power which is in their hands if they wish to use it. Since then we have heard of the growth of rival unions within the force and of the disarming of the Rangoon police as a precautionary measure. There can be little doubt that the police force now is not above politics; the fear is that it may take sides in any struggle for power.

There are, therefore, all the makings of an unpleasant internal situation, especially if Aung San's death brings with it the break-up of AFPFL. There was bound, however, to be a clash between the political groups even if Aung San had survived; his death may bring matters to a head quickly.

But Rangoon is not the whole of Burma. What of the hill peoples? They, too, must have had a rude shock. Only recently they came to some kind of an agreement with Aung San designed to tighten the bonds between the hills and the plains. There is little doubt that many of the hill leaders will have harboured misgivings about this agreement. Aung San's murder may cause them to think again and may even, as it were, drive them back to their own hill-tops. It was one thing to join up with a Burma which was being properly governed, but it cannot be a very attractive proposition to link on to a country which may at any moment be plunged into civil war and which at the best is in for an uneasy period of political strife. We can be sure that the Karens will fight harder than ever for a national home free from Burmese influence; that the separatist movement in Arakan will grow stronger and that the Shan Sawbwas and the Chin and Kachin leaders will have been given furiously to think.

It would be most regrettable if there were to be a set-back to the process of unification in Burma, but it would be understandable if in the circumstances the hill peoples decided to think again.

British Responsibilities

THE duty of His Majesty's Government is clear. They can only go straight ahead along the path which they have laid down to be followed. It is now entirely for the Burmese to settle their own internal differences without interference from us. In the past we used to hold the ring while the Burmese fought out their political battles in a constitutional manner. This we can no longer do. However much we may regret leaving Burma, if we are to fulfil the pledges we have given to the Burmese we must get out as quickly as possible, leaving it to the Burmese to resolve their difficulties in their own way. Most certainly we should not even contemplate using

British troops to maintain any one party in power. It will be tragic if we have to leave Burma in a state of turmoil, for we have friends and relations there who may get hurt—Burmese friends, Karen friends and others who have been loyal to us through thick and thin—and the Anglo-Burman community are our blood relations. We are powerless to help them unless we go right back on our promises to the Burmese. For better or for worse we have already surrendered our sovereignty; though the Governor may still technically be responsible for law and order it is difficult to see how he can discharge this responsibility without infringing the rights we have given to the Burmese. In any case, all that we could do would be to drive Communists, assassins and dacoits underground for a while. We could help to bottle them up and to cork the bottle, but we should do this with the uncomfortable knowledge that immediately we depart the cork will fly out with a vengeance. If they so desire the anti-Government forces can afford to wait. Our departure is as imminent as it is certain. Why should they worry about us? No, Burma will have to work out her own political salvation without intervention from us, and the sooner she can get over her growing-pains the better for all concerned.

Our duty towards the hill peoples is not so clear, if there is to be trouble in Burma proper. Are we sure beyond any shadow of doubt that the hills want to pursue the policy laid down at the last Panglong conference? Are we positive that they wish us *now*, at this moment, to leave them to their own devices—to leave them to cope with the effects of any situation which may arise in Rangoon? It has yet to be proved, and the suspicion lingers that we have tended to rush the hill peoples and that we, not they, have made all the running. There is comfort in the fact that there are wise leaders in the hills, men who know what they want and what is best for their people. Our job must be to see that they get a really fair and square deal. Our responsibilities towards the Burmese may almost have been discharged; our responsibility towards the hill peoples still remains.

Deplorable as these recent murders have been, let none judge the Burmese harshly. For many years Burma has been a subject nation, her internal peace being kept by foreigners. She has not been allowed to develop in her own native fashion. Since 1941 she has been a major battle-ground twice, has been occupied by an Axis Power, Japan, and has had in Dr. Ba Maw a full-blooded dictator; and it would be idle to pretend that Aung San's Anti-Fascist People's Freedom League was based on other than totalitarian concepts. Burma has been compelled to suffer from arrested development in the sphere of politics and it is probably too much to hope that now that her fate is in her own hands she will quietly settle down in a nice "British" way to govern herself according to our democratic ideas. There may be more tragic episodes, but one friend of Burma at least is certain that eventually she will find a way of life and a mode of government which will suit the genius of her people and which will bring out the best that is in them—and a very good best that will be.

A HUNDRED MILLIONS FOR THE COLONIES

THE TASK OF THE COLONIAL DEVELOPMENT CORPORATION

THE announcement made by the Secretary of State for the Colonies on June 25, that a colonial development corporation was to be established with a capital of £100 million, came at a time when Great Britain's balance-of-payments difficulties were beginning to penetrate the public consciousness. Mr. Dalton, Chancellor of the Exchequer, had not yet made his statement on the need for cuts in imports. But in the committee stage of the Finance Bill he had already referred to the possibility of saving dollars through the increased production of various commodities, particularly food, in the colonial empire.

There may be a tendency, therefore, to regard the new corporation as born of Great Britain's dollar crisis and to consider its main function as to provide food and raw materials for this country. In fact, however, its origins can be traced much farther back. For some years there had been general realization that the "development and welfare" policy, inaugurated by the Act of 1940, was inadequate to make any real impression on the colonies' low standard of living. The original Act was indeed improved upon in one or two important respects in 1945. The total sum available from the Development and Welfare Fund was raised from £5 million a year for ten years (plus £500,000 for research) to a total of £120 million (including an allocation for research) spread over ten years. The earlier provision, therefore, that sums not spent in any year had to be returned to the Treasury was dropped, and the colonial governments were encouraged to plan ahead for ten years and to relate their development and welfare schemes to this plan instead of regarding them as isolated projects to be met out of annual grants.

Nevertheless, as Colonel Stanley, then Secretary of State, emphasized during the second reading* of the 1945 Act, the Colonial Development and Welfare Fund "is not, is never intended to be, and never could be the sole and permanent support of all the social requirements of the whole of the colonial empire". It was to be "in the nature of a pump primer", to enable the colonies to lay the foundations of the basic economic and social services. Yet even before the new Act was introduced, the drawbacks of the whole development and welfare policy were beginning to be realized. The first criticisms came from the Comptroller for Development and Welfare in the West Indies. He pointed out† that at present education in the West Indies is grossly deficient. But to secure a 90 per cent school attendance of all children aged 5-15 would involve an increase in the number of teachers, which in its turn would raise the cost of teachers' salaries from £640,000 in 1941 to at

* *Hansard*, February 7, 1945.

† Colonial No. 184.

least £2 million per annum. How was this cost, let alone the additional cost of buildings and equipment, to be borne if by the same date there had not been an expansion in the islands' wealth big enough to stand it? Continued subventions from the United Kingdom for the maintenance of social services would clearly be incompatible with the growth of West Indian political independence.

The logical answer would seem to be that welfare should wait on development, that schemes involving a high cost of maintenance should not be undertaken until enough capital had been pumped into the colonies to enable them to meet it. This, after all, was the order of events in the United Kingdom. But there are two reasons for rejecting the logical approach. First, public opinion both at home and among the more enlightened sections of the colonial peoples would not be content until there had been at least some improvement in the standard of social services. The reports of commissions sent out to investigate general conditions and to enquire into the causes of disturbances had drawn attention to the shocking state of houses and water supplies and the complete inadequacy of the medical and educational services, and had pointed out that it reflected seriously on Great Britain's colonial administration. Secondly, improved health and education and increased productivity are interdependent. This was emphasized in Sierra Leone's ten-year plan for development and welfare:

"Improved standards of health are necessary for the increased production which is essential to improve the economic position. Improved standards of education are necessary to provide staff for the expanding services and to enable locally recruited officers to fill more responsible posts both in the public services and elsewhere. Improved economic conditions are essential for the maintenance of the social and other services after, if not during, the period of development."

Thus, even on purely material grounds, the linking of welfare with development was justified.

The Burden of Fecundity

IT has, however, still to be decided how welfare can be paid for. And there is another danger, far more urgent than the prospect that the colonies may become permanent pensioners of the United Kingdom. Poor as their conditions of life are, they have nevertheless been improved enough to enable their populations to increase rapidly. The West India Royal Commission pointed out (Cmd. 6607) that the rate of increase in the islands was approaching 2 per cent per annum, which

"is a far larger rate of increase than countries, lacking for the most part any important mineral resources, with limited supplies of fertile land . . . can afford. The indefinite continuance of the present West Indian birthrates would seriously endanger the maintenance of even the present standard of living, and might render nugatory any attempts to improve that standard."

In Fiji, too, the population is increasing at a similar rate and, in view of the shortage of land, the development and welfare plan gave a warning that the aim of raising the standard of living would be frustrated if there were a substantial and uncontrolled influx of immigrants into the colony.

Perhaps the most urgent warning comes from the Governor of Kenya, extracts from whose despatch are included in *A Plan for the Mechanized Production of Groundnuts in East and Central Africa* (Cmd. 7030). Declaring that primary production in the traditional manner of African peasants is already showing a declining output, Sir Philip Mitchell went on:

"A small cultivator's economy of this kind is always in danger, and I do not myself know any considerable area in East Africa where it has been continuously successful in providing an adequate standard of living by itself. . . .

"There have accordingly to be found, if there is to be any real rise in the standard of living, alternative forms of economic activity . . . together with measures to enable the African cultivator in appropriate cases to break away from his economically weak and primitive forms of cultivation. . . . Where this cannot be achieved no amount of benevolent assistance for social services can avail to improve the lot of the people. . . .

"At the present time characteristics common to all areas of dense African population include over-crowding, excessive pressure on the land, erosion and loss of fertility and a severe struggle to maintain the existing very inadequate standard of living. . . .

"It is now evident that, taken as a whole, East Africa is barely able to support itself in food at the present time, and would indeed be a large importer were it not for the production from European farms."

It is thus clear that, unless there is an immediate and large-scale attack on the low level of colonial productivity, it would not be able to support the larger populations at the present standard of living, much less the higher standard aimed at by the development and welfare policy.

A few years ago, realizing that this productivity could not be materially increased by the comparatively small schemes planned under development and welfare, some people urged that a Development Board for the colonies should be established, with executive powers, to undertake big schemes of economic development. This project was turned down by the Secretary of State, chiefly because the essence of it was that the Board should have a free hand and be unrestricted by the Colonial Office or the colonial governments. But the great merit of the proposal was that its supporters were thinking large, and it consequently helped to emphasize the inadequacy of the existing schemes. It also put the Colonial Office on notice to evolve a method of undertaking large-scale economic development, over and above development and welfare, which would nevertheless be similarly subject to its own control and accord with the wishes of the colonial governments.

During the second-reading debate of the 1945 Development and Welfare Act, Colonel Stanley outlined the possible ways of supplementing development and welfare. Colonial governments, he pointed out, could use the resources they had accumulated through the demand for their territories' products during the war to supplement grants from the Development and Welfare Fund. It is worth noting that Mr. Creech Jones estimated, in the colonial debate on July 29 this year, that the cost of the ten-year plans throughout the colonies would be met to the extent of £120 million from the Fund and £180 million from colonial resources, making £300 million in

all. Secondly, Colonel Stanley suggested, more private capital might be invested in the colonies from outside. Thirdly, he believed that there was a growing opportunity for the private investment of capital owned inside the colonies. But there was a danger in this last possibility, because the colonial capitalist was inexperienced; he often wanted an easy and excessive return on his capital which would not be given by the investment needed, and he was lacking in managerial skill. Colonel Stanley then went on to suggest that a solution might be the establishment of colonial development companies, for which the colonial governments would provide the initial capital and managerial experience, entering into partnership with the outside investor, but would gradually transfer both the capital burden and the managerial responsibility to investors in the colonies. Light was thus thrown for the first time on the lines along which official policy was moving.

The Mission to East Africa

BETWEEN then and Mr. Creech Jones's announcement on June 25, however, the world's scarcity of fats became acute. Accordingly, the United Africa Company put forward a scheme for the mechanized production of groundnuts in Tanganyika, and an official mission was sent out to East Africa to investigate the possibilities of the scheme on the spot. The report of this mission, published under the title, *A Plan for the Mechanized Production of Groundnuts in East and Central Africa*, will surely rank as an historic document. To clear away thousands of acres of tsetse-infested bush, to undertake anti-erosion measures over vast areas, to introduce the tractor into territories where agriculture has hitherto been carried on in a most primitive and inefficient manner, and to couple with all this the establishment of model settlements for Africans working on the scheme, complete with welfare services—the description of all this alone is in exciting contrast to most proposals for colonial betterment. But in addition the mission envisaged many indirect potentialities of the scheme: the growth of local industries, for instance, to process the groundnuts, and the introduction of ancillary farming operations, such as the production of alternate crops or animal husbandry.

But the method of carrying out the scheme was no less significant. It was decided to establish a corporation owned and financed by the Government, "with its own separate organization and a responsible Board of Directors answerable to the Government, but with the fullest scope for initiative". (Until the legislation necessary to establish the corporation could be carried through, the United Africa Company has started work on the project as agents of the Government.) But it is envisaged that in due course the corporation will be transferred to the colonial governments concerned, which in its turn will be regarded as "a step towards the more distant goal" of transferring control to the people themselves, possibly on a co-operative basis.

The capital cost of the scheme is estimated at £23 million, plus about £2½ million for railway, port and harbour construction. In the amount of capital thus to be introduced into the colonies it therefore dwarfs completely

the development and welfare plans, the whole of which for all the three colonies concerned—Tanganyika, Northern Rhodesia and Kenya—contemplates an expenditure for all purposes, productive and non-productive, of £47 million. It is not surprising, therefore, that the groundnut plan was large enough and exciting enough to provoke enquiries why similar projects could not be undertaken elsewhere. An inter-departmental committee was set up to investigate what commodities could profitably be produced on a far larger scale in the colonies and to relate these new schemes for increased production with the scarcities of food and raw materials.

It is thus against this background that Mr. Creech Jones's statement on June 25 should be regarded. Great Britain and other countries are in urgent need of commodities that can be produced on a large scale in the colonies—tobacco in Central Africa, rice in Sierra Leone and Borneo, manila hemp in Borneo, timber in West Africa. But if this need had been less urgent, if the dollar crisis had been less acute, it is probable that the colonial development corporation would nevertheless have been set up. Even before the groundnut corporation had been announced, the Nigerian Government had decided to set up a public corporation, with a capital of £1,750,000, to work the former German plantations in the Cameroons. Moreover, the Colonial Office emphasized at the time of the announcement that the new colonial development corporation was not to be regarded as an instrument for Great Britain to get what it could from the colonies. "The mainspring is entirely the desire to improve the production and, therefore, the actual welfare of the colonial people themselves."

So far there are few details of how the new corporation will work. The East African Groundnut Corporation will be excluded from its scope; this will be included in an Overseas Food Corporation, with a probable capital of £50 million, which will undertake projects similar to the groundnut plan. It will be responsible to the Ministry of Food—which may be unfortunate, for the Ministry, as representing the British consumer, may be accused of fixing prices too low. But the Colonial Development Corporation will work in close liaison with the other corporation, and its activities will similarly be conducted on commercial lines. Its projects, that is, will be expected to make a profit. These projects will probably be mainly agricultural, although other enterprises—even mining—are not excluded, and the corporation may undertake them itself or through subsidiaries.

Policy of the Corporation

IN spite, however, of the lack of precise information about the activities of the new corporation, there are three aspects of it that are worth consideration. In the first place, there is no intention that it should have a monopoly of development in the colonies. In making his announcement Mr. Creech Jones emphasized that the new corporation was intended to supplement private capital in the colonies, not supplant it, and he reiterated Colonel Stanley's assurance that the Government would welcome private investment in the colonies provided it was in harmony with the development and welfare plans of colonial governments. In the colonial debate on July 29 he

gave several instances of big new development schemes by private enterprise. Secondly, the new corporation also must work in harmony with the plans of colonial governments. It will only undertake projects in any territory with the consent of the Secretary of State and the colonial government concerned.

The third aspect that is worth consideration is whether the new policy will in one respect be retrograde. Since 1930 much emphasis has been laid on the disasters that can occur when a colony's economy is based on an export crop, and thus on the need to diversify colonial economies. Does the new emphasis on large-scale production of, say, rice in Sierra Leone mean that the previous policy has been rejected? The answer surely is that the chief fault with colonial production hitherto is that it is inefficient rather than that it is over-specialized. The shifting primitive forms of cultivation, to which the Governor of Kenya called attention in his despatch quoted above, are an obstacle to the full economic use of colonial resources and, therefore, to the production of wealth. The undertakings of the new corporation, by the application of capital, are intended to be models of agricultural efficiency. Moreover, as the East African groundnut plan emphasizes, once capital has been applied on a large scale, the subsidiary enterprises that may derive from it will be incalculable.

The success of the new corporation's enterprises will nevertheless be dependent on the existence of markets for the commodities produced. That a demand for them exists at the moment is certain. But to what extent will Great Britain be restricted in its wish to buy them by Article 9 of the American Loan Agreement, which in brief means that if this country has to reduce its dollar imports of a commodity for balance-of-payments reasons, it has to impose a similar cut in imports from elsewhere? It is true that at first sight not many commodities are affected. But the restriction would appear to apply to tobacco imports from Central Africa, cotton imports from East and West Africa, and citrus fruit imports from various colonies. At the time of writing negotiations with the United States are being carried on with a view to excluding at least the colonies from the scope of Article 9, and it is probable that a favourable answer will be given. Otherwise, the success of the new corporation would be in jeopardy from the start. It would indeed be a pity if the colonies, now that a brighter economic future appears before them, were to be dragged willy-nilly into the economic difficulties of Great Britain.

A TWO-WORLD POLICY AT WASHINGTON

RIVALRY OF THE UNITED STATES AND THE SOVIET UNION

A STRONG, definite American policy toward the Soviet Union—and consequently, toward most of the rest of the world—has been agreed upon by the executive branch of the United States Government, and discussed frankly with members of Congress. Congress will certainly support the broad bases of the policy, which is entirely in line with majority thinking; whether it will appropriate the necessary funds to implement the program is a question not to be answered before 1948. I believe the die is cast and that strong support is assured.

American policy toward Russia in the last two years has now gone through three phases, but the new program is the first to be based upon a carefully worked-out analysis of Soviet purposes. During the war and in the months after the end of the fighting, the United States hoped to cooperate with the Soviet Union in "one world". No inherent reason was discerned by most Americans why our economic and political system and the Russian system should not exist side by side. There was real admiration for Russia's war-time achievements and the stubborn patriotism of its people. It was felt that there need be no grave political conflicts between the two great world Powers, separated and strong as they were.

Then began, in late 1945, the diplomatic intransigence of the Russians, which revealed at least an ambitious expansiveness. It produced Secretary of State Byrnes's "get tough" policy, the second post-war phase. But merely getting tough got nowhere. The Russians thrive on it. It may have been a useful intermediate stage, better than yielding or appeasement, but it was not enough to counter the Soviet world position.

The "Truman doctrine" of March, 1947, proposing aid to Greece and Turkey and other States under Russian pressure, was a long step toward the third stage—the new policy which has now been thought out and agreed upon. But again, the Truman doctrine was little more than "getting tough". It was not based upon a thorough acceptance of fundamentals.

The new American policy begins with the premise that Russia under its present rulers is an implacable rival to the United States and all other non-Communist nations, not in any sense a possible cooperator with us. From that premise the United States proposes to contain the Soviet Union wherever it can and by whatever means possible. And to contain Russia, it will be necessary for the United States to use all the tools of a world power.

The assumption that Russia under its present or like-minded rulers will always be hostile to the United States is a postulate of tremendous significance. It is plainly a two-world policy. If a similar conclusion had been reached regarding the Nazis in the 'thirties, history might have been very

different. Up to recently, the United States has more or less sought a "one-world" consummation. Now we plainly accept the implications of two hostile camps.

This does not mean that official American policy is shaping toward a preventive war, or war of any kind. Washington does not think the Russians are either able or willing to fight, although there is some danger that the Kremlin may underestimate American purposes and precipitate a situation somewhere where we might be forced to act. That possibility, in Washington's view, should be avoided, for war is naturally regarded as an utterly disastrous eventuality.

The Washington policy assumes that the Russians are in no hurry. The Soviet leaders all along have expected a major economic crash in the United States. They are unlikely to precipitate difficulty if this collapse is as inevitable as they seem to think. Indeed, they would be willing to wait ten to fifteen years for it. And Washington, on the other hand, thinks that when Soviet power has to be transferred from Stalin to the next generation, there is likelihood of internal crises in Russia.

Thus both Moscow and Washington base their calculations on the assumption that time is working for each. Under these circumstances, barring rash acts based on Soviet underestimations of American determination, there would certainly seem no likelihood of war. But the American effort to contain Russia would plainly have to be based upon a very flexible periphery.

The Flowing Tide of Communism

THESE assumptions about American policy are in part based on an analysis of Soviet-American policy* published currently in *Foreign Affairs*, the well-informed quarterly magazine, and understood to have been written by George F. Kennan, director of the Policy Planning Staff of the State Department. The major theme of this article is that the Russian rulers have for years been dominated by "the semi-myth of implacable foreign hostility". Their ideology was that "the outside world was hostile and that it was their duty eventually to overthrow the political forces beyond their borders".

At first, the dwindling vestiges of capitalism within Russia could be blamed for the régime's failures. But as the last traces of capitalism vanished, "it became necessary to justify the retention of the dictatorship by stressing the menace of capitalism abroad". "Today," says the article, "the major part of the structure of Soviet power is committed to the perfection of the dictatorship and to the maintenance of the concept of Russia as in a state of siege, with the enemy lowering beyond the walls." The excesses of the police state, the author believes, "have fanned the potential opposition to the régime into something far greater and more dangerous than it would have been before those excesses began". "And so", he continues, "there can never be on Moscow's side any sincere assumption of a community of aims between the Soviet Union and powers which are regarded as capitalistic. It must

* "The Sources of Soviet Conduct", by X. *Foreign Affairs*, vol. 25, no. 4 (New York, \$1.25), pp. 566-82.

invariably be assumed in Moscow that the aims of the capitalistic world are antagonistic to the Soviet régime, and therefore to the interests of the peoples it controls. If the Soviet Government occasionally sets its signature to documents which would indicate the contrary, this is to be regarded as a tactical manoeuvre permissible in dealing with the enemy (who is without honor). . . . Basically, the antagonism remains. It is postulated. And from it flow many of the phenomena which we find disturbing in the Kremlin's conduct of foreign policy: the secretiveness, the lack of frankness, the duplicity, the wary suspiciousness, and the basic unfriendliness of purpose. These phenomena are there to stay, for the foreseeable future. This means that we are going to continue for a long time to find the Russians difficult to deal with. The theory of the inevitability of the eventual fall of capitalism has the fortunate connotation that there is no hurry about it."

In confronting such a policy the foreign representative cannot hope that his words will make any impression. Only deeds and facts will speak effectively. Russian policy is a stream, ever moving forward, filling every nook and cranny available to it in the basin of world power. "But if it finds unassailable barriers in its path, it accepts these philosophically and accommodates itself to them. The main thing is that there should always be pressure, unceasing constant pressure, toward the desired goal."

In these circumstances, thinks the authoritative author, "the main element of any United States policy toward the Soviet Union should be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies".

Then, in a gentle criticism of the "get tough" era of American policy—and in words that doubtless Washington hopes will be taken seriously by Mr. Ernest Bevin in his next encounters with the Russians, the article continues: "Such a policy has nothing to do with outward histrionics: with threats or blustering or superfluous gestures of outward 'toughness'. While the Kremlin is basically flexible in its reaction to political realities, it is by no means unamenable to considerations of prestige. Like almost any other government, it can be placed by tactless and threatening gestures in a position where it cannot afford to yield even though this might be dictated by its sense of reality. . . . It is a *sine qua non* of successful dealing with Russia that the foreign government in question should remain at all times cool and collected and that its demands on Russian policy should be put forward in such a manner as to leave the way open for compliance not too detrimental to Russian prestige."

These Russian policies can and must be "contained by the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points, corresponding to the shifts and manoeuvres of Soviet policy".

And if the Russians are thus contained for ten to fifteen years, what then? The author sees absolute obedience in Russia today, but "a population which is physically and spiritually tired". Soviet economic achievements are "precariously spotty and uneven". Stalin's succession to Lenin's pinnacle took twelve years to consolidate. There has been since 1938 "a dangerous

congealment of political life in the higher circles of Soviet power. . . . Who can say whether, in these circumstances, the eventual rejuvenation of the higher spheres of authority (which can only be a matter of time) can take place smoothly and peacefully. . . . If disunity were ever to seize and paralyze the Party, the chaos and weakness of Russian society would be revealed in forms beyond description. For Soviet power is only a crust concealing an amorphous mass of human beings among whom no independent organizational structure is tolerated. . . . Thus the future of Soviet power may not be by any means as secure as Russian capacity for self-delusion would make it appear to be for the men in the Kremlin."

The United States, the article concludes, "cannot expect in the foreseeable future to enjoy political intimacy with the Soviet régime. . . . In actuality the possibilities for American policy are by no means limited to holding the line and hoping for the best. . . . It is rather a question of the degree to which the United States can create among the peoples of the world generally the impression of a country which knows what it wants, which is coping successfully with the problems of its internal life and with the responsibilities of a world power, and which has a spiritual vitality capable of holding its own among the major ideological currents of the time."

"Even the failure of the United States to experience the early economic depression which the ravens of the Red Square have been predicting with such complacent confidence since hostilities ceased would have deep and important repercussions throughout the Communist world."

"It would be an exaggeration to say that American behaviour unassisted and alone could exercise a power of life and death over the Communist movement and bring about the early fall of Soviet power in Russia. But the United States has it in its power to increase enormously the strains under which Soviet policy must operate. . . . For no mystical, Messianic movement—and particularly not that of the Kremlin—can face frustration indefinitely without eventually adjusting itself in one way or another to the logic of that state of affairs."

"Thus the decision will really fall in large measure in this country itself. The issue of Soviet-American relations is in essence a test of the over-all worth of the United States as a nation among nations. To avoid destruction the United States need only measure up to its own best traditions and prove itself worthy of preservation as a great nation."

The Policy of Containment

THESE are the words upon which American policy now appears to be based. Applied to specific and current problems, they have deeply impressed Congress and the informed segments of public opinion. They have been reprinted widely. It is recognized that there are several immediate danger spots: the economic crisis in western Europe, the chances of Communist action in France and Italy particularly; the possibility of a Communist foothold in northern Greece which would challenge the United States either to armed intervention or to abandonment of Greece; the dangers of collapse in China. Following the implications of the policy set forth above, Washing-

ton is gearing itself to long-range operations designed to hold back the flow of Communism everywhere. Tough talk will be avoided. The United Nations will be used as much as possible to strengthen United States policy, but Russia will not be permitted indefinitely to use the Security Council to block the workings of the United Nations political machinery.

However, the growing co-operative action of the western democracies has become more important to the United States than is the United Nations. Insofar as the United Nations is inherently based upon the "one-world" concept, it is now temporarily outmoded. It might one day become the instrument of united action of the democracies and their allies to contain Russia. But that day would not come as long as Russia remains inside the United Nations, armed with the veto powers of the Charter. And so for the time, at least, the United Nations take a secondary place in American policy calculations.

But of immediate importance is the economic rescue of western Europe. Quite obviously, the Soviet Union would be in a position to take over all Europe on the heels of an economic and political collapse. The danger is acute in Italy and France. The Marshall plan is just an opening framework. The restoration of industrial Germany as the economic heart of Europe is the base of present American thinking. But before any good effects either of united western European action under the Marshall plan or of an improvement in Germany could be felt, the crisis in Italy and France is bound to arrive. Therefore the United States will certainly stand ready to provide enough dollars to bolster up stability in France, and to do its utmost with aid and guidance in Italy. Any physical effort of the Communists to gain power in either country, but particularly in France, might bring active United States support for the anti-Communist side.

And even before the crisis comes in Italy and France, there is the current Greek crisis. American aid is arriving actively, in an effort to forestall establishment of a penetrative Communist puppet state. United States officials will direct the attempted economic rescue of Greece, and United States military missions will advise the Greek Army and supply some weapons for use in resisting Communist encroachments. At the United Nations, the United States is also doing its utmost to prevent Greece's Communist neighbors from fanning large-scale civil war.

The present European priority in containment of Russia is, therefore, Greece, followed by Italy and France, with fundamental improvement based upon general European economic recovery and the restoration of Germany to its needed industrial rôle. Despite remaining differences concerning Germany in Washington, London and Paris, it would appear that there is a nucleus of agreement. That agreement turns on the re-entry of western Germany into the economic entity of Europe. Washington feels, of course, that there must be close long-term supervision lest the Germans turn to is the greatest possible danger for the future. Germany, Washington infers, may well be Russia's chief goal in Europe. Only by helping Germany back to health and sanity, can Communism be countered there. And only by

reintegrating Germany into the economic pattern of western Europe, can the continent itself become healthy again. The decision of the Paris Conference (on the Marshall plan) to proceed without Russia and its satellites marked an outward turning-point in the application of the new American policy. It was a recognition that if the "one-world" technique will not work, there is no alternative to proceeding on a "two-worlds" basis.

In the Far East the decision to hold a Japanese peace conference, whether or not the Russians come along, and to do it with all interested Powers, rather than the Big Four alone, is an application of the same policy. American policy supports rigorous supervision of the Japanese for a generation, preferably through the United Nations, but it believes enough progress has been made already in demilitarization and reorganization to permit drafting of a peace treaty. Moreover, only if Japan is permitted to begin its economic reconstruction, can present gains be held. At present Japan is a heavy drain on United States finances. It can be made self-sufficient, and can make further progress towards real peace and stability, once a peace treaty is concluded. Moreover, Japan—which is beginning to understand something of the practical advantages of democracy—can be an immensely valuable bulwark against Communism.

There are obviously many over-simplifications in this account of newly crystallizing American policy. The achievement of agreement among the non-Russian allies on many details affecting Germany and Japan will be difficult enough. And, as emphasized, there are many and urgent sources of danger. But on the long view, it is an optimistic policy that is unrolling. It calls upon the United States to strengthen itself, particularly internally, to be a powerful force in the rescue of the free way in the world. It contains no inherent elements of American aggressiveness, of imperialism, or of arrogance. It is based on the solemn conclusion that the Soviet system dangerously threatens the whole world, and that the United States must accept its historic responsibilities.

First Session of a Republican Congress

WHETHER or not the American people will fully accept and implement these responsibilities remains to be seen. The Eightieth Congress, whose first session has just closed, gave mixed indications of its determination. That Congress was elected and convened at the height of the post-war isolationist reaction. Its Republican majority was traditionally opposed to the Democratic policies of President Roosevelt, and of President Wilson before him. Yet outstanding Republican leaders, with Senator Vandenberg in the forefront, carried a large majority of the party along in support of the Truman Plan.

When the Eightieth Congress convened, the outward policy of the American Government was that agreement could be reached with Russia on major problems. Such a policy naturally fostered a kind of isolationism. But now the world danger of aggressive Russian expansionism is deeply realized in the United States. It is plain and inescapable policy to support our friends. And although Congress may complain, there can be little real doubt that it

will have to support the new policy of containment of the Soviet Union by whatever means come to hand. The atmosphere which has already so greatly changed since last January will not fail to change before Congress returns either for a special session in the autumn or for its regular term in January. And these inevitable changes are almost certain to be in the same direction—and to strengthen American policy.

Although this Congress had the first Republican majority in fifteen years, and naturally sought to oppose President Truman wherever possible, its record in foreign affairs is noteworthy. It appropriated \$40 million to support the Truman policies in Greece and Turkey. It voted \$332 million for relief in Greece, Italy, Austria, Trieste, and China, barring relief to Soviet-dominated countries. It appropriated \$75 million for the care of displaced persons in Europe but failed to act on a bill admitting 400,000 displaced persons into the United States. The Senate ratified peace treaties with Italy, Hungary, Rumania, Bulgaria.

But Congress passed the Bill to increase wool tariffs, which was only stopped then by a presidential veto, and it ominously deferred action on the reciprocal trade program, which expires in 1948 unless renewed. The greatest isolationist dangers are thus economic. Here, indeed, there is danger. Yet on the whole this Congress supported a non-partisan foreign policy and rose to its emergencies.

In domestic affairs it was an historic Congress. For the first time in two decades legislation was enacted to curb the power of labor unions. The Taft-Hartley Law, while admittedly imperfect, is nevertheless a counter-balance to all the prerogatives labor obtained legislatively during the 'thirties. Thus it represents a major turning-point. This was also the first Congress since 1932 to cut expenses. And although these cuts were ineptly handled—including the tax cut which President Truman vetoed—they expressed the hoped-for trend toward a balanced budget.

This Congress was historic in passing legislation to unify the Army and Navy in a single national defense organization under one Cabinet secretary. It created the important National Security Council, to co-ordinate diplomatic, scientific and military purposes in the national defense. Altogether, this law sets up a well-ordered defense pattern.

And so the Eightieth Congress could adjourn with the feeling that under that difficult situation in American politics when executive and legislative branches are of different political complexion, it had produced a respectably constructive record. Matters might have been much worse.

Economic State of the Union

JUST before Congress adjourned, President Truman submitted to it a mid-year report of his Council of Economic Advisers, created last year to act as a watchdog over the nation's economic trends. The report said the country's present economic state is "magnificent" but that some of the causes of this prosperity are temporary, and that there are danger spots.

The level of national prosperity is shown in the following figures, some of them new records:

Production of goods and services is at the rate of \$225,000 million a year.

(In 1939 production was \$90,400 million.)

Total employment is above 60 million. (In 1939 employment was less than 45 million.)

Total consumer income is at the annual rate of \$169,600 million. (In 1939 consumer income was \$70,200 million.)

Corporate profits after taxes are at the annual rate of \$17,400 million. (In 1939 such profits were \$5,000 million.)

But this immense pinnacle of prosperity is being supported by business investment, consumer spending and exports—all of them of dubious future. Business is investing in war-delayed construction and equipment at the rate of \$29,500 million a year. Consumers are spending 93.2 per cent. of their income and are saving only 6.8 per cent. And America is selling goods and services abroad at the record annual rate of \$20,700 million as compared with imports of only \$8,000 million.

Moreover, in June the consumer price index reached a record level estimated at 157 based on the 1935-39 average at 100. There is threat of further increases. And the nation will fall 250,000 units short of its 1947 goal of 1,000,000 new housing units. High prices are delaying construction. If they come down, then new building can help sustain the entire economy when other lines have exhausted their backlogs of demand. Perhaps the lag in housing is a blessing in disguise.

The nation's strong economic picture, despite the manifest dangers, shows clearly that the United States is thoroughly capable of supporting its newly evolved foreign policies—if it chooses. The figures also indicate the urgent need of accepting more imports just as soon as they are available. Further loans will probably support the export surplus for a time. But the situation will become quite as unhealthy as the 'twenties if high tariff policies rule Congress. Moreover, the availability of imports is likely to coincide with a decline in the currently inflated domestic demand—which thus would increase the pressure for tariffs.

Finally, despite the parlous conditions of much of the world and the grave underlying threats implicit in the division of the nations into armed camps, there is much evidence that American policy is more vigorous, more informed, more responsible than it was a year ago. There will be elements of irresponsibility in the future. We have not yet adequately learned the duties of a world power. But the force of circumstances is still bringing us along. Beyond doubt, Secretary Marshall is the strongest Secretary of State the nation has had for many years, and he enjoys an unprecedented national confidence. Seven months of a Republican Congress has neither usurped nor crippled the Executive, as some said it must. There is realism in the air, and disillusionment too. American democracy seems definitely to be today a more powerful force than it has been since the end of hostilities.

United States of America,

July 1947.

INDIA

DIVISION OF THE INDIAN EMPIRE

TO describe the course of events in India lately without either platitudinizing or, by contrast, adopting the breathless style of the wireless or film commentator is none too easy. Of the alternatives, perhaps the second is preferable. We in India are surfeited with platitudes—it may be because, when history is being made, there is little time for reflection. Certainly we have none, for we are being driven on relentlessly, at a spanking pace. The progress is exhilarating; it has been gratifyingly smooth. But sometimes doubt creeps in: is it not too fast? Has not something important been forgotten and left behind? Nobody knows or nobody says, and on we go. If August 15 is reached without mishap rejoicing will be great.

All began on June 3 when the Plan was announced and recommended, with undertones of regret, by Lord Mountbatten, Pandit Nehru, Mr. Jinnah and Sardar Baldev Singh. The next day the Viceroy, at a notably interesting and comprehensive press conference, spoke of transfer of power “somewhere about August”. By the middle of June the plan had been officially approved in their various ways by the Muslim League, the Congress and the Sikhs.

With the vote of the Bengal Legislative Assembly for partition of the province and against one constituent assembly for the whole country, it became certain that the Empire of India would be divided and that two new Dominions would be added to the British Commonwealth of Nations. Bengal voted on June 20. Three days later the Punjab voted in the same sense. In both instances Muslims voted for division of the country and against division of the province. The Hindu (and in the Punjab also the Sikh) vote was precisely opposite. Thus a national minority divided the country and provincial minorities the provinces. Not all these votes, it may be guessed, were cast with either conviction or pleasure. Among Hindus there is wishful thinking; many contend that neither Pakistan nor partition will endure. It may be observed in passing that the division of Bengal is a triumph for the Hindu Mahasabha, not for the Congress; that of the Punjab seems, on close analysis, to be due to muddled thinking among the Sikhs.

There have been aids to thought. One was Mr. G. D. Birla's pamphlet, published on June 6, exhibiting the superior resources of the Indian Union, though with what object is not clear, whether to show that economically little is lost with the separation of the Pakistan areas, or to intimidate these or to promote eventual reunion—most probably the last. To his arguments there have been various counterblasts and a flood of pamphleteering literature of all sorts flows from the printing presses, though perhaps somewhat abated since June 3. The newspapers are, for the most part, as narrowly communal as ever, but perhaps with better claims to be called nationalist now that communities have become nations. Yet how can nations be defined? If by the test of language, there are going to be many in India; the quadri-

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partition of Madras, till lately the best administered of provinces, inside a multi-national State, seems one possibility. If division is by race or tribe or caste there may perhaps be more. There are moves for the unity of Jats (who include many, perhaps the majority of, Sikhs) and of Garhwalis. There is also talk of a separate State for Adi-Basis and of Dravidistan, as also of Achhutiistan, about which nobody seems to know very much. Overshadowing all lately, however, has been the demand for Pathanistan or Pakhtoon—if your correspondent is right in giving to this neologism a geographical implication, i.e. the land of the Pushtu (Pakhtu)-speaking people.

Accusations fly about broadcast, attacking Governors as well as humbler people. Among eminent persons maligned, sometimes at different times by opposite sides, have been Sir Evan Jenkins, Sir Frederick Burrows and Sir Olaf Caroe. The last-named offered what was virtually resignation of his governorship to Lord Mountbatten on June 13. The N.W.F.P. Ministry distrusted him; but still more, it seems, do they distrust their own supporters. Having vainly argued that, since the elections held last year returned the Red Shirts with a comfortable majority, there was no need for a referendum in the N.W.F.P., they later took the line that the issues in the referendum were false and that the choice should be between an independent Pathanistan (or Pakhtoon) and Pakistan, not between joining the Indian or Pakistan Constituent Assemblies, as provided in the plan—though that had been accepted by the Congress Working Committee, of which Khan Abdul Ghaffar Khan, the Red Shirt (Frontier Congress) leader, is a member. Before the Viceroy left on a brief visit to Kashmir in the third week of June there were hints that the N.W.F.P. problem would be settled without a referendum; and on June 18, Mr. Ghandhi, Mr. Jinnah and A. G. K., as he is widely known, met at the Viceroy's House in New Delhi. No agreement was reached, and on June 28 Mr. Jinnah accused the Congress of going back on their word. Meanwhile, Sir Olaf Caroe had been replaced by Lt.-Gen. Sir Rob Lockhart. On July 2 it was announced that the referendum under (predominantly British) military control would be held between July 6 and July 17 on the issues originally arranged. The Congress boycotted it. The result was announced on July 20. The boycott in a sense succeeded, but, although the League polled only just over 50 per cent. of the registered voters, at the last elections the total votes cast for both parties were only about 65 per cent. Dr. Khan Sahib, the Premier, has so far refused to resign till fresh elections are held and the League is demanding application of Section 93 of the Government of India Act, 1935. The referendum has, however, been officially accepted as a vote for Pakistan.

Before then Sind (June 26) had voted by a majority for Pakistan and Baluchistan (June 29) had opted similarly as was expected, the Boundary Commissions had been appointed with a joint chairman—yet one more ingenious feature of a remarkably ingenious arrangement—and the principles of the division of the Armed Forces had been announced. Over this last many verbal tears have been shed; it is unnecessary to add to them. The destruction of the Indian Army is deplorable; few more admirable instruments for defence ever existed, at any rate in a world which knew nothing of

the atom bomb and other recent contrivances for mutual destruction. But with the going of the British, on whom this unique national army depended—the most obviously national institution in India, though it has been described as mercenary—the cornerstone has gone. It would be fantastic to maintain one army for two States—even though temporarily Dominions—whose interests may diverge. All that a friendly observer can hope is that the two halves of what has up to now been one Army will never come into conflict and that staff talks, aided perhaps by British remnants who have elected to serve, will help closely to unite the Armies, Navies, and Air Forces of India and Pakistan against a common enemy in case of need.

Two Governors General

THE second notable fact is that there are to be two Governors General. Mr. Attlee's announcement of July 10 caused surprise in India and some misgiving. In your correspondent's view the plan has suffered a serious setback. The importance of the Governor-General's functions as set out in section 9 of the Indian Independence Act can scarcely be over-emphasized. He has to superintend the transition, adjust the provisions of the Act of 1935, divide up personnel, assets and liabilities. Of course sovereign power is with the legislatures—the constituent assemblies, engrossed in other business—and ministries will give advice. But where advice had been conflicting, it could have been left to an impartial authority—whom everybody expected to be Lord Mountbatten—to decide. Unfortunately the Muslim League chose otherwise, for reasons unknown. Mr. Jinnah said at the meeting of the Council of the League on June 9, when the plan was accepted, that he had "done his job". It is not surprising that they refused to part readily with one who, though aging and lately ill, surpasses them and, possibly, everybody else in India, in practical political intelligence. From their point of view his recommendation as Governor General of Pakistan may be readily understood—though Mr. Gandhi thinks that a different decision was taken earlier, perhaps before the N.W.F.P. problem was presented in a new form and Lord Mountbatten visited Kashmir. But it is obvious that the impartial arbiter is lost. The Congress, on the other hand, were wise to stick to their choice. It will necessarily now be their case that Lord Mountbatten will present when the two Governors General have their important dealings, but for that reason it will wear a neutral guise. It is to be hoped that fears will prove exaggerated; the retention of Lord Mountbatten as Chairman of the Joint Defence Council shows goodwill.

So far this discussion has followed, however roughly, the course of the plan. Before turning to a wider background we must consider certain political problems in greater detail. First in importance, there can be little doubt, is the meaning of Dominion Status to the Indian Union and Pakistan—it is hoped that Indians will recognize that the use, in this article, of the term "Indian Union" instead of "India" is meant to avoid confusion, nothing else. Though much has been said to the contrary both in India and in Britain, it is important to understand that for both prospective Dominions at present Dominion Status is a convenient constitutional device, purely temporary in

character. To suggest otherwise would be damaging to future relations. Already there are many in India who argue that, by accepting Dominion Status, even temporarily, one or other Dominion has fallen into a trap, and British parliamentary debates on the Independence Bill, happily named though it is, reinforced their arguments. If either India or Pakistan is to stay in the Commonwealth—and perhaps it is desirable that if both will not stay, both should go—it may be advisable for people in Britain and elsewhere in the Commonwealth to assume the contrary. The choice of the new Dominions is free and they will not necessarily be persuaded by display of affection. This Laocoon-like process should cease.

States and Minorities

NEXT has to be considered Princely India—this is the order of formal precedence, although the need to do justice to the minorities is even more urgent. To both pledges have been given and broken, but whereas the States can look after themselves, the minorities are now wholly dependent. Moreover, if the States can argue abrogation of treaty rights, what can the minorities expect from a new treaty—if indeed they are to be included? That there has been unilateral repudiation of the obligations of the Crown towards the Indian States seems clear. It is not here possible to discuss these undertakings, which are manifold and various. If it is said that, from any but a legalist point of view, they are anachronistic, that may be regarded as Hitlerism. There can be no doubt, however, that the majority of States and Rulers recognize that a new deal is necessary. It is fortunate that, in these circumstances, Sardar Patel, who recognizes, like Lord Halifax, that time, not logic, should be allowed to decide the matter, has been appointed head of the States Department of the Indian Union. It seems doubtful whether the attitude of Hyderabad and Travancore means any more than a plea for time—unless they are pushed to extremes. Their attitude is, perhaps, not more obstructive than that of some provinces—or part-provinces. The contents of the draft instrument of accession and frank and friendly talks with Sardar Patel on July 24 and Lord Mountbatten the next day should do much to still the apprehensions of Princes who have hitherto been wavering or wondering whether they had made a mistake in joining the Indian Constituent Assembly. It seems clear that they will be left in full possession of all powers except those which they would in no case have been able to enjoy to the full. Acceptance of the Indian Constitution when it is complete will be left to their unfettered judgment. It is likely to suit them better if they help in forming it.

Of the minorities it might be thought that many have cause to be dissatisfied. The most important, however—the scheduled castes—seem to think otherwise, which is gratifying. Dr. Ambedkar's acceptance of Congress leadership in the Indian Union is an interesting phenomenon. However, in spite of the progress which has lately been made in offering new facilities to the hitherto despised, it might be a mistake to attach much importance to the opening of temples to the so-called Harijans, or to the disavowal of the description "caste" Hindus. If the Hindu Mahasabha have a say and establish

what they like to call their Hindu Raj—they have become increasingly powerful of late, as the partition of Bengal is not alone in showing; the last elections are no longer a true guide—the future of these depressed communities, which in any case need special preference and facilities to lead them socially and economically upwards, may be dark.

The Indian Christians, most numerous of the non-Hindu minorities, also seem satisfied and, in Travancore, rather truculent. On the other hand, Anglo-Indians, to whom much is due, while getting rather flamboyantly political, tend to bemoan their lot. There is unhappily a large unemployable section among them, but if the others will accept work that suits them, theirs should not be serious hardship. It is largely a question of marking time while new educational schemes get under way and their intrinsic qualities are recognized. The interim period will undoubtedly be difficult and British help may be needed, especially to provide technical education, but it seems increasingly likely that neither the Indian Union nor Pakistan will be able to afford to neglect a community whose services may be very useful, in spite of its smallness.

The tribes of the N.W.F. have assumed perhaps an exaggerated importance, those of the N.E.F. a minimized, in spite of the lessons of the late war. The Nagas are seriously dissatisfied with the offers that have been made to them and if they have no Afghanistan to back them up equivocally, they can point to the pressure of peoples behind; there are also Burmese claims to be considered and theories about a Mongolian fringe of distinctive peoples. Immediately, however, the most important of all minority problems is that of the Sikhs.

It is difficult to know what to say of this remarkable people, outwardly recognizable because they decreed it so, who sprang into existence in the sixteenth century and came gradually to dominate the Punjab. They cannot be restored to their old position—which they might not have maintained even had the British not intervened. They are so dispersed in the Punjab that no partition could possibly suit them. Yet they opted for division, not of India, but of the Punjab, in which, though it formed part of Pakistan, they were bound to play an influential part. Just now (July) they are a drag on the fast-turning wheels of the plan, but after their decision none can ease this friction. Nanak's contempt of sects notwithstanding, their sympathy with the Hindus is plain; their historical antipathy to the Moguls sways their attitude. Having, however, been denied nationhood, they ought, one would have thought, to have cast in their lot with the political set-up which, by reason of their relative numerical strength, promised them most. Acceptance of the Cabinet Mission's plan of May 1946 was their best course; but they, like Assam whose lack of political acumen is even more remarkable, chose otherwise. Mr. Bardoloi, the Assam Premier, knowing that Sylhet would almost certainly be separated, said on June 8 that what had been agreed to was a definite improvement on the Cabinet Mission's Plan. The Sikhs have seemingly decided to boycott the Pakistan Constituent Assembly; some of them claim that the community never accepted the plan of June 3.

A still more important minority problem remains to be discussed, the

future of Hindus in Pakistan, Muslims in the Indian Union. Many public statements have been made, some helpful, some ominous. A joint agreement is very desirable. Failing that, the problem may be solved *ambulando*. If not, the danger to both Dominions will be extreme. The idea of composite Cabinets seems to be gaining ground, and the statement issued by the Partition Council is encouraging. On behalf of both future Governments, it promises full citizenship rights to all, agrees to the setting up of a special military command in the Punjab and pledges acceptance of the Boundary Commissions' awards, which will certainly be contentious. Dr. Ambedkar, incidentally, has lately suggested that, not the views of the communities in the Punjab and Bengal, but the interests (primarily strategic) of the two new Dominions as a whole should guide the decisions.

The tale now turns, not to two cities but to four: Calcutta, Lahore, Delhi, Karachi. The first two have been grievously disturbed, the third a little, the fourth scarcely at all in a communal sense, though if 30,000 people move in soon, as predicted, disturbance of another sort will not be negligible. At the time of writing, the fate of Calcutta and Lahore, affected by notional division though it is, is under consideration by the boundary commissions and, it seems likely, in private conclave of the less reputable elements of the Muslim, Sikh, and Hindu communities. By odd contrast, conditions in Lahore became quieter, those in Calcutta more disturbed after the decisions of their respective provincial Legislative Assemblies. Notional division, however, has proceeded farther in Bengal than in the Punjab. There is a West Bengal section of the Ministry in operation, seemingly able, in spite of announced limitation of powers, to post officers, especially police officers, where it likes. It is, however, representative only of the Congress. From it Dr. Shyamprasad Mookerjee, the Hindu Mahasabha leader and possibly the most powerful figure in Bengal to-day, stands conspicuously aloof. It is said that there are interests concerned in preventing Calcutta's return to normal, ready even to wreck the city before August 15. It is clear that Calcutta (within gun range of Pakistan, some say) will not be capital of the Indian Union nor Lahore that of Pakistan. The claims of Delhi are contested, those of Allahabad, even Wardha, advanced—though with the proposed disappearance of the *charkha* from the recommended Indian national flag those of the last have little chance of acceptance. Karachi has already been chosen as the capital of Pakistan. There the new Constituent Assembly will meet next month and perhaps borrow experience from the Indian Constituent Assembly which has been vigorously busy since December. Now Muslim League representatives (in the Indian Union) have decided to join it, besides representatives of Princely India.

Economic Anxieties

SOME political questions have been cursorily discussed; much that is non-political, or not primarily political, needs discussion. First in importance is food, of which, India as a whole, in common with much of the world, has too little. Two provinces, Madras and Bombay, are especially badly affected, Madras the worse. Yet Madras has partly itself to blame; its harvest is reported to have been better than last year's. The cultivator wants higher

prices for his crop; about this there seems to have been difference of opinion with the Government of India. But procurement has been especially bad in the Andhra districts and it seems likely that here, since the downfall of the Andhra champion, Mr. Prakasam, earlier in the year, political considerations play their part. Andhras (Telugus) will not do for his successor as Premier what they might have done for Mr. Prakasam, who is vigorously canvassing for a separate Andhra province, conceded in principle though it is by the present Ministry. Lately too in Sind, a surplus province, politics seemed likely to hold up provision—in this case to the Indian Union. But, after a little stock-taking and recrimination, this problem seems to have been settled.

Bengal, soon to be divided, and Bihar are other provinces likely to be seriously short of food during the next few months. It should here be remarked that the south-west monsoon, heavily recommended in the weather forecasts, has been capricious in Bombay. Food is short and may be desperately short before these lines go to press. The rust disease of wheat is partly to blame and so is the unprocurability of sufficient imports. For these India is willing to pay in jute, or jute goods, if she can get them. But jute and jute goods, though expensive, are not procurable in sufficient quantity, and for this too politics may be to blame, though industrial strife and the Calcutta mills are perhaps more directly responsible. So long as the other, output of jute goods is necessarily restricted.

It needs to be emphasized that, not for the first time in India but perhaps now most plainly, political considerations so outweigh economic that progress other than political is negligible. This may be seen most obviously in the stagnation of plans for development, above all the irrigation schemes, which are at a standstill not only because nobody politically important has time to devote to them, but also because nobody has an idea how staff should be recruited, since the communal recruitment rules are in suspense. As for the most important department of all, that of food, its ministerial chief, Dr. Rajendra Prasad, is busy in dividing up the country's assets; he is also President of the Indian Constituent Assembly, a key post in present circumstances, and he has been mentioned for a governorship after August 15, that of his native province Bihar. He has not much time to spare. The department is weakly manned.

In the economic field it may be said, perhaps unfairly, that only restrictive measures have been decided upon—to cut down imports, to restrict remittances abroad and to substitute nickel for silver in an abominable shabby rupee and half-rupee. In the disturbed field of industrial relations, the Congress has launched a counter-attack against the Communist-dominated T.U.C. by forming an Indian National Trade Union Congress, but with little obvious effect so far. Even the Socialists (who, like the Communists, are opposed to the plan of June 3) distrust this new organization. The struggle for control of labour goes on. As for the countryside, where too the Communists seem to be gaining ground, the Congress has seemingly set its face against rapid reform of tenancy conditions. The Muslim League has hitherto not shown much interest in such questions, except in Bengal, where it introduced

an ambitious programme of tenancy reform, handled it lazily and was perhaps not displeased when political developments prevented it from pushing through the most ambitious measures against fierce opposition of vested interests. In industrial relations, the chief concern of the League hitherto has been to show that Muslims will not be led by the nose by Hindus. The Pay Commission's recommendations, published in May, have not hitherto been generally introduced. Bombay railwaymen recently threw stones at trains because they were dissatisfied with the terms proposed. What the new Dominions will be able to afford is uncertain. Meanwhile it is reported that Mr. Liaquat Ali Khan's budget proposal of an inquiry into tax evasion has been abandoned as unpractical in the new circumstances.

End of an Epoch

MUCH more could be added, but the time has come to consider some of the platitudes hitherto avoided. An epoch ends. Whether Britain's task has been successfully accomplished or nervelessly relinquished—whether there was ever a task which needed performing—whether India is better or worse off for the British relationship—these questions cannot be satisfactorily answered yet. The future of Britons in India none can certainly forecast. Emphasis has been laid on the part they can play. In view of remarks lately made by Professor Deshpande, Secretary of the Hindu Mahasabha, and such as, remembering the origins of John Company, think like him, that seems a sure way of creating suspicion. Mr. Gandhi, in his after-prayer utterances, has not been above adding to it.

There are others in this country who see a less accommodating Power than Britain on the horizon, threatening to eclipse the sun of independence before it reaches the zenith. This supposition too it is useless to discuss. There are doubtless fifth columnists crusading for both causes. But it should be said that, on the whole, the British, like other communities in India, have welcomed the plan of June 3, though with apprehension and regrets. It is natural that they, more even than others, should disapprove of fragmentation. But they rejoice at the agreement between the major communities and, with due appreciation of Lord Mountbatten and other architects of the plan, marvel at the progress made in so short a time. Events over the past few years have prepared them for the changes after August 15. Though not free from anxiety, they look to the future with hope. While not seeking to deceive themselves, many, both British and Indian, think that with the coming of August 15 the worst will be past. If the minority question is satisfactorily handled there should be no repetition of the frenzy which began last August, and planning for the future may begin in earnest, without risk of disturbance.

India,

July 1947.

UNITED KINGDOM

SOCIALISM IN SEARCH OF A SECOND WIND

THE last review of Home Affairs in *THE ROUND TABLE* closed with some observations on the chances of a change of Government. It was argued that there were no such chances. Since then, the economic crisis, so long simmering, has boiled over. The Government has been obviously scalded, and its response to the question what is cooking has equally clearly alarmed and embittered its adversaries and perturbed many of its friends. Mr. Churchill has roundly declared that one of its answers—the direction of labour—should not be imposed without a general election. Nevertheless, the writer is not himself convinced that we are any nearer a general election than we were before, or that, if we had one, the results would necessarily reflect more than that the disillusionment with Socialism is greater than the positive swing towards Conservatism. One thing indeed the Government's attitude towards the crisis has produced, namely, a swing of the Liberals into full-throated opposition. But that again does not necessarily portend an anti-Socialist alliance. It should never be forgotten that the decision whether to advise a dissolution or not is the prerogative of the Prime Minister of the day.

Why should Mr. Attlee exercise it? He would, of course, do so if he decided to try to form a Coalition Government. But neither his own party nor the Conservatives have shown the least desire to enter such a Coalition. He would also ask for a dissolution if defeated on a first-class issue either in the Commons or in the Lords. There is much dissatisfaction in the Commons, but only one Labour M.P. voted against his own side on the Bill conferring exhaustive emergency powers on the Government. Though there is a fairly strong force, headed by Mr. Aneurin Bevan, which maintains that Socialism has failed only because there has not been enough of it, there is no majority in the Labour party ready to kill Charles in order to make James king. Some people see an older Pretender in Sir Stafford Cripps—one of the few Ministers whose stock has risen. But icebergs are not permanent islands of refuge in a shipwreck. As for the Lords, there are strong arguments, which have so far prevailed, to dissuade a Second Chamber which has done admirable revisory work from making itself into an Aunt Sally for Labour missiles by precipitating a general election. The chances are therefore still that the present Government in substantially its present form will go on struggling to ride the storm.

It is true that in its struggles it resembles more a Laocoon than an Ajax or a Horatius. On the eve of the recess, it rushed through a Supplies and Services Bill, giving itself powers to do virtually anything with anybody or anything. Nobody knows why, and the Lord Chancellor himself stated his opinion that the Bill was superfluous, since all necessary powers were possessed under an Act of 1945. This new Act administered a setback even to the chance that some non-party national policy to meet the crisis might be devised.

Dwindling Dollars

A PART from this Act, the Government also produced a diagnosis and a prescription.* We should have exhausted our dollar credits by the beginning of October, and this meant that if our standard of living was to be maintained we must somehow or other make good a gap of some £600 million a year between imports and exports. We must therefore cut imports, increase exports, and produce more.

Upon cuts in imports, the Government produced a first instalment which gave the impression that, like Clive, it was astonished at its own moderation. In his Budget, Mr. Dalton had already cut imports of tobacco by a huge increase in taxation. This was then followed up by a cut in newsprint and an unspecified cut in petrol.

The saving by the cut in newsprint is only about one day's dollars. It discriminates against the users of newsprint and against the newspapers, even among the users of paper. Newspapers were already only one-third of their pre-war size. They must now cut down their size or their circulation or both. They must discharge skilled staff. They cannot adequately discharge their function of giving news and views. The public cannot have a free choice of papers.

Next came a rather bigger effort. There are to be cuts in imports of essentials such as timber and food from hard-currency countries. Nobody yet knows the effect on rations because it is hoped to buy more food in soft-currency countries. The best estimate of the total saving in imports by all these measures is £200 million a year, or about one-third of the gap.

Every allowance must be made for the Government's position. They are in a terrible dilemma. If they drastically reduced dollar imports, they might imperil the whole future by reducing our ability to produce. If they did nothing, they might put in question both our will and our capacity to help ourselves. They are in the predicament of the over-jolly gentleman clinging to a lamp-post outside the railway station who exclaimed that if he let go he would fall, and if he did not let go he would miss his train.

As regards increasing exports, a larger volume or proportion of our production of some things, such as textiles and motor cars, is to be exported. But the way out of the crisis by increasing exports is and must remain theoretical until

- (1) We have the coal to produce enough for more exports.
- (2) We produce more of the right things to export.
- (3) The United States and other hard-currency countries are willing to take more of our exports.

* This article was written before the sudden exhaustion of the remaining dollar credits—largely because foreign countries hurried to convert sterling into dollars to the maximum extent after July 15, while yet the available dollars lasted—compelled the Government to suspend the convertibility of sterling on August 20, and to announce fresh restrictions intended to conserve foreign exchange. These included a cut of one-seventh in the meat ration and the complete banning of holiday travel to hard-currency countries and of private motoring for pleasure.

All these things lie in a more or less distant future; and in the same future, but far less distant, comes the end of the sellers' market which has enabled us to sell everything we can produce everywhere—except in the countries from which we must buy. In particular, the trade policy of the United States is subject to a continuing question-mark. That country can produce far more than it did in 1938. That means certainly that it must export or suffer heavy unemployment; but also that it must be reluctant to admit imports which, it will be argued, cause unemployment.

The Government has also said that it is not counting on any further help from America under the Marshall suggestion. The inference is that the rest of a still yawning gap is to be filled by home production. There are some new "targets" for 1948, such as an extra £100 million from agricultural production. These targets are all clearer than the means of hitting them. Measures such as the "staggering" of factory working (to eke out electrical power); the direction of all those applying to Labour Exchanges after October 1 to "essential work" (if suited to it); and the working of longer hours where they will lead to greater production, are announced or being negotiated with the trade unions. Without doubt the supreme necessity is the production of more coal. Under the five-day week which began last May, production, after an initial spurt, shows little signs of reaching the "target" of 200 million tons this year, still less the higher target of 225 million tons asked for by the T.U.C. There is still far too much avoidable absenteeism. This is not due, as Ministers say, to a few slackers and trouble-makers, because the figures show that the voluntary absentees are not the same people from week to week. The causes of the trouble are far more complex. Misconceptions about the effect of nationalization are one; and another is that miners stomach even less than most folk, who are more used to it, the paradox that the harder you work the higher you are taxed.

Somnambulant Legislation

THESE economic questions, and also the political questions caused by Russia's actions which are outside the scope of this article, have overshadowed all domestic legislation. It has seemed almost immaterial that the Agriculture Bill should have reached the Statute Book when this year's British harvest seems destined to be poor. The Electricity and Transport Bills appear irrelevant when fuel famine threatens to fade out electricity and to cripple transport, or, as Mr. Herbert Morrison has suggested, a breakdown in transport, may cripple the distribution of fuel. The Finance Act appears academic when whatever the financial balance-sheet over this or that period the commercial balance-sheet is so deeply in deficit. The Bills required by the historic transfer of power from the British Raj to Indian hands pass almost in an afternoon. The Government's refusal to give effect to the principle of equal pay for women for equal work creates no substantial storm. Mr. Morrison's announcement of the setting-up of a well-manned advisory Planning Council to draw up a new Four- or Five-Year Plan causes scarcely a head to turn or a mouth to open. To a large extent the zest has gone out of this House of Commons. It can only be hoped that the zest

for politics has not seriously declined among the public. Apathy is the real danger to parliamentary democracy.

Naturally this onrush of crises has had its effect upon the parliamentary and administrative machines. There is a limit to physical endurance, and tired men are unfertile in ideas and lethargic in execution. Quite apart from the rightness or wrongness of their policy, Ministers and the higher ranks of the civil service have been under great and continuous strain for two years—some of them for much longer. Not without reason, the Prime Minister appealed to the Labour Party Conference last May "not to overstrain the machine". It must be added that, so far, the general high quality which might have been expected from a House more than half of which consists of ex-Service men has not been too evident. When Mr. Attlee is reproached for not trying new men more, it may be that he has few more good men left to try, except the trying ones.

Colonial Finance

A FEATURE of British politics is that, whatever Government is in office, a number of useful non-controversial things get done. There seems a convention to take a certain percentage of time off from squabbling to be sensible. One such thing has been the making of very large provision for colonial development. One corporation is to run a big scheme for ground-nut production in East Africa. Another is to finance (with borrowing powers of £100 million) similar schemes, productive or public utility, in any colony. There is nothing new in the idea. In the first place the development work done by private companies in these territories (e.g. Tate and Lyle, Cadbury's, Unilever, the Malayan rubber and tin companies, &c.) is very great. In the second place, it has never been true that capital for the development of primary products has been grudged. What has held up colonial policy is the dislike of appearing to exploit native populations, together with the frequent existence of a glut in the market for colonial products. The replacement of objective tutelage by active tutorship has meant that development runs little risk of being regarded as other than mutually beneficial, and this view has been reinforced by the replacement of glut by scarcity. What has, perhaps, not been made clear enough is that this development will take time to mature; and, whether or not demand for its results still exists when the results come to hand, it must be very doubtful whether they will ever be on the scale necessary for the kind of imperial economic autarky of which, some suggest, these plans are a beginning.

The Government and its Critics

ENOUGH has been said to show that parliamentary democracy in this country is being and will be exposed to a most severe test. There is quite a lot of truth in the Government's contention that no British administration has ever been faced with bigger problems. Quite a common reaction among members of a harassed public is to say "Nobody else would have done better", though there are also traces of another kind of reaction,

namely, "Nobody could have done worse". Let us list a few of the pros and cons in this matter. The Government say that two world wars and the mismanagement of their predecessors have deprived the country of its reserve resources. The critics reply that the Government act as though inexhaustible resources were still there. The Government say that central planning is indispensable. The critics reply that there is only central chaos. The Government say that planning means that Parliament must legislate with unexampled rapidity. The critics reply that this rush means ill-digested Bills and inefficient administration. The Government say that public ownership of 20 per cent of industry is indispensable and modest. The critics reply that the chosen 20 per cent are key industries, which govern the fate of the other 80 per cent. The Government say that their purpose is to combine public ownership with individual liberty. The critics retort that socialism on this scale is incompatible with individual liberty, which is fated to suffer progressive restriction. As between the Government and their critics only actual experience can decide.

United Kingdom,
August 1947.

IRELAND

POLITICAL PROSPECTS AND DEVELOPMENTS

POLITICAL parties like persons are apt, as they grow older, to become conservative and sedate, sometimes even rather dull. So it is with Fianna Fail, the Irish government party, which has recently been celebrating its coming of age. It is, indeed, difficult to believe that this is the same rather extreme party which was elected to office in 1932 on a programme that promised not only to sever the last links with Great Britain but to reduce taxation, abolish emigration, restore the Irish language and increase employment. Now, fifteen years afterwards, our political position has not really changed, for we are still, by the Government's own deliberate choice, associated with the British Commonwealth; taxation has increased by some £45 million; our population is decreasing year by year and during the last ten years about 200,000 of our people have emigrated to Great Britain; 61,000 are registered as unemployed; and no real progress has been made in the restoration of the Irish language. No doubt we have a President residing in the Phoenix Park instead of a Governor General, but he costs just as much and exercises almost exactly similar powers. If manufacturing industries have increased, our major industry, agriculture, is languishing and our people are still deserting it whenever they are able.

It is therefore not surprising that Mr. de Valera, speaking at Longford on June 28, should have complained that the country was being hampered by a shortage of man-power, the responsibility for which he placed on "other countries" although he was careful to add that our scarcities and privations were due to our own actions rather than the inability of Great Britain to supply us during the war. In the main his speech was an apology for his party, which he claimed had done great things for the country, but which after fifteen years in office was, he said, only at the beginning of its work. They meant, he asserted, to complete their programme by bringing about the unity of the country and restoring the language, although he was silent as to the methods by which these miracles were to be accomplished. Referring to the continued emigration, he said we were a free country, and if those who left thought that the prospects in Great Britain were more attractive the Government were powerless. They could only regard it as a national loss. They had been accused of causing emigration but nobody told them how it was to be remedied. They knew there was only one remedy—to build up our agriculture and industries so that the people would be employed to produce more and more. He did not, however, refer to the fact that the problem of agricultural production, which is to us what coal is to Great Britain, has been virtually ignored since his Government took office.

All this faded rhetoric about partition and the language is not peculiar to Fianna Fail but common to all parties, and it is hard to escape the conclusion

that the only unique quality of the Government party is Mr. de Valera's gift for leadership and strategy. Whether this derives from elusiveness, aloofness or genius, there can be no doubt that the discipline and loyalty of his party are the envy of his opponents and show no sign of abating. Moreover they are the only party with any semblance of organization, and their material resources have undoubtedly been strengthened by their long spell of power. Yet they are undoubtedly stale, rather restive and quite uncertain of their future policy. Were they confronted at the next general election, due in two years' time, by a determined and united opposition with a coherent policy and effective leadership, their chances of victory would be dim. Of this desirable development there is, however, no sign. The two agricultural groups have recently united to form a Farmers' party, but the Labour party is as divided as ever. The largest opposition group, Fine Gael, lacks leadership, policy and organization, while the other small "splinter" parties show no signs of growth or coherence. The present constitution of the Dáil, or House of Commons, is: Fianna Fail, 75; Fine Gael, 28; Farmers' party, 11; Independents, 8; Labour, 8; and National Labour, 4. There are three vacancies, in Waterford, Tipperary and Dublin.

The Supreme Court has unanimously decided that the Sinn Féin Funds Act,* which purported to terminate the legal proceedings concerning the Sinn Féin party funds and to apply them to a trust for the assistance of needy patriots, is repugnant to the solemn declarations as to the rights to private property contained in Article 43 of the Constitution, and that it is also repugnant to the Constitution as being an unwarrantable interference by Parliament with the operations of the Courts in a purely judicial domain. Thus for the third time the somewhat vague "fundamental rights" fortunately embodied in Mr. de Valera's Constitution have recoiled on their author.

The Northern Ireland Bill

THE Northern Ireland Bill, the second reading of which was passed in the House of Commons without a division on June 13, is the most hopeful sign which has come out of Ireland since 1921, for it shows that the two Irish governments are prepared to co-operate for national purposes. It is a valuable measure, not only because it increases the legislative powers of the Northern Government and thereby their responsibility, but more particularly because it enables them to give effect by legislation to agreements made with the appropriate departments of the Irish Government concerning joint public-utility schemes for hydro-electric supply, arterial drainage, transport facilities and the like. An amendment to the Bill, standing in the reading "until such time as, in the opinion of the House, the Parliament of Northern Ireland so administers the Government of Ireland Act, 1920, as to provide democratic liberty and equality for the people of Northern Ireland", was never moved and received only vocal support. It was perhaps

* See THE ROUND TABLE, No. 147, June 1947, p. 280.

impossible for the House to resist the opportunity for a real old-fashioned Irish debate of a largely irrelevant nature, but it only revealed that Irish quarrels are now of little interest to the House of Commons. The charges made against the Northern Government, which are not new, were in effect that they exercised dictatorial powers of coercion and arrest, and that they discriminated against the political and religious minority by their electoral machinery. The short answer to the first of these accusations is that the special powers of arrest and imprisonment referred to were in fact essential to deal with the serious menace of the I.R.A. both before and during the war, and that neither Mr. Cosgrave's Government, nor Mr. de Valera's for the greater portion of its existence, was able to dispense with similar authority for the same purpose. Mr. de Valera's Government, indeed, only stopped using these powers at the end of May, and has preserved the right to reimpose them if necessary.

As regards electoral discrimination the Northern Government's answer, which is not convincing and certainly not democratic, is that while they are dealing with an opposition whose declared aim is the severance of Northern Ireland from Great Britain they are entitled to protect themselves by a restricted franchise and by "gerrymandering". As there are two Unionists for every Nationalist in Northern Ireland this attitude seems unjustified and unnecessary. But these considerations are largely irrelevant and, indeed, otiose. In the larger sense the Government of Northern Ireland may claim to have acted democratically because these franchise restrictions, principally in the domain of local government, undoubtedly reflect the deeply held convictions of the large majority of the electors, who are not only conservative but attached to the British Crown and anxious to participate fully in the economic life of Great Britain. So much is this the case that even a prominent Nationalist member of the Northern Parliament recently admitted in private conversation that, whatever solution of the partition problem was finally arrived at, the Northern Nationalists would not favour the abolition of the Northern Parliament. Nor can it be truly said that religious persecution, as such, is now prevalent in Northern Ireland. Political discrimination there naturally is. The Northern Ireland Bill is thus admirable in conception and purpose, because it provides for the first time a bridge between the two Irish governments, and presents a fine opportunity for both to promote the development of the whole country. It is only through practical and fruitful co-operation of this kind that partition may in the long run be ended. The sooner both Irish governments realize, as they at last seem to be doing, that they must live as "good neighbours" having a common interest in their country, the sooner will a *modus vivendi* of a more permanent kind be reached. But they must be left alone. Ignorant and ill-informed, even if well-intentioned, English interference can only do harm. Mr. Christopher Hollis, M.P., writing in the *Tablet* on June 28, suggested that the Ulster problem should be solved by handing over Tyrone and Fermanagh to the Irish State and incorporating the four remaining Northern counties in the United Kingdom. Nothing could be better calculated to upset and bedevil Anglo-Irish relations.

Mr. de Valera's Remedy

MR. DE VALERA, however, still seems to cherish the illusion that the British Government holds the key to Irish unity and that it can by some magical process remove the suspicions and prejudices which have their roots deep in religious and historical differences. Speaking in the Dáil on June 24 he said that he thought it would make towards a solution of the problem of partition if they could get from the British Government a simple declaration to the effect that they were desirous to see partition brought to an end, that they would do anything they could to bring it to an end, and that, if agreement was reached, there would be no hesitation on their part to give effect to it. Until such a declaration was forthcoming they could, he claimed, only deal with this problem on the basis that there were three parties, the concurrence of whose wills had to be brought about before it could be ended. This did not mean, he added, that he differed from the view that if they could get agreement between the two Irish governments British agreement would follow. He ruled out any question of dealing with the matter by force. This somewhat involved, and even contradictory, utterance conveniently ignores the fact that spiritual partition existed long before it was given legal form by the British Parliament in 1920. It is merely foolish to ignore the fact that for many centuries religion and politics in the North have run on parallel lines and that loyalty to the British Crown is the major test applied. Yet in the very speech already referred to Mr. de Valera was careful to explain that while we are *associated* with the States of the British Commonwealth we are not a member of it. He added that "if being in the Commonwealth implied in any way allegiance, or acceptance of the British King as King here, we are not in the Commonwealth, because the position here is that we do not accept either of those things". By the External Relations Act, he pointed out, his Government had retained the King for use by the Executive Council so far as they were prepared to use him. If at any time they desired to get rid of him they could. He added, incredible as it may sound, that he believed that such an association with the Commonwealth served a useful purpose as a basis for the ending of partition.

During a subsequent debate in the Dáil on July 3 he said that a practicable, but by no means ideal, solution would be for the people of Northern Ireland to retain their local Parliament with its existing powers, the residual powers at present exercised by the British Parliament being transferred to an all-Ireland Parliament in which the minority would receive their full democratic proportional representation. Such a solution was not, however, advanced by the silly speech of the President, Mr. Sean T. O'Kelly, at Ballina on July 13, when he declared that the national programme was not yet completed; but "they would win complete freedom for all the counties of Ireland. Every man and woman of their generation could play their part to put an end to Ireland's last link with the British Empire". Informed persons in Ireland do not, of course, take Mr. O'Kelly's personal pronouncements seriously, but this quite irresponsible statement makes nonsense of Mr. de Valera's talk about the "concurrence of wills" between the three Governments concerned

and may be taken seriously elsewhere. It would seem that both Mr. de Valera and Mr. O'Kelly either have not the least conception of the Northern attitude or are anxious to perpetuate partition as a valuable political catch-cry. The Ulster Unionists have their own strong conception of what loyalty means, and they would certainly never willingly enter a State where the King was regarded as an external functionary to be summarily discarded when convenient. Nor would any conceivable British Government now compel them to do so. It is therefore not difficult to understand why Mr. Attlee stated, in reply to a question in the House of Commons on June 30, that His Majesty's Government in Great Britain did not consider their policy of maintaining and developing the closest relations between Great Britain, Northern Ireland and Ireland would be assisted by making the declaration suggested by Mr. de Valera.

The Communist Threat

PARTITION has, indeed, become a political "red herring", but so long as it exists it can be used for making trouble not only in Ireland but wherever Irish people are to be found. Mr. James Dillon, T.D., has recently pointed out on several occasions that it is already being so used by Communist agitators for the purpose of creating friction between Great Britain and America. There was, he insisted, only one clear issue in the world to-day—whether Bolshevism would prevail over the democratic system—and we must, he said, be careful lest the Politburo be enabled through our folly or our ignorance to use our people in Great Britain and the United States for the purpose of fomenting misunderstanding and ill will between those two countries. As an example of what he had in mind he instanced the Connolly Clubs, which use the name of the 1916 Labour leader although formed by the English Communist party. He also referred to a provocative pamphlet, of Irish-American origin, which had been sent to the members of the Dáil. This publication contains a savage attack on Mr. de Valera's Government for its treatment of the I.R.A. prisoners and is a typical example of pernicious propaganda. Mr. Dillon said that both war and the realization of the Communist aims would become impossible if they had a political movement based on Christian concepts to conclude a twenty-years agreement between Britain and America, securing the free passage of men, money and goods between both countries and the British colonial empire, which the other Commonwealth countries would be free to join if they wished. Such a development would, he argued, put Britain back on her feet, remove the threat of an American slump and show the European nations that they could rely on the strength and solidarity of the democracies. There is little doubt that Mr. Dillon's views are shared by the great majority of our people both North and South, for they realize that a renaissance of western Europe firmly based on Christian and liberal traditions is the only hope of the world. The Irish Government, being well aware of this fact, promptly accepted the invitation to attend the Paris Conference on European reconstruction, at which they were represented by Mr. Sean Lemass, the deputy Prime Minister and Minister for Industry and Commerce, and Mr. P. J. Smith, the Minister

for Agriculture. After the first meeting of the Conference Mr. Lemass, who had apparently assumed the rôle of the innocent abroad, informed a press correspondent that "the Irish delegation came to Paris with the understanding that the conference was economic rather than political, but he was surprised to find that most of the nations had sent their Foreign Ministers"; he also expressed surprise at the political tone of the opening speeches, although Mr. Bevin explicitly stated that the Conference "was not political in its conception or its intention". Mr. Dillon in a letter to the press aptly commented that Mr. Lemass's observations would be "manna from heaven for the Politburo to use in the ceaseless campaign of lies and propaganda against those who seek to resist their intimidation". Ireland was one of the countries represented on the Food and Agricultural Committee of the Conference and is also represented on the Co-Operation Committee.

Our Government have already made a generous contribution, according to our means, in food and clothing, towards the relief of Europe, and have taken a useful part in the work of the Food and Agricultural Organization of the United Nations. The Russian veto on our application for membership of the latter body was again enforced when the matter came before the Security Council on July 30; Mr. Krasilnikov, the Russian delegate, stating that Russia could not overlook the fact that Ireland did not help the Allies to lay the foundations of the organization she was now trying to join, and that even in the most critical part of the war she expressed open sympathy with the Axis and Franco Spain. Mr. de Valera's very proper comment on this typical Russian perversion was that it was simply untrue. Ireland had, he said, remained neutral during the war, but she would have defended herself to the best of her ability if attacked. Russia, on the other hand, assisted Germany for two years and by the Ribbentrop Non-Aggression Pact had given her a free hand to go ahead. He failed to see how Russia, which had attacked Finland, Poland, Estonia, Latvia and Lithuania, could be regarded as qualifying for membership of the United Nations as a peace-loving nation. The Russian action was, he concluded, clearly an abuse of power, and it was obvious that no organization in which such action was possible could command the people's respect or long endure. Irish public opinion has unanimously endorsed this dignified rebuke.

Economic Realities

WHATEVER may be the result of the Paris Conference our economic fortunes are indissolubly linked with those of Great Britain; but, ranking as we do among the leading creditor nations of the world, there seems to be no reason why we should hesitate to seek additional dollar credits if these are necessary. The London Foreign Exchange Control has generously met our claims since the end of the war, but we can now only convert into dollars, or other "hard" currencies, the net export surplus arising from current transactions, if and when this can be ascertained. No doubt the existing informal and elastic exchange arrangements with London will be continued. We cannot, however, hope for the early conversion into goods of more than a small proportion of our accumulated sterling balances,

which are in the region of £190 millions. On the other hand, the British people badly need the agricultural produce which, given increased production, we should be in a position to supply. We are not only the nearest but the cheapest agricultural market available. Of every 125 units of food produced here at present only 25 are exported. It therefore only needs a 20 per cent increase in production to double our food exports; a 50 per cent increase would nearly quadruple them. But to increase production we need agricultural machinery, phosphates and culm (a British coal product) for burning lime. Thus our agricultural production is dependent on British industrial production and co-operation. But we naturally require in return for our produce not only fair and stable prices but capital and consumer goods, not mere paper credits. Britain also needs our custom; last year we were her fifth most important export market. There are signs that these vital facts are at last being realized on both sides of the Irish Sea and that a long-term plan for Anglo-Irish trade may be arrived at. The recent economic pact between Belgium, Holland and Luxemburg might well be studied by our politicians in such time as they have left from learning Irish. Our future as a healthy prosperous race is bound up with a big increase in agricultural production, which only such a plan can secure. The flight from the land and the late marriages in our rural districts are both the result of our small-farm economy, the worst features of which have been accentuated by the political policy of the last fifty years. Mr. de Valera recently deplored the "constant downward trend" in the number of people engaged in agriculture, and mentioned the disquieting fact that since 1931, the year before he took office, the number of people so employed had fallen by more than 40,000. The official records also show that "the percentage of males and females unmarried at the younger ages is the highest in the world" and that "in rural areas the number of children decreased by 78,000 between 1926 and 1936". To combat this tendency Mr. de Valera has made the ingenious proposal that a second house might be built on suitable farms. There the eldest son when he marries could raise a family and there later the old people could retire when they eventually relinquished control. Such an experiment would certainly seem to be worth trying, at least on a small scale.

In other respects the economic outlook is more reassuring than it was a few months ago. The importation of 600,000 tons of American coal has enabled industry and the railway service to resume their normal activities. Bad weather and strikes of turf cutters have reduced turf production to a minimum. It is also very probable that, owing to Britain's economic plight, our petrol ration will be reduced in the near future. Although the wheat mission to the Argentine was fruitless because of the exorbitant price demanded by the Argentine Government, the grain position is understood to be secure till November. After that it will have to be reviewed in the light of national and international needs. It seems certain, however, that, if the present bread ration is to be maintained during the coming year, we must import a greater quantity of wheat than last year.

Ireland,

August 1947.

CANADA

PLANNING THE INTERNATIONAL TRADE ORGANIZATION

OVER the past three years an imposing array of international institutions has been set up or planned to promote and safeguard the operation of a world economy. They have had their slender roots in the recognized failure to achieve adequate economic co-operation after World War I, in the penalties incurred in the 'thirties for lack of collaboration and in the economic discussions called for under Article VII of the Lend-Lease Agreement. A number of these institutions are narrowly technical bodies. The Food and Agriculture Organization seems to be developing a pattern of operation through conventions, similar in part to that of the International Labour Organization. Three of them, the International Monetary Fund, the Bank for Reconstruction and Development and the proposed International Trade Organization, have interrelated functions which focus on the central relationships of a world economy. The Fund and the Bank have the corporate independence made possible by permanent capital and carry on financial transactions with their members. The proposed I.T.O. is likely to have a distinctive character, exercising, in part, a quasi-judicial function based on its charter and underlying conventions and, in part, consultative and advisory functions. Its charter will include a general commercial code binding on all members and embracing all commodity trade, supplementing and limiting the network of commercial treaties and agreements.

Transitional Problems

OF recent months the impressive architecture of these institutions has been overshadowed and dwarfed by emerging world events. The slowness of European recovery and the positive deterioration of conditions in critical areas has indicated that the so-called transitional period is taking much longer than the more optimistic had forecast. The evident inadequacy of the dollar resources of the United Kingdom and other countries is in part the result of unforeseen circumstances but in part the proof of the meagreness of the programme in relation to what must be accomplished. Whether the Marshall Plan will be large enough and early enough in execution to meet the situation, even if it is fully implemented by Congress, is undetermined.

In the transition crisis of the past few months Canada has had her own phase in the sharply adverse balance of payments with the United States and the heavy drain on her dollar reserves. The situation is easy of explanation even though difficult of solution. Before the war a high level of employment and business activity in Canada had always been associated with high exports and even higher imports, financed in part by a capital import. During the early years of the war high production and employment and the diversion of exports to the United Kingdom produced a rapid rise in imports from the United States and a drain on dollar reserves. For a time the drain

was mitigated but not halted by rigorous restriction of imports from the United States and the limitation of travel expenditures. Later, purchases of war supplies by the United States under the Hyde Park Agreement and a persistent purchase of Canadian securities by U.S. investors (in addition to the proceeds of ordinary exports) provided sufficient U.S. funds to pay for greatly swollen imports and make possible the building up of large dollar reserves. This surplus was achieved despite the heavy Mutual Aid programmes, which produced no exchange but required great outlays for imports from the United States.

In the post-war period, or in preparation for it, a number of steps relevant to the present situation were taken. Provision was made for a programme of loans to the United Kingdom, European countries and China, which finally totalled about \$2,000 million. The part of the War Exchange Conservation Act which restricted imports from the United States was repealed. Controls on Canadian consumption and investment were progressively relaxed, if not abandoned. The Canadian dollar, which had been held at approximately 90 cents U.S. throughout the war, was appreciated to parity in July 1946 in an attempt to counteract the upsurge of U.S. prices. In the period from then to the present, consumer buying rose to unprecedented levels, and a huge private investment and housing programme appeared in prospect.

In these circumstances, monetary strain would have been avoided only if Canada had achieved an international current-account surplus at least equal to the net capital export. In fact, the results of 1946 show that a large current surplus (\$351 million) was achieved, but that it, together with capital inflows, was insufficient to meet the loans and advances to the United Kingdom and foreign governments (\$750 million), with the result that Canadian reserves of gold and U.S. dollars decreased by \$263 million.* Though more recent complete figures are lacking, the statistics of merchandise trade for recent months indicate that the same movements are continuing.

It is usual to explain this situation by referring, on the one hand, to Canada's high propensity to import and, on the other, to the inconvertibility of many of the world's currencies. This is proper enough, but it is important to realize that Canadian imports, though very high, are not inordinately so, having in mind the high level of national income and the accumulation of war-time savings. The situation is more clearly explained by the magnitude of Canadian post-war loans to the United Kingdom and Europe, the pre-emption of an unusual proportion of our exports for these debtors, and some substantial diversion of our import buying to the United States because of lack of supplies elsewhere. It does not spring from a weakness in the Canadian economy but from Canadian attempts to contribute to reconstruction and recovery abroad at an earlier stage and on a proportionately higher scale than other countries. The risks were inherent in the attempt, but Canada "recognized its vital national interest in the economic restoration of its overseas customers, in order that they may ultimately be able to resume mutually profitable trade with us on a cash basis".†

* Foreign Exchange Control Board: *Annual Report to Minister of Finance for the Year 1946*, Ottawa, April 1947.

† Ibid.

In the underlying agreements of the international institutions the necessity of the transitional period during which members would be relieved of some of the obligations was recognized. The London revision of the I.T.O. draft specifies a period ending July 1, 1949. The articles of the Fund do not give a precise termination date but put the onus of proof on members not conforming to all requirements at the end of five years. Neither of these agreements contributes positively to meeting the problems of the transition period; they provide temporary escapes from long-run obligations. The International Bank in its provision of reconstruction loans does make a positive contribution but on a scale which is clearly too small and too restricted in purpose.

The effective provisions for meeting the transition period have been the U.S. and Canadian loans to the United Kingdom and to western European countries and such measures of mutual help as the war-devastated countries have been able to extend to each other. UNRRA and post-UNRRA help plus military help have been directed to relief rather than rehabilitation. The Canadian loans have been given earlier and, in relation to Canadian resources, on a bigger scale than those of the United States. Canada feels that she has gone as far as her resources will permit and the strains of the existing programme are evident. The United States for months has directed enquirers to the International Bank.

It is quite clear that the problems of the transition period have been underestimated. Even allowing for the misfortunes of weather which have delayed rehabilitation and imposed on U.K. and Europe unexpected food import requirements, and the delays occasioned by Soviet non-co-operation, the size of the task and the duration of the period have been misjudged. The transition period following World War I cannot be said to have ended before 1924 or 1925. That following World War II, in which physical devastation has been more widespread and political and social disintegration much greater, cannot be expected to be shorter; and yet five years is a period mentioned more than once.

Yet in some degree the national and international arrangements for the transition period have been much more effective than after World War I. Relief has been on a comprehensive and collaborative basis. Loans have been clearly separated from war finance. Importing countries have maintained rigorous controls. On the other hand, it is true that rapid abandonment of controls in the supplying countries and the subsequent increases in prices, and the uncertainty of adequate financial provision, have made progress slow misjudged and the stubbornness of the political problems that have made it difficult to find even tolerable answers to economic questions.

Multilateral Trade

YET, with varying degrees of optimism, Canadians attach the greatest importance to the I.T.O. discussions. Without the revival of multilateral trade, Canadian loans to overseas countries become merely humanitarian expenditures. Without it, a compromise between our high wage level

and the narrow domestic market is not possible. A choice between the U.S. and U.K. markets is a choice between two conditions of poverty. Even the combination of those markets is insufficient to accommodate the volume and variety of our output. From one-fifth to one-quarter of our exports have normally gone to other markets.

Aside from the general purpose of providing a commercial code for the trading world, Canadian interest has been directed particularly to the reduction of trade barriers, mainly perhaps because of the recollection of the markets from which protectionist policies excluded Canadian products from 1925 on, and the experience of war-time and post-war trade regulations.

Quota and Licensing Restrictions

THERE is the fullest Canadian support for the elimination, or the confinement to narrow exceptions, of the quota and licence restrictions which have been so prevalent over the past two decades. Not only are they in practice more restrictive than high duties, but it is impossible for even the best governments to administer them without national and even individual discrimination. Increased efficiency cannot prevail against them. They are subject to administrative rather than judicial enforcement, which often leaves the injured individual without remedy.

The numerous exceptions in the London draft to the prohibition of quotas and licensing occasion misgiving. Those which provide for the transitional period are unavoidable, and there is something to be said for giving wide latitude for that temporary though not necessarily short period in order that apprehensions may be relieved. There is danger, however, in the exception for quota restrictions on farm and fisheries products, to be imposed when necessary to enforce measures to restrict the production of domestic products or dispose of temporary surpluses at low and differential prices. This exception, designed to accommodate agricultural price-support programmes, like that of the United States, is safeguarded to some degree by a requirement that the restrictions must not reduce the normal relationship between imports and domestic production. Yet the tendency will be to freeze the existing pattern or even a pre-war pattern of agricultural production. Mechanical improvements on the one hand and nutritional standards on the other require continuous change in the pattern of agricultural production and sources of supply. Such countries as Canada with an export agriculture may suffer seriously under this, which is a permanent exception.

The exception to the prohibition of quotas and licences to safeguard the balance of payments is also a matter of concern. Such an exception is necessary, but precise criteria have not been laid down for its implementation. The present draft formula is looser than corresponding sections of the Fund articles. A member is permitted to impose such restrictions in order to prevent a serious decrease in monetary reserves or provide for a necessary increase. Consultation with the Organization before or immediately after is required; and injured members may make complaint to the Organization, which may recommend removal of the restrictions. Non-compliance within sixty days will release other members from their obligations under the Charter

in dealing with the member offending. The critical question what is to be considered a serious loss of reserves is left to the judgment of the Organization, in collaboration with the Fund. The views of members are likely to differ widely. There has apparently been unwillingness to adopt a logical formula. One of the purposes of the Fund is to provide reserves for use in meeting variations in the balance of payments. The logic of the I.T.O. clauses on employment is that members should be willing to use their drawing rights with the Fund to postpone and avoid "exporting unemployment" by adopting trade restrictions. It would therefore be reasonable to permit quota restrictions after a member's adverse balance of payments had drawn down its quota by a stated percentage. As it is, the looseness of the present draft foreshadows serious disputes and invites attempts to use the exception for illegitimate purposes.

Nevertheless, even though the exceptions are risky, if quotas and import licensing can be contained within the proposed limitations of the Charter, we shall have made real progress towards the freeing of trade.

Tariff Reduction and Preferences

THE other major method of reducing trade barriers, as provided in the I.T.O. plan, is through negotiation of bilateral trade agreements, which is now proceeding at Geneva. The procedure, necessitated by the U.S. Trade Agreements Act, is madly complex; but the desired result is simply a simultaneous, though not necessarily equal, reduction of tariffs by the chief trading nations. Here the United States is called upon to play the chief rôle, and there is lively interest in Canada over what advance on the Canada-U.S. Trade Agreement of 1938 can be achieved.

It is well to recall some past history in order to gain perspective. A result of the rise in prices during and since the war has been to reduce the effectiveness of all specific duties. The U.S. tariff contains a large number of specific and compound duties, and the over-all incidence of the tariff has therefore been significantly reduced. Following World War I, the United States, in a similar position and in the face of a sharp post-war recession, enacted the Emergency Tariff of 1921 and the Fordney-McCumber Tariff of 1922, sharply increasing duties before the post-war transition was over. Canadian agriculture suffered severely from these tariffs. The increases had the more harmful effect because improvements in U.S. efficiency and man-hour output were just about to be realized. At the very time when the competitive position of the U.S. producers was improving, additional obstacles were put in the way of imports.

If the present negotiations result in preventing a similar post-war increase in the U.S. tariff and in addition bring about a substantial reduction, a great gain will have been achieved. If the rates of the present U.S. tariff are prohibitive and moderate reductions would be helpful. Unfortunately many are prohibitive and moderate reductions would have nominal effects.

The treatment of preferences in the negotiations has been the most discussed but not necessarily the most important topic. A cardinal principle of the proposals is non-discrimination. Preferences, in U.S. eyes, are a

symbol of discrimination. Canadians are keenly interested because preferential trade is important to us and because our institution of a preference in 1898 began the British preferential system of this century.

It is important to remember that there have been two kinds of preferences in recent Canadian history. From 1898 to 1932 Canada extended preferential rates to U.K. goods and, with minor exceptions, received no preferential advantage in return. Though there were frequent demands for reciprocal treatment the policy was approved in Canada as a sensible practice of extending lower rates of duty to a free-trade or low-tariff country than to one having high tariffs. It was in effect a conditional most-favoured-nation policy. It had also incidental advantages in promoting east-west traffic in Canada and in effecting a viable political compromise. In 1932, by the Ottawa agreements, a different sort of preferential system was adopted. A network of bound preferential margins was created. Each country had contractual rights in each other country's tariff and the object of negotiations was not low rates of duty but a high margin of preference. Thus the Canadian consumer pays a duty on U.S. oranges for the purpose of protecting not Canadian but Australian producers. This is a much more exclusive and tightly bound system than that which existed in Canada before 1932.

It is worth noting that the present proposals really represent an extension of the system of preferences on a comprehensive basis. Members of the Organization are prohibited from extending to non-members, except with the concurrence of the Organization, the tariff reductions granted to members. There will therefore be a preference among members as against non-members. Emphasis is, however, on the level of duty and not on the margin of preference, and membership is open, not closed.

It is evident that U.S. demands for the *elimination* of preferences have been amended to *reduction*. Canadian views have always been that reduction of trade barriers was more important than literal non-discrimination. Preferences have been a form of protection to be reduced by negotiation along with other forms. It is important that any reduction of preferences should be effected by the decrease, not by the increase, of duties. It would be a most unsatisfactory result of the present negotiations if the U.S. demand for reduction of preferences were met by an increase in the rates of duty between members of the Commonwealth.

State Trading

ONE of the points on which the draft charter is least satisfactory is State trading. The undertakings of members to practise non-discrimination in State trading and to be guided solely by commercial considerations are weak safeguards. In fact, no satisfactory provisions have been found which will at the same time accommodate State trading and achieve multilateral and non-discriminatory trading. As long as State trading is an exceptional method, as in the case of a State tobacco monopoly, the problem is not so serious, but where all or a large part of the import trade of a country is in the hands of State monopolies it will be very difficult for such a member to conform to its obligations or to provide satisfactory evidence that it has

conformed. The compromise is unsatisfactory, but it is difficult to think of a better. Probably we shall have to acquire experience before we can formulate principles.

It is not possible to discuss at length the complex proposals which have particular reference to trade in farm products. The exception from the prohibition of quotas has already been noted. Export subsidies, as distinguished from income or production subsidies, are prohibited except when a product has been judged to be in burdensome world surplus and measures to relieve the situation have failed. Provision is made for a whole system of commodity agreements. The principles set out are estimable and the objects themselves. Within the framework proposed it will be possible to set up stabilizing buffer-stock schemes or restrictive production agreements. It may equally be difficult to get any agreement at all. However, the recognition of the unsatisfactoriness of the old type of producer agreement, the deference paid to the sources from which the products can be supplied most effectively, and the emphasis given to expanding world consumption, indicate a new approach which may yield fruit.

Employment

THE present draft charter goes far towards making the maintenance of full employment an international obligation. It stops short of making the failure of one country to maintain full employment the occasion for releasing others from their obligations. It does note the consequences of a depression in a major trading country on the balances of payments of other countries. There are those who feel that the U.S. economy is inherently unstable and that the depression of the 'thirties was made in the United States. They believe further that security can be found in self-sufficiency, singly or in blocs. None of these beliefs has strong adherence in Canada except that historically the United States has had its full share of instability. Isolation is not possible for us. Other economies also have their elements of instability. It is not probable that the United States will be more successful in maintaining full employment because of an international obligation. The demands of its own people are likely to be more effective. What is important in the draft charter is the recognition that international collaboration in the planning and timing of full-employment measures will be of the utmost importance and will require persistent and skilful effort.

The charter, which is being built for international trade, is designed to avoid the experiences of the inter-war period and provide an agreed framework in place of the chaotic improvising which spread impoverishment about the world. In its present draft it falls far short of the ideal, but it may be possible to agree on minimum standards and establish the I.T.O. as a working agency. At the moment the project is overshadowed by the crisis of the transition period, but its ultimate importance is not diminished. For many years the great need of the world is production, and without the economy of trade tolerable standards of living cannot be attained.

Canada, July 1947.

AUSTRALIA

REVIVAL OF THE POWERS OF THE STATES

THE distribution powers in the Australian Federation as between Commonwealth and States is such that in peace-time the State Parliaments control a range of matters at least as important to the citizen as those with respect to which the Commonwealth Parliament may make laws. Hence, as we make the transition from the war period, when the Commonwealth's defence power covered almost the whole field of government, to peace-time, in which the defence power again becomes restricted, the political importance of the States is correspondingly increasing. It is true that, quite apart from its direct constitutional powers, the Commonwealth is able to influence State policy by means of conditional money grants: a possibility which is especially great so long as the Commonwealth continues its monopoly of income taxation. In the Uniform Tax Case,* Sir John Latham, C.J., adverted to the possibility that the Commonwealth might impose conditions on its grants to the States, in lieu of the income tax they have been forced to abandon, in such a manner as to deprive the States of political initiative. Actually, however, the Commonwealth has not as yet made much use of its powers in this connexion, and Commonwealth Governments may find it politically dangerous to do so. For example, Mr. Chifley's Government favours the continuance of war-time economic controls, such as price control and regulation of building operations. The High Court has held that the Commonwealth's defence power will sustain such controls in the transition from war to peace, but it may hold before long that the transition period has passed, and accordingly that the relevant Commonwealth Acts and regulations, or some of them, have ceased to be valid. In order to avoid a sudden cessation of controls, the State premiers agreed to pass legislation to continue these controls in operation as State laws, since the States have undoubted peace-time power in such matters; and each of the States passed legislation in accordance with this promise, in such manner that the State Acts would come into operation as soon as the High Court held relevant Commonwealth regulations invalid. But the Victorian Legislative Council insisted that the Victorian Act be limited to a period of six months, which expired in June last, and then refused to assent to a renewal; thus Victoria may become the only State with no control at all over prices, capital issues, land sales and tenants' rights. In 1946 the Commonwealth voluntarily handed building controls back to the States. The Tasmanian Government has since abandoned these controls in its State, and there are wide differences between the types of control over building operations under the laws of the other States. The Commonwealth Government has made no attempt to impose any particular policy on the States in these matters by means of its power to make the grants of money (upon which the States depend to balance their budgets) conditional upon the maintenance of Commonwealth-approved controls.

* (1942) 65 C.L.R. 373.

The revival of autonomous State political activity is also further complicating the industrial problems which have been discussed at length in the last three numbers of this chronicle. The Victorian metal-trades strike has been settled by well-timed conciliatory activities of the Chief Judge of the Commonwealth Court of Conciliation and Arbitration. That court, however, is still hearing the general union claim for a forty-hour week; the proceedings began in March 1945, and the hearing has been suspended for a month because of the illness of three out of the four judges of the court. In the meantime the New South Wales Forty-Hour Week Act has come into force. This applies only to workers under New South Wales State awards. But in many establishments there are workers governed by Federal awards, prescribing a forty-four-hour week, employed alongside workers entitled to the benefits of the New South Wales Act, and this has caused a great deal of administrative dislocation and a series of small strikes. The dislocation has been increased by the vague terms of the State Act, which leaves it to the parties and the State Industrial Court to work out how the forty hours are to be made up; most of the unions want a five-day week, but some are willing to spread the hours over six days, and retail shops are naturally anxious to stay open on Saturday mornings. Some of the unions governed by Federal awards have instructed their members not to work for more than forty hours, and others have banned overtime. The resulting dislocation has caused iron and steel output to drop sharply. Judge Foster of the Commonwealth Court has settled one of the disputes by granting gas-workers, subject to a Federal award, the right to overtime rates for the last four hours of their forty-four-hour week. It is doubtful whether this is a suitable time for the introduction of a shorter working week; but even if such a major reform can be justified on general social grounds and for the sake of industrial harmony, it is difficult to conceive a more inept way of introducing it than that pursued in New South Wales.

Recent State Elections

HENCE the series of State elections held in the course of the last six months has been interesting not only as a pointer towards possible political developments in the Federal sphere, but because of the influence of these elections on the expanding area of State legislative activity. State elections have been held in South Australia, Western Australia, New South Wales and Queensland. In South Australia (as in Tasmania) the groups which in other States support two non-Labour parties* have fused into the single Liberal-Country party. A Government of this party, under the premiership of Mr. Playford, went to the polls with a Lower-House majority of 2 over Labour, and was returned at the recent election with a majority of 8.† In Western Australia a Labour Government under the premiership of

* Known in N.S.W. and Victoria as the Liberal and Country parties, in Queensland as the Queensland People's party and the Country party, and in Western Australia as the Liberal party and the Country Democratic League.

† The Lower House has 39 members; 3 independents held the balance of power before the election, and were again returned, but Mr. Playford does not now need their

Mr. Willcock went to the polls with a Lower-House majority of 13 over the Liberal party, the Country Democratic League and independents combined. The electors returned 24 Labour, 13 Liberal and 11 Country-Democratic-League members, and 2 independents, and a coalition non-Labour Government has been formed under the premiership of the Liberal leader, Mr. MacLarty. In New South Wales a Labour Government under the premiership of Mr. McGirr (who succeeded Mr. McKell on his appointment as Governor General) was returned with the loss of 5 Lower-House seats, but still retaining the substantial majority of 14 in a House of 90. In Queensland the Labour Government under the premiership of Mr. Hanlon was returned to office with the loss of 2 seats, leaving him a majority of 10 in a House of 62. In Victoria a Labour Government under the premiership of Mr. Cain holds office with the support of one or other of two independents in a Lower House of 65, and in Tasmania a Labour Government under the premiership of Mr. Cosgrove holds office with a majority of 4 in a Lower House of 30; but in neither of these States have there been any recent elections or by-elections which would give a pointer to the contemporary opinion of their electors.* It can be seen that these results indicate an Australia-wide trend away from Labour, but not a decisive one. It is impossible to estimate with any accuracy the probable results of a Federal election at the present time;† the substantial Labour majority in New South Wales suggests that the Federal Labour Government might still manage to retain a narrow majority, but the swing away from Labour in Queensland and Western Australia is more pronounced than the above figures suggest, for reasons which are mentioned later.

State Upper Houses

THE six Australian States follow a common constitutional pattern of responsible parliamentary government on the British model, but with many variations in detail. Queensland has had since 1922 a Parliament of one chamber, and the restoration of the Upper House would require a referendum. The other States have bicameral Parliaments. The Upper Houses are called Legislative Councils, and the Lower Houses are called Legislative Assemblies or Houses of Assembly. The Upper House in New South Wales is elected by the members of the Lower House and the Upper House voting together on "proportional-representation" principles.‡ Fifteen of its sixty members retire every three years. The Labour party is at present one short of a majority in the Upper House; it is probable that the next periodic election will give it a majority sufficiently strong to endure for some time even if it loses its majority in the Lower House. This system of indirect election was introduced in 1934; before then there had been a nominated Legislative Council, and the Labour party had threatened to abolish that body by

* In Tasmania there are no by-elections; the next available candidate from the preference list at the previous election fills a casual vacancy. In Victoria the Country party recently retained a "safe" seat at a by-election, with an increased majority.

† So many seats were uncontested at the State elections that the gross voting figures are an unreliable guide.

‡ The Hare-Clark system, of the single transferable vote, treating the members of the Houses as one 15-member constituency.

"swamping" it with Labour nominees pledged to support an Abolition Bill. The Upper House can now be abolished only with the approval of the voters at a referendum.* In the other four States the Upper Houses are elected on a restricted franchise. In Western Australia the qualification is ownership or occupation of land; in the other States there are similar property qualifications and alternative educational and professional qualifications. As a result of the fall in the value of money, the property qualifications have ceased to be very considerable, but they operate to confine the franchise to the owner and the legal tenant of premises, that is, as a rule, to the head of the household. In Tasmania both enrolment and voting are compulsory for Upper-House voters. In Victoria voting is compulsory and in most cases enrolment is automatic,† though in the cases where enrolment is not automatic it is not compulsory. In South Australia and Western Australia neither enrolment nor voting is compulsory. In each of these States the number of persons voting at Upper-House elections has been for many years about one-third of the number voting at elections for the Lower House.

The Labour party is pledged to the abolition of all the five Upper Houses. Its hostility towards the Upper Houses in Victoria, South Australia, Tasmania and Western Australia is especially great because the franchise for these Houses ensures that they have a permanent non-Labour majority. These Upper Houses pursue a convention of not acting primarily or simply as party-political bodies; hence they do not usually obstruct the passage of legislation approved by a majority in the Lower House, even when that majority is Labour. Nevertheless, their activities are sufficiently partisan in character to make them a permanent bar to the carrying out of the more radical proposals of Labour's policy. In each case the assent of the Upper House itself is required for its abolition or reform, and recent attempts at reform in Western Australia and Tasmania have been thwarted by the Upper House itself. The Victorian Legislative Council has recently shown increasing signs of a desire to impede the policy of the Cain Labour Government—a stand which it considers justified by the insecure position of that government in the Lower House. The Tasmanian Legislative Council has also been fairly active in opposition to Labour policy. The Victorian and South Australian constitutions have deadlock provisions which ensure that in the long run a sufficiently determined Lower-House majority will secure its will on all matters other than the reform of the Legislative Council. In Western Australia and Tasmania there are no deadlock provisions and the possibility of deadlocks is averted only by the tact and discretion of the Government and the leader of the majority in the Upper House. These Legislative Councils are survivals from an earlier stage of constitutional development, and can no more be reconciled with abstract democratic principles than can the House of Lords, but it cannot be said that there is any overwhelming body of public opinion in favour of their abolition or even of their reform. They owe their survival partly to the real merits of revising chambers, partly to

* The constitutional amendments securing this were drafted by the late Sir John Peden, whose death was noted in the last number of THE ROUND TABLE. See also 60 *Law Quarterly Review*, 83.

† Being taken from municipal rate-payers' rolls.

the party advantages which they afford opponents of Labour policy, and partly to the absence of any constructive proposals for reform as distinct from the Labour policy of abolition.

State Lower Houses: Electoral Systems

THE rôle of the Legislative Councils, however, is chiefly negative. Positive policies originate in the Lower Houses, which determine the character of the Cabinet. All the Lower Houses are elected on an adult franchise in elections for which enrolment and voting is compulsory. In New South Wales, Victoria, South Australia and Western Australia voting is preferential. Voters are required to indicate by numbers their preference for all the candidates in single-member constituencies; if no candidate obtains an absolute majority of the first-preference votes, the candidate with the smallest number is eliminated and the second preferences on the relevant voting-papers distributed as if first preferences among the other candidates, and so on until a stage is reached at which some candidate has an absolute majority. This is also the system used in Federal elections for the House of Representatives. It gives a fairer representation of the will of the electorate than the first-past-the-post method, though it may leave considerable minorities unrepresented if these minorities are evenly spread through the various electorates. Until 1942 Queensland used a variant of the system, but then the Queensland Labour Government secured its abolition and the introduction of the first-past-the-post system. The Queensland Labour party considered—correctly, as the recent results showed—that this would favour a well-organized single party as against a divided opposition. It was a retrograde movement from the point of view of democratic principle and one which can hardly be reconciled with Labour's platform. At the recent Queensland elections the Labour party polled 232,868 votes as against 301,956 votes for opposing parties. Hence it can be seen that the present Labour Government in that State represents only a minority of the electors. In Tasmania, Lower-House elections are conducted on the Hare-Clark system of proportional representation,* with five-member constituencies. This system secures an adequate representation of the will of the electorate, and has not (as some critics supposed it would) so operated as to destroy personal contact between the members and their constituents.† There does not seem to be any widespread demand in the mainland States for any alteration in the existing preferential voting system, and opponents of Queensland's first-past-the-post system advocate a reversion to the State's earlier variant of that system.‡

The distribution of electorates in the mainland States tends to produce Parliaments not fairly representative of the electoral will. In none of those States do the electorates contain even approximately equal numbers of

* The single transferable vote.

† The system has also been criticized because the counting problems are complex, but the burden of this can now be taken by mechanical calculators.

‡ With modern mechanical calculators it would now be easy to improve the preferential system by applying in thoroughgoing fashion the process of successive elimination of candidates devised by the late Professor Nanson.

voters. In New South Wales and Victoria the disparities are at least governed by an intelligible principle; standard quotas of electors are fixed for metropolitan, provincial-town and country constituencies, largest in the metropolitan and smallest in the country. In New South Wales this scheme does not seriously penalize any particular political party, since even the Labour party—though predominantly urban—has a hold on certain types of country electorates. In Victoria the system gives the Country party a very much greater representation in Parliament than its electoral numbers warrant, as compared with both the Labour and Liberal parties. In Queensland the electorates are in principle based upon a uniform quota of electors, but in 1935 a commission of civil servants redistributed electoral boundaries in a patchwork fashion, intended to link up a provincial town with a farming area very unequal in size and the distribution has operated to favour the Labour party; this has contributed to the minority government referred to above, though the first-past-the-post election system has been the chief factor. In South Australia and Western Australia electoral boundaries are also adjusted so as to give country constituencies fewer voters than city ones, but the disparities there are much grosser than in the other States and in the case of South Australia are grotesque. In South Australia this operates to the disadvantage of the Labour party, so that the recent electoral results show a trend away from Labour, but the State may still have a Labour majority in a Federal election. In the case of Western Australia the electoral distribution operates very much to the advantage of the Labour party.* Hence the recent election result there shows an even stronger swing away from Labour than the state of the Parliament suggests.

The purpose of the above sketch is to correct two false impressions which are commonly entertained about Australia. The first is that the Australian State Governments have ceased to have much significance in the Australian political system. The Commonwealth Government bulks so large in the field of external affairs that this is a natural error. The Australian citizen, however, is now beginning to realize afresh that many important issues are determined in the State sphere, and that it is the States, not the Commonwealth, which will play the major rôle in accelerating, retarding or reversing the general trend towards collectivism. The second fallacy is that Australian Governments always represent electoral majorities. In fact, the State or actually operate to prevent electoral majorities from being adequately represented in Parliament or from controlling legislative policy. The tendency is not confined to the English-speaking peoples, though pronounced among them, to make do with inherited institutions, and to achieve a rough correspondence between government policy and the will of the people in spite of the shape of the Constitution.

Australia, July 1947.

* Because of the hold which unions affiliated with the Labour party have in the sparsely settled constituencies of the pastoral and mining areas. Four of these are

NEW ZEALAND

CONCLAVES OF LABOUR

THERE has been during the last few weeks a noticeable transfer of interest from the industrial to the political side of the Labour movement. After the general election in November 1946 the Labour Government had 42 seats in the House of Representatives and the Opposition (National Party) 38. One seat (Raglan) which had been won by Labour by a very narrow majority was referred to an electoral court, which confirmed the Labour gain. Then on April 8 the death occurred of the Hon. D. G. Sullivan, Minister of Industries and Commerce, who had held the Avon seat with a large majority for many years. This seat was retained for Labour. A Labour member (Hon. R. McKeen) was elected Speaker, and the first division of the session resulted: Labour 40, National 38. One Labour member was absent.

It may be the case, as Ministers assert, that the loss of man-hours through strikes in New Zealand has been small in comparison with the United Kingdom, Australia and the United States, yet the inconvenience suffered by both householders and business men is obviously a factor to be considered in any forthcoming by-election. So many of these disputes were called against the advice of union leaders that it was clear to the public that there was some dissension in Labour councils. In view of the narrow political margin there was more than ordinary interest in the annual gatherings of the Labour organizations, which are held each year before Parliament meets. These annual meetings and conclaves are frequently the occasion for outspoken criticism and restatement of policy. After the annual meetings of the national unions of workers, a conference is held of the whole industrial wing of the Labour party, known as the New Zealand Federation of Labour. Following that is the meeting of the New Zealand Labour Party. At this the Parliamentary Labour party makes its report, and from it the Government and the Labour party in Parliament receive, as a rule, a vote of renewed confidence, with probably a mandate for future action.

Full Steam Ahead

BOTH the Dominion conferences made it clear that they wished the Government to push ahead with its policy of socialization while it still had the power. In the Federation of Labour the militant section called upon the Government to promote State socialism with all the vigour at its command, and upon the workers to exploit to the full a situation which was particularly favourable to their demands. "To-day your labour is in acute demand," said one of the manifestoes. "That will not always be so. This conference is vitally important to Labour. The white anters of virile unionism—the boss-class toadies—and the potential fascists should be relegated to their rightful sphere." The statement of the executive (which was adopted by the conference) was a clarion call to eliminate capitalism and build

"a democratic co-operative socialist commonwealth". The roots of modern wars, it was said, lay in profit-making capitalism, of which Fascism and Nazism were the political product. Though Fascism as a political weapon had sustained a military defeat, the economic and social forces which gave rise to fascist methods lay dormant—"a malignant growth in cool storage, waiting to be resurrected and used as a structure and a method against the people of all countries should the occasion arise". Economic conditions in the Dominion, they said, were not all that they would wish, yet workers and people here were in a much more favourable position than in most other countries. "At the very least we can claim that there is no one in New Zealand who is denied the necessities of life." But it was vital that at such a moment they should recognize that trade-union democracy rested upon the basis of majority decisions and the ability of the minority on any question to accept a majority decision. The vote of confidence in the Government was unopposed.

The Federation conference adopted the proposals* for a large-scale amalgamation of unions on an industrial basis, which is expected to reduce the number of unions from 400 to 12. It was pointed out that whereas Denmark, with 630,000 workers, has only 71 unions, New Zealand with only 220,000 workers has 400. These include a considerable number of national unions and federations of unions, each covering the workers engaged in a number of occupations. The object of the proposed change is to organize the workers about the commodities produced rather than about the tools used in producing them. This is to be brought about by persuasion, not by compulsion. No doubt, as in local government, one of the most stubborn obstacles will be the vested interest of the myriad officials of small unions.

A Warning to Wreckers

AT the conference of the Labour party, which was attended by 540 delegates from unions and branches all over the Dominion, the Prime Minister (Mr. P. Fraser) dealt trenchantly with the rebellious spirit shown in some unions. If unauthorized strikes and attacks on the Government were permitted to continue, he said, the wreckers would destroy the whole fabric of social justice which had been created by the Labour party. The Government could not stand by and permit such destruction. "If we do not stand united now the Labour movement will collapse, and so will democracy in this country." The Communists, he said, though they had polled only a few hundred votes, tried to create discontent and resort to direct action. At the end of a warm two-hours debate the Prime Minister and his colleagues received a vote of confidence that was almost unanimous. Only four votes were recorded in opposition. It would seem therefore that if the breach in the Labour body is not healed it is at least cauterized.

Addressing the party conference the Finance Minister (Mr. Nash) made a spirited defence of stabilization. "If capitalism were allowed to flourish", he said, "there would be a worse crash than would ever have been dreamt of, but capitalism was failing and would continue to do so." The position of

* See THE ROUND TABLE, No. 147, June 1947, p. 304.

New Zealand, between an acquisitive competitive capitalism in the United States and Communism in Russia, would be most critical. We should be lost in a disastrous conflict unless we supported and co-operated with the Socialist Government in Great Britain. Mr. Nash was obviously speaking to the already converted when he urged that New Zealand should not try to extract the maximum amount of cash for her produce sold to Great Britain. He was firmly of the opinion that there should be no move for higher prices for any produce we sold to Britain. Nobody who wanted Britain to win through would push her hard. If a higher price were given to one of our competitors (say for instance Denmark) it might change the position, but it would be very awkward for New Zealand. No doubt we could realize more by selling elsewhere, but New Zealand would cease to exist as a southern Power if Britain failed. It would be criminal to take advantage of Britain's present plight; the Government would have no part in such an idea.

A warm welcome was accorded at the Labour conference to Miss Mabel Howard, M.P., who was chosen by caucus for cabinet rank and was sworn in on May 29 as Minister of Health and Child Welfare, the first woman Cabinet Minister in New Zealand. Miss Howard is the daughter of Edwin J. Howard, the former Labour whip and chairman of committees. She has been in Parliament for four years.

Parliament Opens

THE first session of the 28th Parliament was opened by the Governor General (Sir Bernard Freyberg) on June 28. His Excellency's speech dealt at length with New Zealand's international responsibilities and plans for co-operation in world reconstruction. The New Zealand Army group in the British Commonwealth Occupation Force in Japan, he said, was being reduced by agreement with the United Kingdom Government from 4,200 to 2,400 men. New Zealand was making a gratifying recovery from the war and had dealt successfully with rehabilitation. Over 11,500 men had taken advantage of the trade training scheme, and 3,251 had been wholly or partly trained as farmers. It was intended to place at least 9,000 men permanently on the land; 3,893 had acquired farms of their own with rehabilitation finance, and the State had acquired or set aside 742,000 acres for settlement. Over 25,400 service men and women had received grants to assist with their education; 21,000 houses had been provided for ex-servicemen, and financial provision made for 4,600 more. Out of 186,000 ex-service men and women registered with the department, over 132,000 had received some form of assistance, at a total cost to date of over £51 million.

No reference was made in the speech to Bretton Woods, a subject upon which it is understood there is a sharp division of opinion on both sides of the House. It may possibly be approached as a non-party measure, though this is a situation that is now almost unknown in New Zealand politics. It is usually reserved for such delicate questions as the liquor-licensing laws, upon which even families are strongly divided.

In the course of press talks after his return to New Zealand on June 4, the Finance Minister discussed the four conferences he had attended. A regulated

economy, he said, would help more than tariffs or subsidies to restore world trade. At the first conference in New York the New Zealand delegation had insisted on bringing the employment factor into proper perspective. The object of Article 55 of the Charter was to improve living-standards. That was the major goal of United Nations, not the avoidance of war. A conference on trade and employment must work out the mechanics of exchanging commodities so as to improve living-standards, and they could not do that without maximum production. All sovereign States should undertake to develop their territories to the full, maximize their production, and make available to others all that they did not themselves consume. There would have to be some amendment of the Charter. New Zealand would have liked to be represented on the economic commission for the Far East, but we had enough to do, and Australia and New Zealand were covered by the South Pacific commission.

The Governor-General's speech mentioned the decision of the Government to nationalize the remainder of the coal-mines still in private hands. Incidentally it was announced early in June that an agreement had been reached with the Westport Coal Company, one of the largest private concerns, for the purchase of its entire undertaking. This includes the Denniston and Millerton mines on the west coast, and also mines in the province of Southland. About three years ago the Government took over the property of the Westport-Stockton Company, also on the west coast. The initiative in the present transaction came from the company.

Our Island Trusteeship

AT the opening of the session there was laid on the table the agreement arrived at on September 7 between New Zealand (in respect to her Island Territories, including Western Samoa) and the Government of Fiji and the High Commissioner for the Western Pacific for the establishment of a South Pacific health service. The agreement, which is for two years, envisages the adherence of Australia and has already (on December 18) received that of the Government of Tonga. New Zealand's leadership in native health services in the Pacific islands dates back at least twenty years, when Sir Maui Pomare, as Minister of Health, co-operated with Dr. S. M. Lambert, of the Rockefeller Foundation, in initiating a school in Fiji for the training of natives as medical practitioners.

In connexion with our trusteeship of Western Samoa, there is at present in Samoa a mission—the first of its kind in international history—sent by the United Nations Trusteeship Council to investigate a petition for self-government on the same basis as Tonga, but with New Zealand as the protector instead of Great Britain.

The Year's Accounts

MR. NASH has indicated that there could be no tax reduction if there were deficiencies in the accounts. The year's balance-sheet, which was released by the acting Minister of Finance (Mr. Nordmeyer) before Mr. Nash's return to the Dominion, showed an unexpected buoyancy in the

revenue, resulting in a surplus of £4,611,000. The monetary gift to Britain of £12,500,000 was paid out of war-expenses account without recourse to further borrowing. This was arranged by applying monies still available out of the opening cash balance and the surplus of receipts over expenditure, together with £3 million transferred from the consolidated fund. "Notwithstanding that a full year's programme involved the raising of £26,635,000, the net increase in the public debt was only £10,240,000." Debt redeemed amounted to £16,395,000 and the total debt at April 1, 1947, stood at £634,752,000.

On June 24 the Minister of Finance announced the terms of an agreement between the United Kingdom and New Zealand for the avoidance of double taxation and the prevention of evasion.

An Immigration Policy

THE decision of the Government to embark upon an immigration policy has met with no adverse criticism. Agreement has already been reached with the British Government under which New Zealand will receive 1,500 settlers during the remainder of the current year, 3,500 in 1948 and 4,600 in 1949, these figures being governed by the availability of shipping to carry the immigrants. The Minister in charge (Hon. A. McLagan) stated that the Government would set up hostels or other accommodation where housing was not provided as part of the job. During the negotiations the United Kingdom Government had agreed to pay the passages of ex-servicemen, but on considering the matter further New Zealand had offered "in the light of Britain's increasing economic difficulties and her serious shortage of manpower" to pay the whole fares of ex-service men and women up to the age of 35 years. Migrants will be expected to take up employment in certain specified occupations and to remain in their positions for a period of two years after arrival in New Zealand. This scheme, we are told, is only the initial step towards a comprehensive long-term immigration policy. To assist in carrying it out the Minister has set up an advisory council consisting of the Director of Employment and ten members (including two women) representing workers' unions and employers' associations.

Marketing Dairy Produce

IT is significant that the Dairy Marketing Commission Bill, which is now being debated in Parliament, has received the blessing of both parties. In the earlier depression, following World War I, a dairy board was established under an Act passed by the Massey Government, the Dairy Produce Act 1923. This body, on which there were two government representatives, was entrusted with the marketing of our butter and cheese overseas. It had full financial responsibility and power to levy upon the produce to meet its expenses. For about a decade the board carried on more or less satisfactorily, experimenting meanwhile with different methods of electing the representatives of the industry. When the Labour party came into power it passed the Primary Products Marketing Act 1936, which gave the State authority to acquire produce, to market it both at home and overseas and to fix a guaranteed price to be paid to the producers. The price was to be based on those

ruling during the preceding eight or ten years.* The industry has always contended that the price originally fixed was too low, that the basic costs of production were underestimated in view of the purpose of the Act, which was to ensure the stability of the industry and the general living-standard of persons engaged in it. In 1938 the Minister appointed a committee of seven to determine the guaranteed price: three representing the dairy industry, and three the Government, with Sir Francis Frazer (a former judge of the Court of Arbitration) as chairman. The unanimous recommendation of the committee, after taking voluminous evidence, was to fix the guaranteed prices at 16.75d. per lb. of butterfat used for butter-making and 18.75d. per pound for making cheese. It has since been a grievance of the producers that the prices finally adopted by the Minister were somewhat lower than this.

The Bill now before the House, which is the outcome of friendly discussions with representatives of the industry, in effect transfers to a marketing commission all the powers hitherto exercised by the Government, but only so far as produce for export is concerned. The commission may acquire all the butter and cheese manufactured for export, fix the price to be paid to the industry and do all the handling, pooling and transport, provided that in so doing it shall "comply with the general trade policy of the Government and with any directions given by the Minister to the commission". All the seven members are to be appointed by the Government after consultation with the Dairy Board. They will not all be government nominees, since three are to be drawn from a panel of six suggested by the board. The commission is to fix prices as near the beginning of each season as possible. Where it is found that the price paid for produce intended for consumption in New Zealand is less than that fixed for export the commission may make up the deficiency, and in the reverse case the companies shall pay the difference into the commission's account.

In introducing the Bill the new Minister of Agriculture (Hon. E. L. Cullen) claimed that price-fixing had been a great success; it had stabilized the position of all concerned, and dairy farmers had never been so well off before. This point is generally conceded, that the industry itself has now no desire to abolish the guaranteed price. That alone would make the measure acceptable. Opposition criticism is on the whole favourable. It regards the Bill as a step away from State socialism and back towards producer-control of marketing. Complaint is made, however, of undue government influence in the appointment of the industry's representatives on the commission. In reply to the plea that farmers are not compensated for the longer hours which they have to work while other occupations stop at forty hours per week, the Prime Minister said that the agricultural committee of the House might be able to devise some means of compensating them.

New Zealand,

July 1947.

* See THE ROUND TABLE, 1936, No. 105, p. 227.

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH

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THE LORDS

REVIVAL OF AN OLD CONTROVERSY

THE government of the United Kingdom of Great Britain and Northern Ireland is vested in King, Lords and Commons. If the question is asked on what authority this statement rests, the only possible answer is that a series of pronouncements by King, Lords and Commons have declared it to be so. By custom, which is the result of a long process of historical development, the Courts recognize as law all that is enacted by this combination of potencies, and admit nothing as law that has not their consent; and the people hold themselves bound to obey only such laws as are recognized by the Courts.

Since it became usual to describe the British Constitution as "democratic", which is scarcely before the beginning of the present century, there has been a tendency to regard the foregoing description as little more than a legal technicality, and to place the real sovereignty in the will of the people, which in turn is interpreted as the vote of a majority. But supposing that one of those energetic organizations which arrange ballots in favour of universal peace or compulsory observance of the Sabbath could induce even a very large majority of the electorate to vote that John Doe should be national dictator with universal powers of life and death, or that Richard Roe should be parish clerk of Nether Wallop, neither John Doe nor Richard Roe would thereby become entitled to interfere in the smallest degree in the affairs of his fellow subjects. If an equally imposing majority should vote for the imposition of a speed limit of five miles an hour on the roads, no motorist would in consequence be required to interrupt his lethal career. The State acts only by authority expressed in the accustomed forms, and in giving that authority King, Lords and Commons must all play their parts.

Now since the combined authority of these three elements constitutes the final sovereignty of the realm, it follows that the distribution of powers between the three elements must be determined, and if necessary altered from time to time, by negotiation between the three participants themselves. This is what we mean by saying that we have no written constitution. In the political systems most nearly resembling those of the United Kingdom, such as those of the self-governing Dominions, the United States of America and the French Republic, the terms of collaboration between the two legislative chambers (and in the British cases the Crown as well) are laid down in a State document which they cannot amend by the ordinary processes of legislation. Consequently the Second Chambers set up and regulated by all these constitutions differ fundamentally from the House of Lords, the nature and operation of whose function in the State is easily misunderstood by those who dwell under written constitutions. The authority of the House of Lords, like that of Parliament as a whole, rests ultimately upon custom, and can only be understood in the light of history, out of which custom is distilled.

Although the present importance of the House of Lords is rightly estimated by calling it the Second Chamber, its character is mainly influenced by the fact that historically it is the First. Contemptuous as the "progressive" politician may be of what he calls a "feudal" anachronism, it is the fact that Parliament itself owes its existence to two fundamental principles of the feudal system. The first is that, while it is for the King to govern, he must take no important step without consulting his principal vassals. The second depends upon the characteristic feudal assumption that government is normally supported not by taxation but by endowment. If the King's expenses in government become so heavy that he cannot "live of his own", he must seek financial help from his subjects, which is abnormal, and therefore must be got by negotiation. So arises the second feudal principle, that when the common need calls for it the community, and at first each group or estate in the community, should tax itself.

Parliament came into being in the second half of the thirteenth century as an instrument for applying these principles. At first the King gathered round him from time to time, for the purpose of asking advice and financial help, a small group of the most important persons in the land. But as society became more complex, new social groups, such as the merchant corporations of the towns, established a right to be also considered important; and their growing wealth led the Crown to turn to them with the request that they should tax themselves for the public good. So there came into Parliament collective entities, which could only attend through representatives instead of in person; and during the fourteenth century these representatives of communities developed the habit of sitting as the House of Commons or Commons, apart from the magnates who were individually summoned. In the same period, therefore, there begins to be discernible a separate House of Lords, consisting of the bishops, the earls, and those powerful individuals whose personal importance made it essential for them to take part in the general council of the realm. This House of Lords, in the conditions of an aristocratic society, was for long much more important than the Commons. Nevertheless, as the system declined whereby lords spiritual, lords temporal and corporations made separate grants of taxation, and the custom of taxing the whole country on the same basis superseded it, it became gradually accepted that the Commons should take the lead in matters of supply. Indeed, as early as the reign of Henry IV they asserted the doctrine that motions involving taxation should be first moved in their House.

The Hereditary Principle

THE original reason for individually summoning to the House of Lords a man who was neither an earl nor a bishop was his personal influence, which normally depended upon his tenure of great estates. But as estates passed from father to son, the heir of a lord who had sat in one generation would constantly be himself summoned in the next. In the fifteenth century there grew up the custom of issuing letters patent which entailed a seat in the House upon the heirs of the sitting lord; and in the sixteenth and seventeenth

the peers finally established the doctrine that, apart from the bishops, their House was confined to persons holding hereditary rank. In the leading case of Lord Wensleydale in 1856 they laid down in terms that the Crown no longer possessed any power to summon a layman to the House for his own life only.

Meanwhile the ancient element of non-hereditary lords steadily dwindled in relative strength. In the pre-Reformation House earls and barons were comparatively few, and the spiritual lords, who included, in virtue of their position as landlords, the greater abbots as well as the bishops, usually had a majority. The dissolution of the monasteries removed the abbots and changed the balance. Since then the lay peerage has steadily increased, while the number of bishops has remained almost constant. When new sees were created in the nineteenth century the spiritual representation was finally limited to 26, which is numerically insignificant.

Down to the outbreak of the quarrel between the Stuart kings and their Parliament the House of Lords was still decidedly the more important chamber. But the constitutional crisis turned so largely upon the question of the money power that the more Parliament prevailed against the King the more the House of Commons, which had the initiative in taxation, increased its relative influence within Parliament. By the time of the Restoration in 1660 it had become conventional that the House of Lords would not normally interfere with financial Bills; and although it was mainly the Lords that carried through the Revolution of 1688, the reign of William III, in which the Commons established close control over the Treasury, shifted the balance of power decisively in their favour. From the time of Queen Anne parliamentary control of government is clearly seen to depend on the power to withhold supply; and since this power is vested in the Commons, Ministers are responsible to that House in a sense in which they are not responsible to the House of Lords. It is significant of the changing times that Sir Robert Walpole, who chiefly consolidated the position of what we now call the Prime Minister, sat throughout his long active career in the Lower House.

For two hundred years from Sir Robert Walpole's time the essential balance between the Houses shifted but slightly. It was accepted that the House of Commons alone could make and unmake Ministries; the House of Commons, subject to criticism rather than active interference by the House of Lords, controlled taxation; but the two Houses were still equal partners in the process of making and unmaking laws. Throughout the eighteenth century any large divergence between the two Houses was made improbable by the fact that the members of the House of Lords, through the great influence that the franchise system gave to landed property, controlled much of the membership of the House of Commons. The Reform Act of 1832 began the process that made the two Houses representative of fundamentally different classes in the community; and successive extensions of the franchise down to 1928 (when adult suffrage was finally conceded) have constantly widened the gap.

Nevertheless the present situation, in which the House of Lords has an

immense permanent majority of one party, which sometimes does and sometimes does not correspond to the complexion of the House of Commons, is of comparatively recent growth. Till far on in the reign of Queen Victoria the party cleavage in Parliament did not normally reflect a social division. Whigs and Tories were fairly evenly balanced in the House of Lords in the eighteenth century, and Liberals and Conservatives in the nineteenth. Party allegiance was determined more by political theory and temperament than by economic status; and popular movements expected and depended upon aristocratic leadership.

The Quarrel with the Liberals

IT was Mr. Gladstone's conversion to Irish Home Rule in the course of the Parliament of 1880 that changed the political atmosphere of the House of Lords. He forfeited almost the whole of his support in the Upper Chamber, and from that time onward the House of Lords had a permanent and overwhelming majority against the Liberal party. The first Home Rule Bill was rejected by the House of Commons in 1886; but in 1893 it was the combined forces of the Conservative and Liberal Unionist peers that threw out the second Home Rule Bill and ended Mr. Gladstone's political career. In the general election of 1895, however, the electorate confirmed the judgment of the House of Lords by returning Lord Salisbury to power; and it was not until the Liberals came back with an unprecedented majority in the House of Commons of 1906 that the quarrel between them and the Lords came to a head. By this time the Liberal Unionists had in effect coalesced with the Conservatives, and the great mass of the peers regarded the social legislation promoted mainly by Mr. Lloyd George as the portent of a revolution against which all the powers of their House, even powers for long dormant, must be invoked. For three years no Liberal measure against which the Opposition in the Commons voted on second reading passed the House of Lords. Finally, when Mr. Lloyd George introduced his plan for taxation of land values, the House of Lords took an action unknown for centuries and threw out the budget.

This step compelled an immediate dissolution, for the administration was left without the means of carrying on government. At the general election the Liberals fought on the cry "The Peers against the People"; and although their abnormal majority of 1906 was heavily reduced, they came back in sufficient strength to control the House of Commons, provided they could rely on the Irish Nationalist party. The Irish, who were opposed to the budget taxes on spirits, would only vote for the budget on receiving a promise that the Government would go on to curtail the powers of the House of Lords, in order that Home Rule might be passed despite their opposition.

The Lords, arguing that they had only rejected the land taxes in order to ascertain whether they were really in accordance with the wishes of the electorate, now accepted the budget. Then came the question of redeeming Mr. Asquith's pledge to the Irish. Since the laws defining the structure of Parliament are the rules under which the party contest is conducted, it has always been the constitutional convention that their amendment should be

undertaken, if in any way possible, only by agreement between the parties. Consequently a great part of the year 1910 was consumed in a conscientious attempt by Mr. Asquith and his colleagues to come to terms with the Conservatives, led in the House of Lords by Lord Lansdowne and in the Commons by Mr. Balfour. The gulf was too wide, for the rising passions over Home Rule and the coercion of Ulster, which in 1914 would bring Ireland and even England within sight of civil war, were already inflaming tempers; and it became evident that any constitutional amendment must be carried through by the strength of the Liberals alone. But the House of Lords had equal legal powers with the Commons and could reject any Bill presented for the curtailment of its own authority. It seemed certain that it would do so.

Now when complete deadlock arises between two assemblies with equal authority in the Constitution, it is obviously impossible to overcome it unless the composition of one or the other can be changed. The composition of the House of Commons can always be changed by dissolving it and electing another; and accordingly the first and normal way of overcoming deadlock between the Houses is by a general election. But supposing a general election returns a House of Commons no less opposed to the House of Lords than before, and the House of Lords still refuses to give way, the only remaining resource is to change the composition of the House of Lords. For this the intervention of the third element in the Constitution is required; but since the Government responsible to the House of Commons advises the Crown in the exercise of its prerogative, this can usually be secured. That is to say, new peers friendly to the Government can be created, sufficient in number to out-vote the existing majority in the Upper House. Because these new peers must be hereditary, the size of the House will be permanently enlarged; and therefore the step is one the Sovereign will be reluctant to take save in extreme emergency. Nevertheless the device was applied in 1713, when twelve Tory peers were created in order to secure the ratification of the Treaty of Utrecht; and in 1832, when it would have required the creation of some fifty Whig peers to out-vote the Tory majority against the Reform Bill, the threat of that drastic action induced the majority to give way. In 1910, when the number of peerages on the roll had increased to over 600 (there are now 800), the Conservative majority was so great that the Liberals would have required to ennoble at least 300 of their friends if they were to enforce their will.

The Passage of the Parliament Act

THE new King George V not unreasonably doubted whether it was constitutional to make at one stroke so vast an addition to the ranks of the hereditary peerage for the sake of securing the victory of one branch of his legislature over the other. When pressed by Mr. Asquith to promise the creation of the peers in the hypothetical case of the Lords' rejection of a Liberal Bill curtailing the powers of their House, he laid down two conditions. First, the proposed Bill must be introduced and the Lords given a chance to accept it; and if they did not, there must be a second general election fought on the specific issue of the limitation of their powers. If this

election confirmed the Government's mandate, then the Prime Minister was authorized to inform Parliament that he had the King's promise to create peers if necessary in sufficient numbers to compel the acquiescence of the House of Lords. Mr. Asquith fulfilled the conditions, introduced the Parliament Bill, and retained his majority at the general election following its rejection in the Lords. Faced with the threat of a wholesale creation of peers, the House of Lords eventually gave way and the Parliament Act of 1911 received the royal assent.

Under this Act the House of Lords surrendered altogether its power to reject money Bills, to amend them without the agreement of the Commons, or to delay their passage for more than one month. Other Bills might be rejected as before; but they could be presented again, and, if passed by the House of Commons in three successive sessions, not necessarily of the same Parliament but occupying not less than two years, would be given the royal assent notwithstanding a third rejection by the House of Lords. At the same time the maximum duration of a Parliament was reduced from seven years to five, with a proviso that it should not be further changed without the consent of both Houses.

In effect, therefore, a Government possessing the confidence of the House of Commons can now override the opposition of the House of Lords to any measure introduced during the first three years of the Parliament; but Bills introduced later can be delayed by the House of Lords until a time when a general election must be held and allow the electorate to express its opinion on them. This was felt at the time to be a reasonable settlement of the question of powers; for it is naturally towards the end of its term that the claim of a Government to be genuinely representative of public opinion is most likely to be challengeable. At the same time the bitter controversy attending the passage of the Act had thrown into relief the real weakness of the Lords. After the experience of thirty-six years at home and abroad we may feel even more acutely than our fathers in 1911 the necessity for including in the Constitution some delaying organ which can prevent that seizure of autocratic powers, by a party possessing at the moment the popular suffrage, on which the totalitarian system is founded. But in the temper of 1911, and certainly no less in the temper of 1947, it seemed anomalous that this organ should consist of a large body of men holding their position by hereditary right and nearly all associated with one party in the State. If the moral authority of the House of Lords was to be made commensurate with the task it undertook, its composition must be brought into harmony with the spirit of the age; and accordingly the preamble to the Parliament Act describes it as a provisional measure, pending the reconstruction of the House upon more popular lines. The House of Lords itself, by a resolution of 1910, advocated its own reform in such a way that nobody shall sit in it by hereditary right alone.

The Lords since 1911

THE question of the reform of the House, whether by the introduction of a nominated or an elected element, by the admission of women, or by the restriction of its membership to those peers who can qualify by a record

of important public service, has been raised several times since 1911, generally by Conservative peers. It has usually, however, been opposed by the Labour Party, who appear to think that the removal of the heavy adverse majority in the Second Chamber would be dearly bought by the increased popular prestige of the House itself. But the duty of governments to take the initiative has been consistently neglected, and the responsibility for failure to grapple with the problem is shared by all parties alike.

Meanwhile the business of the House of Lords is, in fact, carried on, not by the vast army of the so-called backwoodsmen, that is, the members qualified by nothing but their hereditary rank, but by a group of some seventy or eighty eminent public servants, who attend the House regularly and bring to bear upon legislation an immense collective experience of great affairs. The majority of them are peers by direct creation; those who have inherited their peerages have by their own exertions enhanced the honours bestowed upon their ancestors. Included in this body, the real working House of Lords, are ex-Governors-General of the great Dominions and ex-Governors from all parts of the dependent Empire; the most eminent of the judges (by a special statutory exception a limited number of "Lords of Appeal in Ordinary" sit in the House as peers for life); former Ministers, and others who have been promoted after long service in the House of Commons; officers who have commanded fleets and armies in world war; great industrialists; and, in fact, the outstanding men in every honourable profession. The bishops keep their places, but now generally confine their contributions to topics transcending party politics. A small number of members of the Government of the day are invariably present, if necessary being created peers for the purpose, since the privilege conferred upon Ministers by some Dominion constitutions, of speaking in either House as occasion requires, is not known in the United Kingdom. This select inner circle of the House of Lords maintains debates at a level certainly not inferior to that of the House of Commons; and subjects every Bill to an expert scrutiny which generally results in considerable improvement by way of detailed amendments of its clauses. The conscientious revision by the Lords even of measures which in substance must be distasteful to them has received high praise from spokesmen of the Labour Government up to the very eve of the introduction in the House of Commons of the Bill for further curtailing the powers of the Upper House.

This revising work has been the main occupation of the House of Lords ever since 1911. The delaying power remains in reserve, but has never been used since 1914, when the last struggle of the Lords to prevent the enactment of Irish Home Rule was overborne by the use of the Parliament Act.

The Parliament Bill of 1947

THE Bill proposed by Mr. Herbert Morrison in November of this year will have the effect of allowing the House of Commons to overrule the Lords in two sessions instead of three, and in one year instead of two. It has not been the purpose of this article to enter into detailed criticism of the policy of this measure, but rather to recall the historical background against which

it has to be judged. One or two comments, however, of a mainly constitutional character may be added in conclusion.

First, it is a well-established principle of British politics that Ministers should carry on the government by the use of the existing constitutional machinery. They should only ask for the Constitution to be changed if it has become manifestly impracticable to continue government within its forms, and even then they should seek agreement with the Opposition on the changes required. It is alleged by the Labour Government, on the strength of a paragraph inserted in one of their election pamphlets, that they have a mandate from the constituencies to restrict the powers of the House of Lords. Even if this mandate, which is at best vague, is to be considered real, it is not truly relevant to the proposed legislation. Under the British Constitution the authority of the electorate, though the predominant factor in political decision, is not absolute. Government, as has been said at the outset of this article, is vested in King, Lords and Commons. The Commons now enjoy far the greatest share of the authority divided between these three parties; but they do not enjoy the plenitude of authority, and have not the right to dispose of the shares entrusted to the other two. What happened in 1910 is often misunderstood. The King's prerogative was invoked to overcome the resistance of the Lords to the legislation desired by the Commons. But constitutionally this was justified, not by the abstract dogma that "the will of the people must prevail" but by the traditional and highly practical maxim "the King's government must be carried on". It is only when the Constitution has become unworkable, owing to a deadlock between the participants in sovereign authority, that exceptional measures must be taken to restore its smooth operation. Doubtless in 1910 this situation came about because the will of the people was being obstructed by the will of the Lords, to which by custom less weight was attached; but it was the situation of deadlock, and not any abstract doctrine of popular sovereignty, that caused the emergency step to be taken. King George V implicitly recognized this distinction when he declined to promise a creation of peers unless the more usual means of resolving a deadlock between the Houses, that is, a general election, was first tried and gave no relief. It may be added that, since a new method of overcoming deadlock, that is, the procedure laid down in the Parliament Act, was then provided, it would now be necessary to try this method also before it could be considered constitutionally proper to advise the Sovereign to overcome the resistance of the Lords to legislation by a creation of peers.

The answer, then, to the Government's claim of a mandate for their present Bill is that there has been no sign of deadlock between the Houses, and that the situation in which the King's government cannot be carried on without constitutional change has not arisen and does not seem likely to arise.

Secondly, the argument for the Bill has dwelt constantly on the plea that the two years' suspending power of the House of Lords is a threat of delay to socialist legislation only, and does not impede a Conservative Government. Therefore, it is maintained, a Conservative Government with a majority in the Commons can legislate at its will for five years, but a Labour

Government only for three. Although there has been no sign of an intention by the Lords to use their delaying powers in this way, the unfairness of maintaining a Second Chamber in which one of the principal parties in the State is permanently in a small minority constitutes a legitimate grievance. The logical remedy, however, is obviously a change, not in the powers of the House of Lords, but in its composition. In its origin the House was intended to gather round the King the most important persons in the realm, who were at that time the prelates and the feudal barons. Until recent times it continued to possess its original character, even though from Tudor to Hanoverian times the most important persons were not so much the greater tenants in chivalry as the members of a strictly hereditary aristocracy, based on the ownership of land. There is good reason why it should still represent individual distinction. To-day, however, the inheritors of great names and wide acres are no longer considered by virtue of their inheritance the most important people in the country. The time is therefore ripe for reconstructing the House of Lords so that its membership shall be representative of a real House of Lords instead of a technical and antiquarian eminence. To a great extent the House of Lords has informally accomplished its own reformation, now that its debates are so largely confined to those members who can speak with special authority, and the less qualified never present themselves in sufficient numbers to sway the decisions of the House. But conceivably they might do so, and it is evident that the paper constitution of the Second Chamber ought now to be either harmonized with its practical working character or otherwise amended so as to provide an alternative Second Chamber that could speak with as much moral authority in the commonwealth as in their day did the Great Council of Edward I or the House of Lords of George III. For its final and fundamental office is more necessary in the twentieth century than it has ever been before. All over Europe we have seen the phenomenon of the leader or the junta that is voted into power by a majority in a plebiscite, and then uses the legislative forms of democracy to extinguish the liberties of the people and render itself irremovable from office. These things have devastated the Continent and the world. There must be retained in England an authority sufficiently detached and equipped with sufficient reserve powers to ensure that the like shall never happen here.

DOES RUSSIA MEAN WAR?

THE PSYCHOLOGICAL BACKGROUND OF SOVIET POLICY

THE policy of Soviet Russia in world affairs since the end of the war has been perplexing as well as offensive to Western observers. Why should Russia apparently seek to destroy the United Nations which she helped to create? Why, having suffered so grievously from war, should she lead the world towards another conflict by her violent behaviour in almost every sphere? Why should a Marxist Government, which presumably believes in the unity of the world's workers and the unreality of the nation-state, be the most uncompromising champion of unfettered national sovereignty?

Certain obvious explanations, when examined, appear too simple. If Russia wanted particular tangible gains (for instance, warm-water ports in the Pacific or the Persian Gulf) and were prepared to pay for them the price of risking war, her conduct could hardly have been more short-sighted. She has put her potential enemies on warning and unified their naturally divided camp. The course for her to take, if that had been the mainspring of her policy, would have been to move discreetly, if sharply, when she so chose in the areas of desired advance, while lulling the Western Powers by fair words and agreeable compromises on all other diplomatic fronts. Moreover, Russia's lack of strength for world war after the Nazi invasion and the huge cost of her own effort has been too obvious to be concealed. No territorial ambition could justify her deliberately running the risk of early armed conflict with the United States and the British Commonwealth on the present balance of military and industrial power.

Some people have advanced the theory that Russian diplomatic policy is only a smoke-screen for Communist penetration. Their view is that in the interests of "world revolution" Moscow has plotted to create the maximum difficulties for the Western Powers abroad and the maximum political dissension at home; to enfeeble their foreign policy by identifying it with a section of the nation and exposing it to class attack fomented by Communist agents or dupes; to distract attention from the fifth column by staging bellicose manœuvres with the other four.

This is a very plausible theory. To the extent that it is correct, however, the Kremlin has again miscalculated. Suspicion of Communists and their "fellow travellers" has been greatly heightened by Russian policies which have made the Western peoples think more and more of the Communist *bloc* as a potential enemy. General de Gaulle's recent successes in the French municipal elections are one obvious by-product. In the United States and in Great Britain, national solidarity has been enhanced behind a policy of resistance to Russian bullying and intrigue. The fifth column has been identified with increasing clarity. These consequences have been manifest for a long time now, yet Russian policy has been intensified, not amended. Either its directors are very obtuse, or the theory itself is inadequate.

Mr. Winston Churchill, following this line of thought, has drawn the conclusion that the primary motive of Russian policy is domestic. The policy is designed, he believes, to bamboozle not so much the Western democracies as the Russian people. It is they who must be saved from envy of the capitalist countries, they who must be induced to accept further sacrifices and hardships, they whose flagging zeal for the Marxist order must be whipped up with fear and hate of the anti-Communist bogey, they whose solidarity must be sustained against the day when it may be vital to the survival of the Russian Communist State amid a general conflagration.

We do not know enough about Russian internal conditions to judge for certain how far all this may be true. That such thoughts are present to some at least of the Soviet leaders is highly likely. But the theory is consistent with many possible variations of Russian policy. It does not explain why it has taken the actual form we know. It does not link the particular internal strains and requirements with the particular external manifestations. If sound, it is incomplete.

Defensive Strategy through Offensive Tactics

ALTHOUGH the bellicose and trouble-making policy of the U.S.S.R. at the United Nations and elsewhere seems indiscriminate, it is classifiable under these broad heads:

1. Frustration of all developments which would tend to make the United Nations an instrument of majority will and therefore imply the possibility of its use against Russia or any of her protégés. (This includes the blackballing of potential recruits to the non-Communist group in the shape of new members of the United Nations, and, of course, the boycotting of the projected "Little Assembly".)
2. Refusal to yield an inch of ground, and persistent attempts to advance at any cost her own influence, external or through local Communist parties, in any territories on her own defensive *glacis* to east and west.
3. Prevention of any peace settlement which would leave the Western Powers free to develop their economic and political influence in enemy countries or neighbouring ex-Allies until the utmost has been done to weaken those countries.

All this, of course, is set against the background of constant support for the Communist and near-Communist factions in every country of the world, of unflagging agitation against "Fascism" as the mortal enemy, and of seizure of the opportunity of disaffection anywhere, notably in the imperial dependencies of the Western Powers, to promote the advantage of the Communist or near-Communist factions. It is impossible to separate Russian policy from Communist policy. Nevertheless, regarded as the policy of Russia, a nation-state among others and a member of the United Nations, the attitude thus summarized is consistent only with an intense nationalist psychosis based on fear.

In order to understand this Russian fear-complex we must appreciate two things. The first is that the Government of the Soviet Union is born of revolution—of a revolution, moreover, which proclaimed itself from the

start as part of a world revolution, and consequently incurred the hostility and suspicion of every established order. Such a Government gains in assertiveness what it lacks in assurance, and reflects in its own suspicion the attitude it expects from others. It takes nothing for granted that is not solidly under its own hand. Like any underground movement, it distrusts everyone not sworn to its own allegiance. The world seen through Soviet spectacles is not a placid civilized community with roots deep in the past, but a raw Wild West where the wise man sleeps with a gun beside him and is quick on the trigger, where he who is not for you is against you. That all this is deplorable, and creates the very conditions it is intended to meet, is compatible with the existence of much in the history of the past thirty years to excuse the Russian attitude, and much in the present state of world affairs to confirm it. Conversely, Russian sponsorship of Communism everywhere has excused in the past, and confirms to-day, the hostility and suspicion of all non-Communist Powers.

That leads us to the second thing we must not forget in trying to understand Russian policy. Communism has often been described as a religion, and the term is just; for it is embraced with a fervid faith which goes far beyond political tenets admitting degrees of conviction and wide margins of compromise. But it is more than religion as we understand it in the West, where we are apt to put religion in a compartment aside from politics and where, in matters of peace and war, religious faith is more often a brake upon political actions than their stimulus. It is a whole system of political and economic ideas, prescribing action, interpreting the past and foretelling the future. Present-day Communism, based upon false or true interpretation of the doctrines of Marx, embodies, as a cardinal belief of its adherents, a philosophy of world affairs.

According to that philosophy, crudely summarized, capitalism is in a state of unstable equilibrium. It must, in its intestine economic struggle, reach out for larger markets and closer monopolies until eventually it leads either to world war, or to Fascism (the identification of the State with the capitalist order), or to Communism (the overthrow of capitalism by "the workers" and the identification of the State with them). The doom of liberal capitalism, according to the doctrine instilled unremittingly and without rival into the Russian people for thirty years, is inevitable. The only questions are how and when—and contemporary events seem to suggest that the pace of the drama is getting faster, and that, whatever else may happen, capitalism will not succumb to "the dictatorship of the proletariat" without violent resistance. Hence the determination to carry on the struggle for position on two world-wide fronts—the domestic orders of the capitalist States and their external policies. The tirades at Lake Success and the formation of "Cominform" are integral parts of the "cold war" of preparedness.

War, from this point of view, is not strictly an alternative to Fascism or Communism. It may be a phase of transition to either; it is certainly a creator of opportunities for both. Conversely, Fascism is judged to be bound sooner or later to complete the cycle by naked international conflict with the Communist order. Democracy, one way or the other, is seen as a mere means to

such ends as it may be made to serve by this or that class or interest: a technique, not an objective. The Western type of democracy being well adapted to the service of capitalism, to strengthen such democracies is to diminish the likelihood of the direct overthrow of capitalism by "the workers", and to increase the potential of the anti-Communist side in the eventual armed struggle; hence, among other manifestations, the intense hostility towards American financial aid for Europe—it is gun-running to the enemy.

Marxist Dogma and Prophecy

ALL this may seem a farrago of nonsense to us in the Western countries, for whom democracy at its highest is an end and capitalism only a means, and who see little to distinguish Fascism and Communism either in theory or in practice. But if we try to put ourselves in the place of those indoctrinated with such ideas we are bound to admit the existence of many historical events which lend them plausibility. The sequence of two world wars among the "capitalist" Powers; the emergence of "Fascist" States in Germany, Italy, Japan, Spain and elsewhere; the Nazi attack on Russia; and, to the more subtle and better-informed Soviet ideologues, the domestic progress of the Great Britain and other democracies towards the aggrandizement of the State, which must—it seems—be controlled by one class or another, that is to say, be eventually either Fascist or Communist: all these things, seen through neo-Marxist spectacles, tend to confirm and strengthen the faith in the inevitability of a fight to the death, on the world scale, between Communist and capitalist States.

The belief that world war is inevitable and Soviet Russia will be one of its targets is surely the key to the foreign policy of the U.S.S.R. It leads at once to three conclusions: confound your potential enemies when you can; strengthen your own defences and friends and yield no inch of ground on your defensive *glacis*; make certain that the instruments of world co-operation cannot be used by your potential enemies against you. All this is entirely consistent with not wanting the war that is accepted as bound to come sooner or later.

Indeed it is very unlikely that Soviet Russia wants now, or will want in the near future, to precipitate war. We know that the Western Powers do not and will not want to do so. Therefore the first conclusion for us is to keep Russia in that frame of mind by sustaining our own strength, both as individual countries and—still more—in combination. Division among the Western Powers is the one thing which more than any other is likely to cause the Soviet group to conclude that since war is inevitable it had better be now. Unity among the Western nations is the road to world peace.

Moreover, we must not fail to draw the lesson from the Russian exaltation of national sovereignty. Within the Soviet group, Moscow-directed Communism makes sovereignty meaningless. Outside, it is not only a weakening and divisive force; it is in truth that self-destructive element of our society which the Russians see in liberal capitalism. The State is growing, the individual is shrinking; and the first need of our age is a true society of States which will triumphantly deny the philosophy of inevitable conflict and destruction.

One more conclusion is vital for the Western Powers. We should never give way to acknowledgement of the inevitability of world war. Its possibility we know too well, its likelihood we fear, but once we admit it to be inevitable there is nothing between us and the Soviet doctrine save the choice of sides, nor anything save the *casus belli* between us and war more ghastly than we can imagine. We can change the minds of the Soviet leaders only by the gradual impact of our own faith in the possibility of an enduring peace, in which Russia and ourselves, contrary as our political and economic structures may be, have our own contributory rôles to play.

It must, clearly, be part of our faith that war is not the necessary, nor the best, way of meeting Communism. We must find the means to do that within our own peaceful democratic armoury. In the long run, this may prove the most crucial part of the task; for unless it is accomplished we shall ourselves be confirming the central thesis of Soviet policy, that world war with Russia as its target is inevitable, and acknowledging to history that in their intransigence the masters of the Kremlin are wise in their generation. That was, indeed, an important part of M. Molotov's thesis in his Moscow oration on the thirtieth anniversary of the Bolshevik revolution; and there is no need to write it off as mere hypocrisy, confirming, as it does, the view that Russia is far from wishing a war now or soon, whatever she may expect of the more distant future.

TWO NEW PERIODICALS

TWO new periodicals of imperial interest have begun publication since the last issue of *THE ROUND TABLE*. *The British African Monthly*, of which the first number, price 1s. 6d., was published at Johannesburg in September, takes the place of *The Union Review*. Mr. Barnett Potter, the editor of the old, appears as managing director of the new magazine, which, under the editorship of Mr. D. E. McCausland, K.C., seems likely to pursue a more moderate version of the well-known imperialist policy of its predecessor.

Life Line is a quarterly, published in London for the first time in October, price 6s. Its interests are not primarily political, but its promoters found themselves upon the "belief that, at the beginning of the atomic age, and during the state of world chaos which all thinking people recognize as temporarily inescapable after two world wars, the British Commonwealth of Nations stands as the greatest and strongest living force for security, civilization and man's humanity to man".

THE PLIGHT OF THE CONQUERED

ECONOMIC BACKGROUND OF THE LONDON CONFERENCE

THE publication of the revised Level-of-Industry plan for the British and American zones, and the November meeting of the Foreign Ministers in London—to say nothing of the Marshall Plan discussions in Washington—serve to draw public attention once more to the economic condition of Germany. For the European economic crisis has been very greatly intensified by the fact that the United States is being called upon in large measure to fill the gap caused by the disappearance of German exports, in addition to the traditional rôle of the Western Hemisphere as the supplier of foodstuffs and certain raw materials.

Unfortunately the prospect of any immediate German contribution to European recovery must be ruled out. Though some recovery has been effected from the disastrously low level reached last winter, the volume of industrial production continues to be lamentably low, in the British zone barely more than 35 per cent of the 1936 figure; and though the revised index in the American zone has reached a somewhat higher level—rather over 50 per cent in July—the concentration of the greater part of German industry in the British zone renders this improvement less significant for the country as a whole.

The fundamental reason for the extremely low productivity of industry is the lack of food: the Oder-Neisse frontier removed about a quarter of the agricultural acreage of the Old Reich. Meanwhile the influx of refugees into Potsdam Germany has largely increased the population of all the occupied zones except the French, leaving the British and American 'Bizonia' with an excess of population over the pre-war figure of something in the neighbourhood of seven millions. Meanwhile the Russian zone, which was always an important bread-growing and potato-producing area, has also an increased population as well as an occupying army to support.* Owing to the deficiencies of fertilizers and agricultural machinery, &c., yields have been very much below the pre-war level, and even before the war, when the drive towards autarky was at its height, Germany was only self-sufficient in foodstuffs to about 80 per cent. It is not necessary therefore to assume that exports of food eastwards have been the reason why the Russian zone has contributed so little to the feeding of the other three zones, although in fact a comparatively small quantity of potatoes is all that has been received from this source. Under present conditions Bizonia is producing only about 1,000 calories per day for the normal consumer, and during the earlier months of the year actual distribution sometimes fell below this level in the Ruhr. Thanks to the increased importation of supplies from the U.S. the situation has recently improved and the stock position is much healthier, but even so it was not possible to distribute in July the whole of the official ration of

* The increase of population is due to the influx of refugees from the territories now passed to Poland and Russia, Czechoslovakia and Hungary.

1,550 calories, which is itself only about 50 per cent of normal pre-war consumption. Nor are the prospects for this winter altogether encouraging. The grain harvest has not been substantially worse than last year, but the drought has done great damage to root crops, hay and vegetables, and the world demand for the diminished U.S. surplus of grain has diminished the chances of an increase of distribution to 1,800 calories, which had been projected.

Next to the dearth of food, which has been the principal reason for the enormously diminished productivity per head of German workers, the scarcity of coal has been the limiting factor. Thanks to inducements in the shape of food and consumption goods, production in the Ruhr has shown a slow but steady increase. Yet the monthly production in the British zone had only just reached 6 million tons in July, as compared with a monthly average of about 9½ millions in 1938.* Nor is the whole of the diminished volume of coal produced available for German industry. Out of a gross production during the first six months of this year amounting to nearly 33 million tons about 4½ millions were exported. In the Saar mines production has approached far closer to the pre-war figure, having reached to between 80 and 90 per cent.

Iron and steel production was affected more adversely than coal during the winter, and in the Ruhr had not yet reached the level of last autumn by August, when 227,000 tons of ingot steel were produced as compared with the monthly average for 1936 of 1,156,000 tons. The chemical industry is working at a low capacity owing to lack of fuel-power, other materials and labour. In Bizonia the production of sulphuric acid, which is generally considered to be the basic index of heavy chemical production, was running this summer at only a little over a third of the 1936 monthly average, and the production of soda ash at nearly two-thirds owing to the stimulation of the plate-glass industry. Fertilizer production, though enjoying a high priority, was still well below the level required to meet indigenous needs. The production of calcium cyanamide and the nitrogen fertilizers has been severely limited by shortages of coal and electric power as well as the non-delivery of ammonia from the French zone. The production of dyestuffs and pharmaceuticals is scarcely more than sufficient for the German internal economy at its present low level of production. In the circumstances it is not surprising that the production of consumer goods in the British zone at the end of July was still well below the level reached in the summer and autumn of 1946, being rather less than 30 per cent of the 1936 figure.

Another factor limiting production has been transport, particularly on the railways. The German system of transportation was the special target of the Allied air forces, and the damage inflicted was enormous. Since the war restoration as regards rolling-stock has been carried out with great success by the 'cannibalization' of damaged units, and that process has now reached its logical conclusion. Wear and tear is now beginning to overtake repairs and, in the absence of materials for fresh construction, the position is growing tighter every month: so much so that it is doubtful whether it would be possible to move coal stocks from the pits if any considerable increase in the volume of production were to take place.

* The figures for September and October show a substantial increase.

Inflation and its Effects

THE adverse effects of these material scarcities have been enormously increased by the huge excess of currency in circulation and the universal distrust in the stability of the mark which it has engendered in the minds of the German people. Notwithstanding the stabilization of excess purchasing power effected by the blocking of bank deposits in the Soviet zone, the volume of currency and bank deposits in Potsdam Germany during the spring was almost three times that of the Altreich at the end of 1938, although the level of industrial production was a good deal less than half of that attained in 1936. Thanks to the maintenance of at any rate a partially efficient system of price controls there has been nothing comparable with the flight from the mark which took place after the first World War, but the concealed inflation has manifested itself in a number of ways, "black" markets and "compensation", *i.e.* supplementation of wages by payments in kind, and a clandestine resort to barter at all stages of the production process. The effect of these diseases has been to slow down production enormously and to distort the employment of what resources are still available. In a period of such acute scarcities the machinery of controls would be complicated enough for a German government to administer, and the complication is trebled by the super-imposition of a bipartite control on half a dozen Länder administrations.

Finally, the absence of any German currency quotable on international markets has enormously complicated the business of reviving German foreign trade. As balances have to be settled in dollars, prices of exports have to be fixed in foreign exchange by a complicated process, in which the Control Commission is necessarily involved, whereby a national exchange rate has to be paid for each class of product, since no direct relation between German costs and prices and those of the outside world can be established. The consequence is that for the German exporter the administrative procedure is incredibly complicated, and his position is not rendered any easier by the famine of consumer goods existing in the country. The would-be buyer of German goods on his side is acutely affected by the prevailing dollar scarcity, with the result that transactions tend to take on a barter pattern. Up to date, exports from Bizonia have consisted for the most part of coal and timber, which over the past seven months of this year accounted for £17½ million, other exports only totalling just over £3 million.

Very little trustworthy information concerning conditions in the Russian zone is available. Removals of plant as reparations have taken place on a much larger scale than in the other three zones, and a large proportion of the remaining industry has been acquired by the Russian Government by the creation of trusts with Russian ownership. According to General Clay, about 50 per cent of the output of industry is devoted to reparations in kind.

Apart from the Saar, where special measures in the shape of extra rations and privileges have from the beginning been taken to improve production, the level of industrial production, though rather higher than in the Ruhr, is still very low. Here again lack of food is the principal reason, the ordinary consumer ration being officially the lowest of the three western zones.

no longer be possible, and the maintenance of a self-sustaining economy: indeed the only way in which such a reconciliation would be possible would be to maintain the German standard of living for ever at a low subsistence level, at which no choice between guns and butter would ever be possible because the inhabitants would always be kept too poor to afford either. That was, of course, the basic intention of the Morgenthau plan, but it is doubtful whether any large section of public opinion in the U.S.A. or the British Commonwealth to-day would be in favour of such a policy, and certain that within twenty years forcible means for keeping down the German standard of living will find few if any adherents. Hence the wisdom may be questioned of imposing a level of industry to-day which public opinion will not be willing to keep imposed in the foreseeable future.

In the meantime, however strong the protests from the German side against the programme of dismantlement in its much diminished form as contained in the new plan, it must be admitted that, even in the case of steel, the permitted level of 10.7 million tons is far in excess not only of to-day's production but of any production that can be foreseen in the near future. Even if all coal exports from the Ruhr were to be stopped to-morrow, it is doubtful whether the output available for German industry could be increased within several years to the point at which the full permitted steel capacity could be attained, and it may be noticed that the Marshall Plan Committee reckoned the steel production to be attained in Bizonia in 1951 at only 10 million tons—a figure which may well prove to be on the optimistic side. Apart therefore from the diversion of economic effort involved in dismantlement, the immediate economic effect of the programme on the revival of German industry may be much smaller than German public opinion imagines. But here is the crux: the politico-psychological effect may be very much greater, considering the low state of German morale and the deplorable hand-to-mouth existence of present-day industry. The mixed atmosphere of resentment and despair may slow down almost indefinitely the process of recovery, thereby prolonging the period during which the U.S.A. and Britain have to support the German economy. Moreover, when the process of recovery reaches a certain point, it will almost certainly be found, if the programme of dismantlement is carried out to the full, that the resources left to Germany will not be adequate to maintain a self-sustaining economy. In that case, external support will be required until the necessary productive capacity has either been created or supplied, and in any case the contribution to European economic recovery which German industry alone can make will be seriously retarded and diminished.

It is difficult to resist the conclusion that the Potsdam approach to the problem of reparations has not been very practical. If, instead of destroying industrial capacity, German machinery had been introduced to control the end products the prevention of German rearmament could have been equally well assured. For the Ruhr is the key to the whole problem. Once that has been placed under control the possibility of rearmament in the rest of Germany is ruled out. Moreover, within her new frontiers Germany will be very largely dependent on external sources for feeding herself, and thus much

more susceptible to early international preventive action. Had it been possible to retain the industrial machinery of Germany functioning, a short-term programme of reparations in kind might have been introduced which would have gone a long way to repair the damage done by Germany in the countries which she occupied. As it is, the reception of second-hand machinery will hardly enable any of the allied nations to fill Germany's former place in the European economy—a consideration rendered all the more important by the Harriman report, which has halved the Paris steel requirements. How far it would in fact have been possible to keep the German industrial machine working it is difficult to say, but at any rate the present degree of disintegration could have been avoided. No objection would be raised against the dismantlement of industrial units erected and employed wholly for war purposes, even by the Germans themselves. It is the destruction of industrial capacity, the end products of which could without great difficulty be controlled, which gives rise to such distrust. And in the last resort it is not really relevant to ask what will happen at some future date when the control ceases. No one can seriously imagine that once dismantling has been accomplished Allied control of Germany will go on for ever. The only hope for humanity is that when control ends the desire of the German people for rearmament should itself have been extinguished.

THE DANGERS TO PARLIAMENTARY GOVERNMENT

Looking back on the progress of events since the liberation, it seems possible now to distinguish certain very definite contributing factors to the present crisis, though it is sometimes difficult to know what relative weight to attach to them. It is even more difficult to see any very clear or simple way out of the present political and economic dilemmas.

The constitutional debates exacerbated political differences at a time when it was vital, in the interests of French reconstruction, that they should be glossed over as much as was humanly possible. The older politicians were undoubtedly abler and more experienced constitution-makers than the new and younger resistance leaders. The desire of the latter for a fresh start, and

Confusion of Issues

IN the main, therefore, the average elector, if he voted, followed the line taken by his party leaders. Never was it more important for the political parties to give a clear, firm and, above all, honest lead; to seize their opportunity, while the prestige of the left-wing parties was high, to build up a stable parliamentary government and respect for parliamentary institutions. They failed to rise to the occasion, and that failure was an important factor contributing to the present crisis. The three strongest parties were, of course, unfortunate in that the first general election returned an almost equal number of each. All three were signatories of the Resistance Charter and, what is more important, were *really* in sympathy with its long-term objectives. But they had not learned to work together, except when united by a common enemy, and they failed to distinguish clearly between their short- and long-term objectives and their short- and long-term opponents. When General de Gaulle retired from politics in January 1946, the real danger of dictatorship, if indeed it had ever existed, was over—on one condition. Only

the failure of the democratic parties could bring him back, and in January 1946 they held over three-quarters of the seats in the National Assembly. By November 1946, the Socialists had lost forty-odd seats and well over a million votes; by the spring of 1947, General de Gaulle was again a national political leader, with an organization behind him claiming a membership of over three-quarters of a million; by the autumn of 1947, the M.R.P. had suffered a defeat in the municipal elections, which reduced its vote in the medium and large towns by half. In the 344 towns with a population of over 9,000, the M.R.P. polled nearly 24 per cent of the votes cast at the general election of November 1946. In the municipal elections of October 1947, in the same towns, the M.R.P. polled just over 10 per cent. The small Gaullist Union had polled under 3 per cent in 1946; General de Gaulle's Rally polled over 33 per cent in 1947. The national repercussions of this landslide were not long in following. On taking office in January 1947 M. Ramadier received a vote of confidence from 577 out of 587 members voting in the National Assembly. Even after the departure of the Communists he could still command a majority of about 100 votes, up to shortly before the election. He re-formed his Government as soon as the results of the first ballot were known, and the new Government received a vote of confidence of 20 when the Assembly met at the end of October.

There is, of course, no simple explanation of this apparently sudden swing of public opinion. Undoubtedly the economic crisis, and, in particular, the hardships imposed on the urban working and middle classes by uncontrolled inflation, count for a great deal. But the political failure of the two parties which represent the bulk of the working classes and a high proportion of the lower middle classes may well be, in the long run, more serious than the Government's economic failure. In November 1944 Socialists and Communists were determined to create real working-class solidarity. The united trade-union movement had already been reconstituted during the occupation, and the political movements were psychologically prepared for fusion and ready to sit down together and work out the practical steps necessary to bring it about. They never succeeded in doing this, and responsibility for that failure belongs almost, if not quite, wholly to the Communist party. The Communists, in accordance with their traditional policy, tried to make the maximum political capital out of any and every situation and did not scruple to use any means to this end, including appeals for working-class unity, accompanied by scurrilous personal attacks on leading Socialists. Fusion, for the Communists, meant absorption of the Socialist movement and therefore the necessary preliminary was to win votes at the expense of the Socialists. The Socialists were angered by Communist tactics and shocked by the political immorality of their subordination of ends to means. But, in their anxiety to avoid either being swallowed by the Communists or driven into the anti-Communist camp, they allowed themselves to be divided. They devoted far too much time and energy to working out their relation to the Communists and, consequently, far too little to winning the support of the electorate for a positive Socialist policy. They also allowed themselves to be manoeuvred by Communist tactics into keeping their

distance from the one great democratic party with which close co-operation would have been possible, namely, the Catholic M.R.P. It is true that this party contained a relatively large or, at least, potentially large right-wing element. Its unwillingness to compromise on clerical issues, too, alienated a number of Socialists. But its leaders were close enough to the Socialists to have made it possible for a strong, positive policy to be worked out, if the Socialists had felt able to take the risk of isolating themselves from the Communists. When they did realize that this risk would have to be taken the ranks of the M.R.P. had been considerably thinned by defections to the new Gaullist group and the Socialist party had lost a quarter of its votes, mostly to the Communists.

Responsibilities of Coalition

CERTAINLY, the Socialist Party had great difficulties to contend with, and it was not so easy to be clear-sighted in 1945 and 1946 as it was in 1947. Socialist sympathizers had increased at a moment when Socialist leaders were depleted, both by the toll taken of resisters and by the purge of collaborators. Communist provocation was great, but political ruts were deep. It was hard for many Socialists, after the move towards unity of 1944, to turn their backs on a revolutionary party in order to co-operate with a Catholic one, and, what was more, a Catholic party more than tinged with uncritical Gaullism. Still, the fact that Socialists were driven to allow the Communists to call the tune, to drag one red herring after another across the trail, their failure either to produce any national leaders with half the courage and clear-sighted statesmanship of the septuagenarian Léon Blum, or to follow his leadership with sufficient enthusiasm, and their inability to convince the puzzled elector that they had an ideal and a practical policy more worth fighting for than anything that the Communists had to offer, all helped to bring what Socialists and Communists both feared, a real threat of Gaullist dictatorship.

Two other political failures ought to be mentioned. The first is technical and subsidiary. The electoral machinery devised by the provisional National Assembly, with the aim of giving strictly accurate proportional representation to the three rival parties, was an unnecessary complication. The average man had quite enough on his mind without having to make the effort of understanding the voting system, and he certainly cared little what the precise relationship of the three parties was, provided they settled what was for him the vital and urgent problem, namely, the relationship between prices and wages. Moreover, the wrangles and compromises which accompanied the working out of the system did nothing to enhance the prestige of any of the three parties.

The second failure is moral and crucial. The success of parliamentary government depends on the acceptance of certain principles of political responsibility, not merely in theory but also in practice. A coalition Government is doomed if it is continually weakened by attempts on the part of one member of the coalition to score electoral points at the expense of the others, by attacking, outside Parliament, measures to which their representatives

in the Government and in the Assembly have agreed. The cost of possible short-run triumphs is bound to be the long-run discredit and defeat of the parliamentary principle itself, on which the existence of all members of the coalition depends. The rapid growth of the Gaullist party, with its insistence on the need for a strong executive and its hostility to political parties, is proof of the reality of the threat to parliamentary government, caused by the abuse of its essential principles. All parties have, to some extent, undermined Cabinet solidarity in order to reap party advantage, although only the Communists have done so consistently and with total disregard for honesty and for the consequences to the nation. But political responsibility also demands that a party shall not—as the Socialist party did at its Congress of 1947—embarrass its own Prime Minister and his Socialist colleagues by passing doctrinaire resolutions which they know cannot be applied, which they do not even intend to be taken seriously, but which they hope will win them support in the country.

The Hungry Sheep

HOWEVER important these political failures may be in the long run, it is the economic failure of French Governments since the liberation that has alienated the sympathy of the average elector for the democratic parties. No one believes that General de Gaulle's new supporters are hankering after a Napoleon or a Pétain. They are simply tired of the economic muddle, of political wrangles and administrative inefficiency, of a France divided into country people eating bigger and better meals than ever they did before the war, and townspeople who are either spending all their time and money in the attempt to feed themselves, or making fortunes by supplying the black market and spending them in buying its products. Whatever Government is in power will be faced with the task in which preceding Governments have failed: the task of balancing the budget by a drastic curtailment of expenditure; of increasing French production and, as a necessary means to that end, increasing rapidly her supply of skilled man-power; of stabilizing prices which have risen in 1947, and are still rising, more steeply than ever before; of refusing to make further concessions to the repeated demands for wage increases.

The last-mentioned task is likely to be politically the most difficult, for there is little doubt that the patience of both working- and middle-class wage-earners is wearing thin. The *minimum vital*, assessed by the Trade-Union Confederation a year ago at 7,000 francs a month, has now been reassessed at 10,800 francs. Strikes in support of demands for increased wages have been growing during the summer, both in industry and the Civil Service. For the Government to accept anything approaching the figure of 11,000 francs as a general minimum would involve an increase of expenditure far beyond the present capacity of the national finances. Yet it is by no means certain that the working class can at this stage be convinced of these economic realities. In September there was a strike against the reduction of the bread ration, although it was demonstrably out of the power of the Government to maintain it for the time being. The exact degree of Communist responsi-

bility for some of the strikes is not clear, but it is generally believed that the Communists have tried to prevent a number of strikes and have only come in and taken over the leadership when it was clear that they could not stop the strike. Since the creation of the "Cominform", they appear to have changed their policy and to be seeking to provoke strikes. The advent of a de Gaulle Government would surely offer a welcome pretext for even more violent action.

What, beyond that, would be the precise tactics of the French Communist Party, which polled over a quarter of the votes cast at the last general election, to the return of General de Gaulle to power? That is a question that the average Frenchman is asking himself more and more anxiously, because the courageous, though belated, attempt of the middle parties (represented by the Socialist party, the M.R.P., elements of the *Rassemblement des Gauches* and the U.D.S.R.) to form a "third force", strong enough to maintain democratic government in its traditional form against the threat of Gaullism, is by no means certain to succeed with the present distribution of political opinion in the National Assembly. If means are found to dissolve the Assembly immediately or within the next few months, public opinion will have its say, and, judging by the results of the municipal elections, will return a strong Gaullist party to power. It is significant that the two main articles of faith—they can hardly be described as a policy—of General de Gaulle are the need for a strong Government and hostility to the Communists. Now the first needs above all two things, and General de Gaulle has given no indication so far of how he intends to obtain either of them. It needs an efficient administrative machine and the goodwill of the workers. As far as the first is concerned, General de Gaulle was in power, in far more favourable circumstances, from liberation until January 1946, without succeeding in creating a machine trustworthy or efficient enough to make the rationing system work, to make the peasants sow and deliver wheat in sufficient quantities or to keep the black market in check. It does not seem reasonable to suppose that he could do any better in the immediate future, even if he were not faced with the prospect of widespread industrial unrest, strikes and non-co-operation by the Communists. In fact, all the probabilities are that the Communists would actively oppose him, perhaps even to the point of civil war.

If General de Gaulle comes to power, then, whether he governs by constitutional or unconstitutional means (and there is no reason to doubt his intention to keep to constitutional means), the danger to the Constitution is equally real. Democracy and the whole machinery of parliamentary government, are, therefore, in grave danger, and, in these critical post-war years, much more than the political future of France may depend on the political developments of the next few months. The realization of these facts may perhaps bring much-needed strength and unity to the progressive and democratic forces both inside and outside Parliament and thus enable the "third force" to be not merely a defence against totalitarianism, but a positive and effective expression of democracy in action.

CHINA IN TRAVAIL

THE spectacle of a great people tearing itself asunder is something that even the most detached historian cannot watch without emotion. To anyone who from Chungking or Kunming saw a little of the sufferings and fears of the people in Free China on the eve of the Japanese surrender, and then witnessed the upsurge of hope when the Japanese laid down their arms peacefully and without destroying all the industrial prizes of coastal China and Manchuria, the subsequent march of events during 1946 and 1947 is a heartbreaking story. China after two years of so-called peace finds herself in greater peril to her nationhood than she was during the war, when the richest half of her territory was under hostile occupation. Since March 1947, when the already embittered relations between the National Government and the Communists were finally broken off, civil war on a large scale and on widely scattered fronts has been openly waged; and since June the Government has publicly announced its plans for an all-out military campaign to exterminate the Communists, now branded as rebels and traitors, although they control vast areas containing a quarter to a third of China's population. Military conscription, which was to have been ended almost two years ago, has now been intensified with all the brutalities that the practice involves under Chinese conditions. Internal rail and river transport, which here and there was slowly beginning to be rebuilt with UNRRA supplies, is again crippled by the arbitrary and destructive exactions of the military. Food requisitioning, often with levies by local generals superimposed on the demands of the National Government, has been extended mercilessly into regions (such as Hunan and Anhwei) already menaced by famine and receiving UNRRA relief supplies. Paper dollars by the billions have poured from the printing presses to finance the needs of armies and Government departments, driving prices to heights which have paralysed most industrial production and export trade. The exchange value of the currency has fallen from about 1,500 to one United States dollar in August 1945 to about 80,000 in October 1947. China's foreign trade, after a brief feverish period of uncontrolled imports, which for the most part enriched a few traders but brought little permanent benefit to the public, is now almost at a standstill and is throttled by severe and cumbersome restrictions. Foreign exchange reserves, which, thanks to American credits and United States Army expenditures in China, had risen to about United States \$1,000 million in 1946, are now reduced to only a small fraction of that amount.

Sacrifices of this order might perhaps be tolerated if the eventual rewards were assured and substantial. Yet in the military sphere the National Government, after almost two years, has barely extended its precarious foothold in North China, has failed to open either of the two north-south trunk railways, and has only just been able to prevent its isolated armies in Manchuria from being cut off and whittled away by the Communists. Morale among the Nationalist troops has remained low on most fronts and there have been some notable defections of Nationalist units—in one case a

whole division—to the Communists. Nor have those favoured divisions which were trained and armed by the American Army always proved to be unqualified military assets. In too many cases American arms and supplies have passed, by capture or bribery, into the hands of the Communists, and in most areas the problem of feeding and maintaining these divisions on the relatively extravagant scale to which they have been trained has put grave additional burdens on an already inefficient service of supply.

Despite the pressure from the American military advisers and the pleas of General Marshall (and probably General Wedemeyer later), the oft-discussed reduction of the swollen Nationalist armies has made no progress. A Government which can barely afford to maintain an army of one million, and that only modestly equipped and poorly paid, persists in keeping three million ill-fed, badly clothed men under arms, only a fraction of them really fit for duty. The burden of these useless armies on the populace is not measured merely by the grain taxes and currency inflation needed to maintain them, but also by the constant draining away of man-power from an agricultural economy which requires large amounts of labour, and, perhaps most of all, by the hatred which the soldiers' looting and requisitioning of food and animals evokes among the peasants.

There is much less precise information on the Communist-controlled areas, still very large and economically important. Yet the few outside observers who have visited these regions generally agree that, though morale is relatively high, the economic and administrative policy of the Communists has moved during the past year into a much more drastic and revolutionary phase than was characteristic of the period from 1937 to 1945. Expropriation and redistribution of the larger land holdings, and the use of summary village courts to settle old, sometimes very old, grievances against those who have fallen out of favour with the authorities, have become increasingly familiar instruments of policy. Excesses and bloody reprisals by Communist troops against ill-fated communities which happen to be located on the border-lines of Nationalist and Communist territories have been much more frequent than formerly. Moreover, since they were forced to evacuate their old capital at Yen-an and have lost many of their contacts with the rest of China and the outside world, the propaganda and general ideological line of the Communists has taken on a far more extreme and doctrinaire quality. That in itself tends to confirm the belief of those who now allege that the Chinese Communists for the past twelve months have been following the regular Moscow party line much more closely and noticeably than formerly. Finally, it should be noted, though the evidence as yet is far from conclusive, that there have been increasing reports of more substantial and direct aid given to the Communists in Manchuria by the Russians, principally, it would seem, in the form of well-armed Korean troops from northern Korea.

Confident Communists

WHAT is less open to question and more significant is that the Communists, despite the numerous campaigns launched against them, remain astonishingly confident of their future. No recent visitor to China

can fail to remark this fact. Nor can one cease to marvel at the extent to which in recent months sympathy with the Communists' aims and programmes finds vigorous expression from the most unexpected quarters in Nationalist China. Such expressions come even from conservative Chinese business men who have no love for Russia or socialism, men who in 1945 were solid supporters of the National Government but feel now that life under the relatively honest totalitarianism of the Communists could not be worse than it is under the corrupt inefficiency of the Kuomintang. Indeed it is on this fact that the Communists count most heavily for their eventual success. They do not deceive themselves that they will win many large frontal engagements in the field, but they are confident that the Nationalist forces will eventually collapse from their own graft and incompetence. It is worth noting that the Communists have recently made successful use of specially trained "surrender negotiators", experts in bribing the surrender or desertion of opposing troops whose morale has deteriorated! Such devices were of course tried and perfected earlier by the Communists in their dealings with puppet Chinese forces serving under the Japanese in North China.

The question is often asked: how would the Communists act if a succession of Nationalist military disasters should put them in a position to assert their power? While the answer must obviously depend on time and circumstances, there are many who think it unlikely that the Communists would immediately try to seize control of the Central Government and establish a Communist régime for the whole country. The Communist leaders are well aware of the risks they would run in such an attempt—risks of administrative breakdown through lack of qualified and trustworthy men, risks of serious local rebellions through lack of sufficient reliable troops to police so vast an area. For that reason they are, in a sense, quite sincere in their assertions that they do not seek a monopoly of power and that their primary aim is to co-operate with other relatively progressive groups in a régime of rather free bourgeois capitalism, at least for several decades. How long that honeymoon phase would last before the Communists began to dominate the coalition would of course depend on a variety of factors, some of them international in origin. Similarly, in the military sphere, it is quite probable that the Communists, in the event of a Nationalist collapse, would deliberately choose to enter into a series of loose temporary alliances with certain provincial warlords, rather than try to take over, in one vast coup, the military control of all China.

Though often denounced as treacherous propaganda, the Communist claim that they are to-day the best friends of Chinese democracy and private enterprise is something more than mere hypocrisy. They know that the eventual triumph of their system in a backward economy like China's demands a much greater and faster development of modern industrialism and commerce than has yet occurred. They also know (and they exploit this to the full) that one of the chief worries of the ordinary Chinese business man to-day is the jungle growth of Government monopolies and bureaucrat-controlled enterprises, often run for the personal gain of a few favoured politicians and generals. This expansion of bureaucratic capitalism, which

occurred naturally enough during the war in west China where private industry was very weak, was greatly accelerated after the Government moved back to the coast and took over the rich prizes of former Japanese factories and properties. Profiting from inside knowledge and political favouritism, many highly placed persons in the Party and the Army made very lucrative deals in all kinds of business, ranging from real estate to electric power and river shipping. By far the juiciest of these political plums has been the huge China Textile Corporation, comprising all the former Japanese mills in China. Besides yielding a large revenue to the Government it has enriched numerous officials connected with it. Another enterprise which has been very profitable to certain individuals has been the shipment of coal, sugar and other raw materials from Formosa to the mainland. Still another has been the Yangtze River shipping, in which Chinese interests making unprecedented profits from high freight charges successfully blocked proposals to allow foreign shipping to trade at the inland ports of Hankow and Nanking—and at a time when China was desperately short of water transport.

Exact figures and facts in such matters are difficult to obtain and there is no way of proving the truth of the sensational stories, widely circulated and believed in China, that several of the leading personalities in the Government and the Army are deeply involved in these enterprises for their personal profit. Whether or not one accepts these charges, which are stated in their most extreme form in a much-discussed Communist book entitled *The Four Families of China*, there is no doubt about the great expansion of bureaucratic enterprise and the steady decline in the power and prestige of the never robust private business class. Before 1937 that class, particularly the more modern industrialists, managers and bankers, used to constitute a small but progressive and potentially important influence in the modernization of China. Though almost wiped out as a political force during the war, this group of technically capable people might, under reasonably favourable conditions, have revived and become a nucleus around which a liberal programme of reform and reconstruction could have developed. Such a development could hardly have taken place, however, without some outside aid, particularly from foreign capital. It is ironical, therefore, that the United States, which is now the main citadel of private enterprise in an increasingly collectivist world, should have pursued policies in China which, whether intentionally or inadvertently, have served to strengthen and entrench the Chinese economic bureaucracy and thus still further block the recovery of Chinese private business. American credits, American lend-lease (continued long after the end of the war), American army surplus property turned over to the National Government, even many parts of the UNRRA supply programme, have all had the effect of intensifying the concentration of economic power in the hands of government and party leaders.

In some respects, of course, this development is inevitable. It is to be expected in all countries at war and is certainly not surprising in a land like China, where the power of bureaucracy is so deep rooted in tradition. But without in the least assuming that China could or should follow the path of

Western nineteenth-century free enterprise, one may well feel some alarm at policies which put such difficult new obstacles on top of the age-old barriers impeding the growth of a modern middle class, which the nation so badly needs. Without such a class and without some modernized sectors of economic life to support it, there can be little hope for the emergence of even a rudimentary democracy in China. Accordingly, there are good grounds for arguing that foreign, especially American, aid to China should be given under conditions which would particularly benefit the private business groups and check the further proliferation of bureaucratic enterprise. This is not to suggest that the Chinese business man is innocent of corruption and short-sighted policies: far from it. Yet, by and large, it is true that this group has within it the possibilities of more rapid and progressive leadership than the Nanking officialdom. Even in the event of a revolution this same group would, as the Communists admit, have to play a leading rôle in the nation's development, at least for twenty or thirty years.

Resuscitation of the moribund Chinese business class may seem a precarious foundation on which to start the modernization and reform of China. Precarious it certainly is, but without such a foundation it is folly to talk of establishing a "liberal" régime in China and of averting a destructive, but still probably abortive or inconclusive, revolution. Without such a foundation, too, the "democratic" political groups, whether in the minor parties or in the more moderate wing of the Kuomintang, can never hope to be more than a handful of powerless leaders with no following.

The Centralization of Authority

MONOPOLY and centralization of power in China have not been limited to the economic world. They are manifest also in the nation's political structure.

At a time when the basic issue for the National Government is no longer whether it can expand its authority over all of China but rather whether it can survive at all as a going concern in its own home base of the Yangtze valley, it is ironical to find how completely and unrealistically the doctrines of centralized administration continue to dominate the party and the Government. Whether in the sphere of economic planning (and there have been dozens of admirable but politically impossible plans) or educational policy or local government reform or the administration of the vitally important new territories of Formosa and Manchuria, one sees the same obsession for methods which require nearly all decisions, often on the most trivial matters, to await the nod of a handful of army or party favourites in Nanking or Shanghai. And since these functionaries are themselves often competing for the same spoils, all too often the final ruling must be referred to the Generalissimo himself. It is almost impossible for the ordinary Western reader who has not actually observed the National Government at close range during the past two years to imagine to what absurd lengths this process is carried. Even under a man as able and modern-minded as Dr. T. V. Soong, the inability or unwillingness of quite senior officials in the Executive Yuan to take action without his personal instructions on the most minute details has evoked feelings of

alternate amazement and despair in the minds of foreign observers and advisers. Repeatedly such advisers have heard a highly competent senior official confess, in private, that he dare not openly convey to his Minister or party chief adverse comments on a proposal on schemes which he knows to be unsound or unworkable. The effects of such a system, through the paralysis of initiative and the fear of accepting responsibility on the part of local officials everywhere, are tragically evident in all parts of China to-day. Nowhere are they more harmful and ludicrous than in the educational bureaucracy of the National Government. Here, despite unbelievable shortages of teachers, equipment, books and buildings, and despite an extreme need for giving the maximum of freedom to improvise methods to suit the widely differing local circumstances, the Government persists, not only in prescribing from Nanking the most detailed, rigid systems of instruction, administration and examination, but also in using the educational system as a means of political indoctrination, espionage and "thought control" through the Youth Corps and student informers.

Let it be admitted that the evils of centralization are not peculiar to China and that China is not the only land where all major and many lesser decisions of national policy depend on the whim of a totalitarian "leader". Admit also that one could hardly expect a country like China, with its age-long traditions of bureaucracy and government from above, quickly to adopt a Westernized federal system of administration. Yet the fact remains that Nationalist China, simply in the interests of its own survival, cannot afford to persist in this mania for controlling everything from Nanking. Even with a loyal and highly trained civil service ten times larger than it now possesses, a nation so extensive, so diversified, and lacking an efficient network of transport and communications could hardly be administered effectively under a unitary, monolithic form of government. Even the Soviet Union, the epitome of the centralized State, with all its administrative "steel frame" of civil servants and party officials, has acknowledged the need for federalization and decentralization to a far greater degree than China.

All this is far from being a long-term or academic problem. It has the most immediate bearing on Nanking's dilemma to-day: how far to persist in the hitherto futile attempt to establish a centralized Kuomintang hegemony over all China by military means or to concentrate, at least for the next five or ten years, on a policy of rebuilding and reforming the relatively safe and wealthy areas of the lower Yangtze while permitting a much greater degree of local autonomy in more distant provinces and thereby (let us admit it frankly) concede in effect the control of most of North China and Manchuria to the Communists. It is a bitter decision to have to make. To renounce, even for a few years, the hopes of regaining by conquest the more economically advanced North is something that many of the generals and Kuomintang chiefs will resist in every way, since for many of them it means the loss of valuable prospective spoils, not to mention a great enhancement of the power and prestige of the Communists. Yet the alternative—the continuance of the present ineffective but costly campaigns against the Communists—is one that increasingly whittles away the strength of the already

weak Nationalist armies and undermines both economic recovery and public morale in the base areas of central China. More and more the Government finds its freedom of choice restricted to the elemental issue of mere survival.

Dreams and Realities

UNLESS this grim fact is kept in mind, the outside observer of Chinese affairs may easily find himself drawn into discussions of an utterly unreal world of economic reconstruction (with Yangtze dams and huge heavy industry developments) or political reform (complete with constitutions and representative assemblies)—a world far removed from the real China around him, in which UNRRA industrial equipment brought in without charge is left to rust or illegally diverted to private use, where the adoption of constitutional government is solemnly announced for the end of 1947 at a time when arbitrary and harsh requisitioning of men, animals and crops for the prosecution of the civil war has been renewed on an unprecedented scale. In this cloud-cuckoo-land it is all too easy to confuse hopes with accomplishments, to regard the blue-print as if it were the factory in operation, to become absorbed in how to find foreign markets for the industrial exports of the new China, while forgetting the scores of small existing plants which are going out of business every week in the steady decline of an industrial output already pathetically low. The deception is all the easier because the plans are often sound in conception and technically admirable in detail and because the engineers and administrators who have drafted them know that, given half a chance or even a brief respite from political and military anarchy, the projects could be put into execution with immense benefit to the public and profit to the Government.

This last point is worth underlining. For any long-run programme of modernization China is sadly deficient in an adequate corps of technicians, modern administrators and skilled labourers. Perhaps most of all she lacks managers and foremen and the schools in which to train them. Nevertheless this scarcity is not her real problem for the present. Strange and tragic as it must seem, China to-day cannot effectively use her small supply of engineers and administrators. Because of military confiscations, because of mounting internal costs and the Government's constant inability to divert funds from war purposes to reconstruction, hundreds of useful enterprises, which are supposed to be producing much-needed equipment or consumer goods and employing technicians and skilled workers, are idle or operating at only a fraction of their capacity. Technical skills and organizational "know-how", often acquired abroad at great expense, are wasting away along with the idle machines.

This fact, that a country so hungry for both capital and consumer goods should be incapable of utilizing its own small existing industrial capacity, is difficult for the outside observer to grasp, but it is confirmed on all sides by the testimony of foreign engineers, UNRRA experts and (in private) by many Chinese economists. What is more significant, there is mounting evidence to show that many of the ambitious government schemes for supplying China with heavy capital equipment from abroad have been

ill-advised and harmful. Again and again one hears how such equipment, obtained at great cost and difficulty, lies unused on docks or in warehouses because the Government literally cannot find the funds to transport, assemble, house and maintain it. This has been true of much UNRRA equipment and it applies even more to the heavy, and often quite unsuitable, equipment which China acquired from the American Army in Okinawa and other Pacific islands but which she is now finding it financially impossible or inadvisable to transport to the mainland. The same considerations hold good for China's ability to receive reparations from Japan. Strange as it may seem, the earlier optimistic schemes for transferring whole Japanese industrial plants to China, and for taking large quantities of Japanese machinery, are now seen to be too costly and unworkable, though the Government continues to voice its demands for a large share of such reparations. It has been extremely difficult, in fact, for the Chinese authorities to discover Japanese reparation goods which they could afford to take without involving the Government in heavier additional expenditure than it could afford at present. For similar reasons it is now evident that, even without the political uncertainties in Manchuria, the Chinese would be unable for a long time to come to make effective use of the very considerable industrial plant of that area which remains after the Russian looting and removals. China had every reason to feel bitter over the Russian actions there, but it is doubtful indeed whether she could have used much of the heavy Manchurian industrial plant, geared as most of it was to the Japanese economy, and dependent on Japanese technicians and managers.

It may be said that these difficulties of absorbing new capital equipment are merely the temporary results of civil war and inflation. That is partly true, and the Government could prove it if it had the will to divert to economic reconstruction a part of the 80 per cent of the national revenue which now goes for war purposes. On the other hand, the roots of the problem lie much deeper in the very nature of the Chinese economy. Even under more favourable political conditions one must realize that China's economic capacity to utilize foreign capital goods is extraordinarily limited. The costs of employing such equipment—and especially much American equipment—are simply too great for a country which in the best of times has such a slender margin of real surplus wealth over the requirements for bare subsistence. The more responsible Chinese planners now concede this point and recognize that economic reconstruction will have to proceed more slowly and on a far more modest scale than the grandiose official plans would indicate.

Extraneous Influences on Society

ORTHODOX discussion of Chinese economic and social problems always runs the risk of being vitiated by the intrusion of extraneous political factors. That risk is so great to-day that arguments based on the reasonable assumption that the Chinese leaders are trying, however fumblingly, to advance the general welfare of the people are often likely to prove grotesquely wrong. And those who start from the cynical premiss that all policies of the

Government are designed primarily to increase the power or fortunes of a few party or army chiefs will often find themselves making surprisingly accurate predictions of future events. Two noteworthy illustrations of this may be cited—all the more illuminating because of the human tragedy in them. The first is the National Government's sorry record in Formosa. Here the Chinese had a unique opportunity to demonstrate, under very favourable conditions, their capacity for reasonably efficient and just administration of a people who by history and racial affiliation were predisposed to be friendly. Instead, the Government permitted a horde of political favourites and carpet-baggers from the mainland to exploit and loot the island in the most unbridled fashion and then, when the Formosans rebelled against some of the exactions, shot them down in a brutal campaign of repression. The second example is the story of the diversion of the Yellow River back into its old course. Of all projects in the UNRRA programme this had seemed to be most unquestionably beneficial to Nationalists and Communists alike and least susceptible to political sabotage. For a long time, indeed, the project was an inspiring example of co-operative endeavour. But in the end the decision to close the gap in the dyke and send the river along its old bed was made not by the engineers but by the Nationalist army authorities, mainly as a tactical move in the campaign against the Communists in eastern China. It was done at a time when the farmers located in the path of the water had not been given adequate opportunity to resettle and to repair the dykes along the new course of the river. Worse still, Nationalist planes for weeks strafed the labourers in the Communist territories as they worked on the dykes.

An adequate discussion of the extraneous political factors in China is beyond the scope of this article, but three points must at least be briefly mentioned. First is the continuing influence of the cliques within the Kuomintang, and, along with this fact, the constant effort of the Generalissimo to keep these factions counterbalanced. It is characteristic that at the present time, when, partly from a need to please the American Government, a politically "moderate" Premier has been put into office, the Generalissimo has permitted the right-wing "C.C." clique of the Chen brothers greatly to strengthen its position in the party, in the local governments and in many of the key sectors of the financial world. Second is the fact that the army, despite all the admirable plans for constitutional civilian government, continues to have an overwhelming influence in the economic life and political administration of the country. Provincial governors are almost invariably generals; the decisive voice in local administration is that of the local commander; the mayor of a city is always at the mercy of the garrison commander and the gendarmerie; orders from Nanking government departments are sabotaged or disregarded by army officers in the field; and the army is above all the hotbed of official corruption—so habitual as to be worthy of comment or criticism only in the most flagrant cases. Thirdly, and this is of unique importance in the present international scene, China is in the difficult situation of being officially one of the big Powers but in reality almost a dependant of the United States and being located on the frontiers of America's chief

antagonist. The consequences of this relationship may be fateful. They manifest themselves not only in all aspects of Chinese foreign policy but also in many internal developments. Every important step by the National Government is taken with an eye on Washington and with an estimate of the current state of American-Russian relations or of the probable trend of sentiment in a now Republican Congress. American arms, planes and credits are indispensable for the prosecution of the civil war; and so American advice and criticism (often bluntly expressed, as they were even by as friendly an observer as General Wedemeyer) on the reform of the Chinese Army and Government must be swallowed with a good grace. American correspondents who continue to report unpalatable truths about the Chinese scene must be permitted to function without too obvious interference. Having failed to obtain the long-sought loan from the U.S. Export-Import Bank before the credit lapsed in June 1947, the Chinese must now watch the steady diversion of American financial aid to Western Europe, rather than Asia.* Most unwelcome of all, China must watch her ex-enemy Japan becoming the pampered ward of the United States and being described by American army officers (sadly disillusioned about the earlier dreams of building China into a strong military ally) as the only Asiatic country they can make into a trustworthy American bastion against the Soviet menace.

That China, beset with internal feuds which threaten her very existence and caught between the two opposing steam-rollers of the United States and the Soviet Union, can continue so plausibly to sustain her nominal rôle in the United Nations as one of the great Powers is an astonishing tribute to the talents of her diplomats.

He would be a rash man who would predict the political future of this convulsed nation. Some will argue that her present disorders are the natural product of the war and not essentially different from the many troubles from which she has successfully recovered in past centuries. But to most observers to-day China stands on the brink of a much greater disaster threatening her very nationhood. One recalls poignantly the prophetic words in Sun Yat-sen's will: "The revolution is not yet finished." Unless China's own leaders and her foreign friends have the wisdom to aid and not thwart the still incomplete social revolution, her future is dark indeed. China is a nation in travail. The agonizing process of birth cannot be stopped, and no one can yet say whether those who attend her can deliver a healthy child.

* This statement is confirmed rather than invalidated by the announcement, on November 11, that the State Department is proposing financial aid for China at the rate of 20 million dollars a month for 15 months starting in April, 1948 (in addition to earlier recent grants totalling 60 millions). Apart from the modest size of this aid in comparison with that requested for European countries, it is significant that the Secretary of State felt obliged to comment that there was no firm basis at present for the rehabilitation of China owing to the inflation and the fact that 75 to 80 per cent of the Chinese National Government Budget is spent for military purposes. He also implied later, in response to questioning, that General Wedemeyer's Report, which is not to be released, is highly critical of certain aspects of the National Government. Despite great pressure from certain Congressional quarters and from Mr. Henry Luce, it is clear that the State Department does not feel that the present Nanking Government is a good risk for large-scale financial aid.

RESIGNING THE MANDATE

PALESTINE BEFORE THE UNITED NATIONS

THE destiny of Palestine must depend in the long run on certain sociological and geographical factors which can to some extent be calculated. Its immediate future, however, will be determined by political decisions due to be taken within the next few months or weeks by the General Assembly of the United Nations, by the Mandatory and by the two contending parties. It needs a great deal of optimism to believe that a final settlement can be reached without some bloodshed; but the wisdom or unwisdom of the decisions taken may decide whether this is to be a senseless waste of life or the last painful adjustment by which the perilous balance of forces under the Mandate makes way for a more stable and lasting régime. Nobody can foretell what the decision will be; the most that can be attempted is to bring the problem into focus and form an estimate of the various forces at work.

On February 3, 1919, the Zionist Organization submitted certain proposals to the Peace Conference at Paris. These envisaged the ultimate formation of a Jewish Commonwealth whose frontiers were to include Transjordan and south Lebanon (as far as a line running eastward from just south of Sidon) in addition to Palestine west of the Jordan. This commonwealth was, in Dr. Weizmann's words, to be "just as Jewish as America is American or England English". The proposals were not accepted; instead there issued the Palestine Mandate. This gave the Zionists (having regard to the small percentage of the population which they formed at the time) a privileged position, politically, economically and linguistically, in Palestine west of the Jordan, and ordained that Jewish immigration and land settlement should be encouraged in so far as such action would not prejudice "the rights and position of other sections of the population". With the help of the Mandatory, the Zionist Organization was thereby enabled in a quarter of a century to increase the Jewish population from one-tenth to one-third of the whole and to form a Hebrew nation in embryo. The exclusive and expansive character of the community thus formed provoked the violent hostility of the non-Jewish majority; this in turn created such an impossible situation for both Mandatory and citizens that the British Government finally laid the whole problem before the United Nations and later announced their intention of withdrawing from the country at an early date, unless the parties, faced with this new prospect, were brought to an agreement and asked them to remain.

Many things originally obscure became clear to the British Government and people during this long and often painful experience; as the result of the recent developments, they are now becoming clear also to the United States and to the other countries composing the United Nations.

At the beginning of the Mandatory period the total incompatibility of Arab and Zionist aspirations was not realized. The Mandatory acted on the

assumption that sooner or later the common interests of the two parties would lead to the establishment of a binational independent Palestine. Others may have felt that either the Zionist project would fail from lack of enthusiasm or Arab opposition would yield before Zionist insistence. Insufficient allowance was made, on the one hand, for the great progress which the Arab world was about to make and on the other for the catastrophic possibilities latent in central European and Nazi anti-semitism.

The Post-War Phase

THE present position is that a Special Committee of the United Nations has put forward two proposals. One, supported by seven members, advocates the admission of 150,000 Jews in two years and the establishment under British supervision of independent Jewish and Arab States. The other, supported by three members, envisages a Federal State, formed of separate Jewish and Arab States, each of which would have its own legislature. Now if we examine these and all other solutions put forward for the future of Palestine, we find that they fall into three types—the Arab solution, which is an Arab State in all Palestine, the Zionist solution, which is a Jewish State in part or all of Palestine, and a number of variants of the Mandatory system. The latter, whether under the form of a unified Mandate or a cantonal or federal system, all envisage a continuance of Jewish immigration and land settlement on a scale such that the political future of the country will be rendered uncertain whatever paper guarantees might be given to the Arabs. This criticism applies to some extent even to the Federal-State plan of UNSCOP*, for here, too, we find provisions for Jewish immigration over a period of years, before the Federal Government with its Arab majority is authorized to take measures to safeguard its position.

It is therefore not surprising that all these projects have been rejected by the Arabs, as was the White Paper at the time of its issue; at the same time, it is understandable that they are equally unacceptable to Zionists, because they offer them even less assurances. The Mandatory has made it clear that he cannot, unaided, take the responsibility of implementing any such plan, because it will imply the use of force against one party or the other; nor, in view of his experience, is it likely that any other power or body will undertake the task unless it can be assured of the support of at least one of the contending parties. As the plan for earmarking all Palestine as a Jewish State is regarded outside Zionist circles as quite impracticable and is not even pressed by the Jewish Agency, Partition, the establishment of a Jewish State in part of Palestine, which has been widely represented as a reasonable compromise, has come again into favour. Analysis, however, reveals clearly that this project from the Arab point of view is open to the same objection as other proposed solutions. It is no doubt a compromise in the sense that it gives the Zionists very much less than they had hoped for under the Mandate. Yet to the Arabs it appears a compromise like that which the Czechs had to accept at Munich; for whatever paper guarantees may be offered, Arabs are not likely

* United Nations Special Committee on Palestine.

to misunderstand the meaning of such statements as that made by the Chairman of the Jewish Agency Executive, after the discussion of the earlier partition plan by the Zionist Congress. "The debate", he said, "has not been for or against the indivisibility of the Land of Israel. No Zionist can forgo the smallest portion of the Land of Israel. The debate discussed which of two routes would lead quicker to the common goal." The Arab idea of a compromise, on the other hand, is a cessation of Jewish immigration in return for Arab acceptance of the Jews already in the country and their recognition as citizens enjoying the full rights enjoyed by other citizens of the State. It is, in fact, clear that in the UNSCOP plan, as in that of the Royal Commission, the first consideration was the creation of a viable Jewish State. The Arab State, therefore, could only be formed out of whatever was left over. Since this rump obviously has neither the will nor the resources to become a State, it must eventually be absorbed either by the Jewish State or by a neighbouring Arab country. The latter possibility is, however, ruled out under the UNSCOP scheme by an ingenious system of treaties and the establishment of a joint economic council. These devices ensure that the Arab State shall develop within the economic orbit of the more industrialized and richer Jewish State. Since, however, the principle of partition has the support of America and Russia, as well as of the Zionist Organization, and is being further elaborated by a committee on which they are both represented, it appears quite possible that it may obtain the necessary two-thirds majority. The assumptions upon which it is based and its prospects are therefore worthy of fairly detailed consideration.

An Anomaly and its Justification

SUPPORTERS of Partition are for the most part ready to admit that the creation of a Jewish State, in the heart of the Arab world and against the will of the majority of the inhabitants of Palestine, would be an exceptional proceeding hardly in accord with ordinary international practice. Against this, it is pointed out that the Jewish case is unique. Zionist doctrine, basing itself on the undeniable fact that the Jews of to-day are the adherents of what was originally the national religion of a Palestinian people, claim that the sufferings which Jews have undergone, for nearly two millennia, are due primarily to the separation of the people from their native soil. This theory seems to assume that Jews are a specific nation, set apart and possessing certain characteristics which prevent them from living happily among other nations or being assimilated to them; nor, according to this view, can Jews without statehood make the full and distinctive contribution to civilization of which they would otherwise be capable. It is of course true that adherence to Judaism implies adoption into the community of the Israelites or sons of Israel. But it is surely not legitimate to deduce from this that Jews are a homogeneous nation, still less a race, distinct from the rest of mankind. Like other human groups, Jews living together in a particular territory, and intermarrying, tend to produce certain recognizable physical types; yet there is no more physical resemblance between a typical Polish and a typical Yemenite Jew than there is between a typical English and a typical Abyssinian Christian.

The tremendous enthusiasm for the idea of a Jewish State by which so many Jews are moved to-day is due to an understandable but none the less hysterical reaction to persecution rather than to a common Palestinian origin. The surest and most humane method of relieving this hysteria, and thereby the pressure on Palestine, would certainly be the admission of displaced Jews on a large scale into the New World and elsewhere. Such action has in fact been urged on the United Nations by the British Government, though not perhaps with all the necessary emphasis and vigour. Once this pressure had been relieved, the existence of a Jewish State would no doubt be a source of satisfaction to Jews in the Diaspora, in the way that the existence of Protestant States is a source of satisfaction to Protestants living in non-Protestant countries. Its existence would moreover provide a possible refuge for a limited number of persecuted Jews, just as Protestant England once did for the Huguenots. The proposed Jewish State will, however, be nowhere near large enough to receive all possible Jewish refugees, nor can it hope to solve the Jewish problem in general. The National Home is in reality bringing into being a new type of Jew—the Hebrew-speaking Palestinian Jew. Some of his co-religionists, attracted by this ideal, will join him in Palestine; but the majority, when persecution is not acute, will simply feel the same pride about Jewish Palestine as an American Catholic, to take another example, feels about Italy. Whether the gain to Jewry would be so great as to justify the very unusual proceeding of creating by immigration, against the will of the majority and that of the inhabitants of the neighbouring lands, a State of a particular religious persuasion is surely questionable. It is significant that the Anglo-American Committee, which, alone of the many commissions on Palestine, discussed this point at some length, did not pronounce in favour of the establishment of a Jewish State.

Granting, however, that the creation of a Jewish State in Palestine (for Zionists do not wish it elsewhere) is an objective of overriding importance, is the project, in fact, practicable? Here, again, it is not easy to give a simple answer in the affirmative. In the first place, though the UNSCOP plan allots most of the wealth and resources of Palestine to the Jewish State, it is not certain that the territory would be large enough or rich enough to support a State such as the Zionist plan predicates. The State will come into existence with two tremendous problems on its hands—the assimilation of a hostile minority, almost as numerous as its Jewish citizens, and the absorption within a period of two years of immigrants amounting, perhaps, to a quarter of the total existing population. It will have to deal internally with a body of terrorists who regard the acceptance of partition as a betrayal of Zionism, and who will tend to urge aggressive action to enlarge the State territory. Externally, it seems certain that the Jewish State will be involved in war, declared or undeclared, with all the neighbouring States—primitively organized, it is true, but none the less formidable—who will, moreover, possess as allies within the State a fifth column amounting to half the population. In this connexion it is of some importance that the one original contribution of UNSCOP to the discussion on the Palestinian problem was their statement that "it cannot be properly contended that the use of force as a means of

establishing the National Home was either intended by the Mandate or implied by its provisions". Yet nobody supposes that the Jewish State can be established without the use of force.

On the other hand, the Jewish State will be enormously strengthened by the fiat of the United Nations (if the proposal is approved), and possibly it will have the backing of some international force. Whether or not such a force can be brought into being and function satisfactorily, in view of the existing tension between the U.S.A. and the Soviet, is, however, another matter of doubt. The formula agreed on by the U.S.A. and the U.S.S.R. on November 10 makes the unjustifiable assumption that Arab resistance to Partition will be negligible and that British forces will be available to overcome whatever opposition there may be. The moral effect of the decision will, moreover, be weakened by the suspicion that one great Power has been influenced in its attitude by a factor of internal politics—the need of conciliating Jewish votes—while another, which opposed Zionism as long as it considered the movement to be a handmaid of British influence, has only turned to support it when such action seemed likely to embarrass Britain. Other States favourable to Partition have obviously been influenced by the unsatisfactory relations existing between their own Jewish and non-Jewish citizens, by the desire to salve their consciences for denying admission to Jewish refugees or by the hope of finding an outlet for those of their Jewish subjects whom they consider to be "surplus". These considerations must detract a good deal from the impression created by their declarations of sympathy for the Zionist ideal, even though no one can doubt that the heroism displayed by the Zionists in the colonization of Palestine and the work accomplished there is a major factor in world support for Zionism. Another point of significance which must weaken the effect of Western approval of Partition is that the Eastern States, who have not the uneasy conscience of the West in this respect, look like declaring themselves unanimously on the other side; for the Arab States seem assured of the support of Iran, Afghanistan, India, Pakistan and Siam, and probably also of China and Turkey.

Is there an Alternative to Partition?

IF Partition is not accepted, there appears no other alternative but the establishment of a democratic State of Palestine, with an Arab majority, and, in fact, a second U.N. Committee, though composed almost entirely of Arab States, is considering such a solution. The objection to the Arab proposal in the eyes of all who sympathize with Jewish-Zionist aspirations is that, while it might allow the maintenance of existing Jewish agricultural, social, cultural and municipal institutions, it would put an end to the Zionist hope of an ever-growing National Home with statehood as the ultimate objective. Mortified by such a disappointment and having to co-operate as a minority with a relatively undeveloped people, whom the recent past has rendered hostile and suspicious, the whole National Home might be in danger of withering away like Jonah's gourd. The Palestinian Arabs have, as the result of the Mandate, had no opportunity of practising

the arts of government or even of administration at the higher levels. Like the Jews they, too, have their internal stresses. Ever since 1936 these have manifested themselves in a series of assassinations, of which the recent murder of the young labour leader Sami Taha was a particularly deplorable example. For these outrages members of the dominant clique, and particularly the Mufti, have often been accused of responsibility. On the other hand, the United Nations could no doubt help during a provisional period with experienced administrators. The Arab League, too, would have every motive to use its influence to ensure fair treatment for the minority and to put an end to intestine Arab strife. The imposition of such a solution upon the Zionists would, however, be exceedingly painful and would certainly be regarded by the majority of the United Nations with the greatest distaste. Nevertheless, it is hardly to be doubted that such a solution could be imposed. Much as the National Home owes to the energy and skill of the Jewish immigrants, its establishment was nevertheless only rendered possible by international approval of the project and the support of the armed forces of the Mandatory. The basis of the National Home is so artificial that it could not hope to stand against concerted economic measures. While the extreme terrorist elements would no doubt do their worst, it is hardly conceivable that Hagana would be brought into operation in such a hopeless case. Zionist leaders would have no choice but to make the best terms they could. That they will, however, be willing to consider any further concessions is most improbable after the declaration by the U.S. and the Soviet in favour of Jewish statehood.

We are therefore left with the fact that only two solutions are at the moment under consideration by the United Nations. The first—the creation of a Jewish State in part of Palestine—is likely to command a majority of votes, though not necessarily the two-thirds majority necessary to make it effective; but its implementation, even if approved, is likely to be exceedingly difficult. The other—an Arab State—though more possible to implement, is very unlikely to receive the necessary approval. In this case, if, as seems certain, the Mandatory maintains his decision to withdraw, Arabs and Jews will be left face to face. In these circumstances it is just possible, though not probable, that the two parties will ask the Mandatory to remain. More probably, however, they will decide the issue by a trial of strength, with the help of such aid as they can find from outside the country. Meanwhile, much suffering will be inflicted on innocent people.

In these discussions Britain, from being the protagonist, has voluntarily assumed the position of a spectator, or, shall we say, of the chorus in a Greek drama. Fine and desirable as it would have been that Britain should lead Palestine to final peace and stability, if it is a fact that the establishment of a National Home, such as the Zionists conceived, is incompatible with safeguarding the position of the Arabs, then withdrawal is the only honourable course. According to the letter of the law, a Jewish National Home has been established; yet there is no doubt that the words and actions of Lord Balfour, Mr. Lloyd George, General Smuts and other eminent statesmen, though they may not have been expressing the considered views of the Government, did raise hopes of statehood in Zionist hearts. And while, according to the

letter of the law, the position of the Arabs has so far been safeguarded, yet there is no doubt that British words and actions did cause the Arabs to believe that we had pledged ourselves to help them to independence. Further to fulfil the aims of either party would therefore be regarded by the other as a betrayal; on the other hand, it has become too costly in human life and in reputation to carry on as in the past. While there is therefore no alternative to withdrawal (unless the two parties come to an agreement) yet much will depend on the manner of this withdrawal. Failing any U.N. authority to whom to hand over, we should prejudice the issue if we handed over authority to either the Jewish Agency or the Arab Higher Committee. It has been suggested that the best solution would be the nomination (however belated) of Arabs and Jews as heads of departments and the handing over of responsibility, in so far as this is possible, to a committee of, say, the ten senior Arab and the five senior Jewish officials. Thereafter, the inhabitants of Palestine would have to settle their own affairs.

In past discussions the strategic importance of Palestine has often been exaggerated. Haifa Port is no substitute for Alexandria, and if the exit of the pipe-line is in Palestine, the source of the oil lies in Iraq. It is the friendship of the Middle East as a whole which is important, not the retention of one territory at the expense of antagonizing the others. Nor can Palestine stand comparison with Egypt as a war-time base. It was Egypt's excellent sea communications with the West and East, the accommodation and the railway facilities which she affords, her abundant man-power and her agricultural resources which made her co-operation invaluable in two World Wars. Palestine, at the best, could be little more than a useful but minor subsidiary. It was Dr. Weizmann himself who pointed out to a Zionist Congress years ago that it was to British intellectuals and not to the Service chiefs that Zionists should look for support.

In 1919 Britain found Palestine a neglected Ottoman province, with a population of 750,000, ridden with disease, virtually without roads or modern facilities of any kind. To-day, after twenty-eight years of British administration, the population amounts to nearly 2,000,000 and the country is equipped with all the apparatus of a modern State. If by our presence we have not been able to put the finishing touches to this work, and weld two warring nationalities into one, is there not merit in attempting to achieve the end by the only alternative left to us, the decision to withdraw?

THE DOMINION OF CEYLON

THE tremendous and sometimes tragic events that have heralded the genesis in South East Asia of three great new States, one completely independent and two still within the orbit of the British Commonwealth, have tended to eclipse the emergence of another independent state in the island of Ceylon, which is only about the size of Eire, though with more than twice its population. To this island, as the culmination of a process of constitutional development which began in the 'thirties of the last century and, after stagnating for some ninety years, went ahead with speed after the end of each of the two world wars, the Secretary of State for the Colonies last June announced the grant of a degree of political freedom which has since been defined as Dominion Status within the British Commonwealth—though he did not make this perfectly clear at the outset.

The purpose of this article is to review the general situation since the dissolution of the old State Council last July, and to consider how far the complacency shown by the official spokesmen of the Colonial Office is justified.* Mr. Creech-Jones's words were that Ceylon "will, I am sure, fully enter into the spirit of co-operation which is characteristic of the relationship of members of the British Commonwealth with one another": though his Under-Secretary was rather more realistic when he indicated that before "fully responsible status" was conceded agreement would have to be reached on a number of points—later stated by the Governor of Ceylon, on his return from a visit to London, to be three: defence, external affairs and the position of the public services.†

The first and presumably the only general election to be held under the "Soulbury Constitution" ended on September 20, with rather indecisive results. Properly to understand these, it is necessary briefly to review some foregoing events. During 1946 Mr. Senanayake, Leader of the State Council, and the other elected members of the Board of Ministers, with most of the State Councillors, decided to form a party under the name of the United National party, whose apparent object was to fight the general election on their past record. They expressly disclaimed anything in the nature of a communal outlook and attracted to their ranks most of the Muslim community and a minority of the Ceylon Tamils. The bulk of the latter, however, led by Mr. Ponnambalam, President of the Tamil Congress, did not lose their nervousness of Sinhalese domination,‡ and were not to be drawn in. The Ceylon Indian Congress, too, were not satisfied with the lack of effort that had been made to solve the thorny problem of the franchise for resident Indian Tamil estate labourers, on which negotiations between the leaders of India and Ceylon had broken down in 1945. Both those bodies therefore

* Hansard, vol. cccxli, No. 152, July 29, 1947, Debate on Colonial Affairs.

† The text of agreements on these three points has now been published (Cmd. 7257), and the Ceylon Independence Bill was read a second time in the House of Commons on November 21.—*Editor*.

‡ THE ROUND TABLE, No. 141, December 1945, pp. 56-63.

put forward candidates on a definitely communal ticket. The Communists, of whom there were three sections, divided in part by personal rancours and in part by somewhat differing ideologies ("Trotskyists" and "Stalinites", the former the more numerous), concentrated most of their efforts on the comparatively prosperous south-west, where they expected to exploit certain caste feelings, and on the towns, especially Colombo. Finally, a large number of candidates put up as Independents in some of the more remote constituencies uncontested by any party candidates.

The general impression current in the country before the elections was that the United National party was merely an organization to keep "the old gang" in power and to sweep the electorate, after which it would probably break up into competing cliques. This gave it a certain unpopularity; but of greater significance was an upsurge of labour unrest. The trade-union movement in Ceylon has for the most part been a somewhat artificial growth, and in recent years has been fostered and largely led by middle-class "intellectuals" of Communist proclivities. In October 1946 there was a strike of bank clerks, followed by railway, harbour, road transport and other workers. This was short-lived, but not entirely unsuccessful. In May and June last there was a less widespread but more serious set of strikes, involving a large number of Government clerks, municipal employees, and workers in the harbour, the oil installations, and the tea and rubber trades (not the estate workers, however). For a time feelings ran high, part of the Defence Force was called out, and on one occasion the police found it necessary to fire on a procession and a Government clerk was killed. Emergency legislation was rushed through the State Council by which the powers of the police were increased, and the Government given very wide discretion in the event of a declaration of emergency. The implied threats and the lack of union funds caused the strikes to fizzle out rather quickly, but before this the Colombo Municipal Council had weakly given way to the strikers' demands *in toto*, even conceding them strike pay. Neither the Government nor the private employers took much action against the strikers, but the little they did caused the former some unpopularity, sedulously fostered by the Communist leaders.

The Elections

THE elections passed off quietly, and only six murders and a few assaults have been ascribed to election quarrels, as against fifteen murders in 1936, the last general election. The administrative organization was efficient, and the work of the police was impartial. There seems to have been a considerable amount of organized impersonation, some intimidation and possibly some bribery, but the old evil of the sale of ballot papers was eliminated by revised electoral rules. There has been a spate of election petitions. The main grounds of these have been those just mentioned, together with infractions of the rules against treating and the illegal use of transport in bringing voters to the polls. Electoral morality is probably, though not surprisingly, no higher than that of Britain before the first Reform Act. Fifty-eight per cent of the registered voters polled, which is a reasonably high proportion, considering the lack of political education among the electorate.

The United National party did less well than had been generally expected, securing only 42 seats out of 95. Their comparative failure was due in part to the "swing of the pendulum", in part to over-confidence and in part to inadequate electoral organization and propaganda: several seats were lost by split votes where more than one party candidate stood for the same constituency. The Communists reaped the reward of their concentration on certain areas, though they were less successful in the towns than in the coast and rural constituencies of the south-west, on the recent labour unrest, and on the well-known type of propaganda designed to appeal to the illiterate poor—the hope of "making the rich poor and the poor rich"; this was strong enough in many cases to override the appeal made by the United National party of religion in danger from the supporters of anti-religious Russia, which perhaps they somewhat overdid. The three sections of Communists between them obtained 18 seats, since increased to 20 by two Independents who have gone over to them. The Tamil and Ceylon Indian Congresses were in general successful, obtaining 7 and 6 seats in the north and centre of the island respectively. The Labour party (non-Communist) candidates all failed, except their leader, who was returned at the head of the poll for a three-member Colombo constituency. The remaining 20 were Independents. To these must be added 6 nominated members, of whom 4 are Europeans and 2 Burghers, making a total of 101. Many of the elections were without doubt decided on personal and local considerations: no less than 3 former Ministers and 22 State Councillors suffered defeat. On the other hand, the three principal Ministers all won by very large majorities.

One of the principal significances of the election is the breakdown, perhaps temporary only, of communalism, except in the Tamil north and among the Indian estate labourers. This is largely due to the rise of the Communists, a group of parties based on an economic division, even though most of their successes have been in the mainly Sinhalese south-west; the professed anti-communal basis of the United National party may also have contributed.

It is a point of some interest that whereas the old State Council Chamber was arranged on the continental model, semicircular tiers of seats around the Speaker's chair, it is now rearranged as the Chamber of the House of Representatives on the model of the House of Commons, with a gangway down the middle, and the Government and Opposition members facing each other. It is perhaps unlikely that a complete two-party system will emerge.

Government and Opposition

MR. SENANAYAKE, as the leader of the largest party, was naturally called upon to be Prime Minister and to form a government. He has appointed 14 Ministers, each with a Parliamentary Secretary (only 9 of the latter have been, at the time of writing, selected). Some of these, possibly 2 of each, will be chosen from the Senate of 30 members, whose composition is about to be determined—15 will be elected by the Lower House, using the single transferable vote, and 15 will be nominated by the Governor after consultation with the Prime Minister.

The composition of the Cabinet and the number of ministries have occasioned considerable criticism. The Prime Minister will have in his hands the control of Defence and External Affairs; the other ministries have undergone a reshuffling; for instance, the somewhat cumbrous Ministry of Labour, Industry and Commerce has had its functions divided among three of the new ones. Ministers of Finance and Justice replace two of the former official "Officers of State", but the late Financial Secretary, Sir Oliver Goonetilleke, a man of marked ability, has left Government service and accepted the portfolio of Home Affairs and Rural Development, with presumably a nominated seat in the Senate. Two Independent Tamils have been given the ministries of Commerce and Trade, and of Posts and Telecommunication, and several Parliamentary Secretaries have been or will presumably be drawn from the Independent members. The main criticisms levelled have been those of nepotism—e.g. the Prime Minister's son has been appointed Minister of Agriculture and Lands—and of failure to form a coalition with the Tamil Congress. As far as the latter is concerned, it would not appear to be Mr. Senanayake's fault, and as far as the former, many reasonable people hold that he has done his best with the material at his disposal.

Mr. Senanayake's party therefore has no clear majority, so the survival of his Government will depend on the degree of support he gets from his own party, from such Independent members as he succeeds in attracting to his side and from the six nominated members; also on the extent to which the various opposition groups work together. Some light has been thrown on this by the first proceedings of the House of Representatives, which met on October 14. The election of the Speaker seems to have been made a party matter: for the name of Mr. A. F. Molamure, the first Speaker of the old State Council, was proposed by members of the United National party, and that of his opponent, an Independent member of "leftist" tendencies—as they are locally known—by members of the Opposition. Mr. Molamure was elected by 58 votes to 41, two members abstaining. The voting was not so clear in the case of the Deputy Speaker, who was elected by a smaller majority. The Deputy Chairman of Committees, a well-known lawyer of the Burgher community, and one of the six nominated members, was a popular appointment, and was unopposed.

The Opposition groups, consisting of two communal and three Communist groups, all of which look like being ably led, together with some Independents who have tried without much success to form a "Left Centre" group of their own, have found it extremely difficult even to find an official Leader of the Opposition; they would find it far more difficult to form an alternative government should they succeed in defeating Mr. Senanayake on a major issue. They intend to propose a vote of no confidence as an amendment to the Governor's speech at the ceremonial opening of Parliament about the end of November, which should make still clearer who are and who are not the supporters of the Government. But the two major issues on which the Prime Minister will presumably have to go to the country if defeated are, first, the defence agreement with His Majesty's Government, of the terms of which there are so far no hints, and next, the measures which will have

to be taken in the endeavour to arrest the imminent deterioration in the economic and financial condition of the island.

With regard to the latter, it has to be remembered that Ceylon went through a period of somewhat artificial prosperity during the war, with vast spending by the armed Services, and a market only too anxious to take all the tea, rubber and copra that could be produced and transported. Since that time the decline of the rubber industry due to the resumption of Malayan competition and the maintenance of synthetic production in the U.S.A. have caused the Government to support it by subsidy, a procedure which cannot go on indefinitely; while a disease of the tea bush, "blister blight", may endanger the crop yield. The prosperity of Ceylon is, and will be for some time, largely dependent on the out-turn and the prices obtained for tea and rubber. The task of balancing the next budget will not be simple and may involve unpopular reductions in public expenditure and standards of comfort, for the balance of trade has lately taken an unfavourable turn.

The British Connexion

AS far as the agreement with the British Government is concerned, it is on its acceptance that the maintenance of the British connexion with Ceylon seems likely to depend. The opposition groups have declared themselves in favour of complete national independence outside the Commonwealth; at the first meeting of the House of Representatives the leader of the most intransigent of the Communist groups, in commenting on a friendly message sent by the Speaker of the House of Commons to the newly elected Speaker, and read out by him, controverted the hope expressed that the links between Ceylon and Britain would be strengthened by saying that he hoped the "bonds" hitherto prevailing between them would be, in the lifetime of the present House, "happily broken by us". Such a breach would in practice—though some of the Opposition groups may not realize it—mean in all probability a more or less compulsory inclusion in an Indian federation, certainly if India ceased at any time to be a Dominion. For the economic pressure alone that India is capable of exercising might well be enough to bring this about. These groups fail to realize that under full Dominion Status there is in fact complete independence with something more added—the advantages of membership of a world-wide Commonwealth, which commits a Dominion to nothing save the honourable obligation not to join in a war against Britain.

It is clear, then, that the acceptance of the agreement will depend on the extent to which Mr. Senanayake can persuade his own supporters to give him their unqualified backing. His personal popularity, ability and drive furnish the best, perhaps the only, hope of maintaining anything in the nature of a stable government; and he is firmly in favour of accepting Dominion Status. But his health is not all it might be. Then does not the aforementioned optimism of Mr. Creech-Jones require at least some qualification?

Ceylon,

October 15, 1947.

AMERICA'S FAITH IN EUROPE

CONGRESS AND THE PROGRESS OF INTERIM AID

THE American Congress convenes in special session on November 17 in troubled and uncertain mood. It is gravely disturbed by the breach between East and West, and fears participation in what is increasingly called the "cold war". Many of its members have seen for themselves the distressed conditions of Europe, and are certain that large-scale American aid is necessary. But they are not at all certain that the aid proposed will ensure European recovery. They are profoundly desirous of progress toward stability, peace and recovery. But nobody tells them with any confidence or does not speak with the voice of leadership. He only speaks when his silence has become almost painful. The Republican leaders are divided and inconsistent. Internal politics cast a pall, but it is not so pervasive as doubts and fears raised by the Russian question. Meantime, the usual post-war hysteria about "loyalty" is putting a distressing strain on civil liberties. And inflation runs apace, penalizing every consumer and threatening our economic well-being and our capacity to help Europe.

This picture is discouraging. But it is a picture of a mood only. It does not adequately reflect what Congress actually will be able to do. For once more Congress and the President are swept along by the force of circumstances. As in 1940-41, the United States will do what it has to do—what it must do. There probably will be no genuinely bold action. We are fighting a rearguard battle during an internal political interregnum. We are rather like the "sleeping giant", as the American economy was called before Pearl Harbour. Still unforeseen are the forces that can shake us into the kind of mobilization which then did so much to win the war and now might win the peace. But we will continue to do the inevitable, and perhaps that will be enough.

For the present, the inevitable consists of emergency interim aid, mainly for France and Italy, for which the Administration has asked \$642 million. Working on this request, which will probably be cut somewhat, will be the first task of the special session of Congress. But this emergency aid is closely tied to the whole Marshall Plan program. There is some support for tying the two together. For there will be a real debate over emergency aid, and it would be unfortunate to have two long, repetitious Congressional struggles in sequence.

The difficulty about combining consideration of stop-gap aid with the Marshall Plan—the European Recovery Program, as it is now officially named—is that the Administration's long-range recommendations have not been completed. The Government is studying the proposals made by the sixteen-nation committee for European economic cooperation at Paris. This study has been carried on by an interdepartmental team made up of representatives from nearly every Government agency even remotely concerned with

foreign aid. In addition, three special Presidential committees have worked on the program. These committees are (1) the National Resources and Foreign Aid Committee, headed by the Secretary of the Interior, Julius A. Krug; (2) the Economic Advisory Council, headed by a distinguished economist, Dr. Edwin G. Nourse; and (3) a nineteen-member citizens' committee headed by the Secretary of Commerce, W. Averill Harriman.

The Krug Committee has already completed its work. It reported that America's natural resources are sufficient to support a considerable foreign-aid program without endangering national security or the standard of living.

The Nourse Committee also reported that the American economy "can sustain the general impact of the foreign-aid program", provided we "deal promptly and effectively with problems raised by key commodities" such as wheat, steel, certain items of industrial and agricultural machinery, coal and fertilizer. The report contained a warning that serious inflation already exists in prices of food and steel. It urged President Truman to seek renewal of some war-time powers to deal with a threatened inflation of industrial prices.

The Harriman report (soon to come, but not available as this is written) will analyse the two foregoing studies in the light of the needs of the European Recovery Program. There are clear indications that the cost to the United States will be set at from \$16,000 million to \$18,000 million over four years. By the end of that period, it is expected western Europe will be restored to economic stability and its foreign monetary needs will be met through normal channels of international finance. The exact totals are now expected to be these:

1948	.	.	.	.	.	\$6-\$7,000,000,000
1949	.	.	.	.	.	\$5,000,000,000
1950	.	.	.	.	.	\$3,500,000,000
1951	.	.	.	.	.	\$1,500,000,000

Administration spokesmen insist that these figures are at rock-bottom, particularly in the first year. They declare that anything less than \$6,000 million in 1948 would merely be a continuance of spending of the last two years, opprobriously referred to as "operation rathole".

Restrictions and Conditions

AND yet it is almost certain that the Republicans will try to cut the figures down, and they have a Congressional majority. Senator Taft, the strongest figure in the Senate, says: "Four and one half billion should be the very maximum. I hope it may be less."

There is likely also to be a major Congressional struggle over terms and restrictions. Not only will some critics strive to whittle down the totals, but they will try to insert rigid conditions. There is talk of restriction aimed at curbing the spread of socialism in participating countries. "Why should the United States subsidize a form of economy which we believe to be ineffective and wrong?" it is asked. And yet wiser counsels are more likely to prevail. It is evident to the thoughtful leadership of Congress that any political or

semi-political conditions attached to the European Recovery Program would play fully into the propagandist hands of the Communists. The easiest way to prove the charges of American imperialism would be to attach political conditions to the aid program.

And yet Congress is deeply anxious to make the program work—to ensure that the heavy drain from American taxpayers will not be more money gone for mere emergency relief, serving nothing beyond hand-to-mouth needs, and leaving us in four years more or less where we started. Moreover, many Americans who have visited Europe this summer are hopeful that our aid may be utilized more fruitfully than in many instances they have observed. Scandals in the use—or non-use—of American supplies have been particularly noted in Greece and Italy. The experience of the British loan—however the responsibility for its ineffectiveness may be shared—is not reassuring.

Congress has still to learn whether or not the plans drafted at the Paris Conference constitute a firm basis for European recovery. The Administration will apparently make numerous changes in these recommendations, some of them merely to remove obvious pork-barrel demands. Thus, Greece's request for allocations which would provide a native steel industry will certainly be negated as unreasonable. It is in this way, multiplied, that the paring down of the total request to \$16–\$18,000 million can be justified.

Britain the Keystone of Security

FROM first to last, Washington policy-makers regard Britain as the key to success of the Marshall Plan. Britain would receive nearly half of the first year's payments—some \$2,500 million. It is felt that the European continent cannot recover without Britain, and vice versa. But even more important: Britain and the British Commonwealth remain central to American security in the world. For that reason, Washington seeks to do its part to maintain the independence and security of Britain, it wishes to strengthen Anglo-American cooperation, and to aid Britain to re-establish its firm position in the world economy.

Historically, Britain and the Commonwealth have been a strategic network invaluable to the United States in two world wars—both as defensive outposts and as bridgeheads for military operations. It is a cardinal point of American defense policy that this network cannot be allowed to fall into less friendly hands. Britain is also valuable in seeking an adjustment with the Soviet Union, and as a like-minded nation in preventing further Soviet expansion.

Britain is equally significant to the United States in the expansion of world trade. The primary objective of American economic policy is to expedite recovery through reduction of trade barriers and elimination of discriminations. With the United States and the United Kingdom doing 40 per cent of the world's trade, it is apparent that their cooperation is necessary to the achievement of any such objective.

Britain's present economic plight is attributed in Washington to the following factors—and it may be interesting to British readers to compare this analysis with their own views:

1. Liquidation of foreign investment.

2. War loss of shipping.
3. Deterioration and obsolescence of capital equipment and inefficiencies in its management.
4. Production levels inadequate compared to need.
5. Rise in prices of imports.
6. High unanticipated military costs abroad.
7. Failure to write peace treaties and increased international tension.

This cogent analysis of Britain's position represents the views of the Administration. It will not necessarily be reflected in Congress. There, more demagogic and political factors will be in evidence. The sharpest criticism will be levelled at British trade-union unwillingness to accept the consequences of the crisis. The colliery strikes made the most unfortunate impression. Until the Trade Union Congress finishes wrestling with its conscience and decides to make the fullest national sacrifices, American political and public opinion will not believe Britain has gone the whole way in self-help. The nationalization program is still an object of Congressional attack.

Nevertheless, the overall conclusion of American Congressmen returning from Europe is one of deepest admiration for Britain and for the relative stability and equality of sacrifice it manifests when compared with most continental nations. Even the demagogic Congressman can see that Britain and the British nations remain vital bulwarks of American security. And it is equally obvious that several of the world's sorest spots—India and Palestine, particularly—suffer from the withdrawal of Britain's imperial hand.

Inflation and the Remedy

THE most difficult problem facing Congress is not the implementation of the Marshall Plan. It is the challenge of American inflation. A further inflationary plunge of the American economy could have the gravest consequences on our capacity to aid Europe, as well as on our own well-being. And without safeguards, large-scale aid to Europe could be expected to bring about such an inflationary plunge. Therefore the Nourse Committee—in a recommendation President Truman is likely himself to present to Congress—urged that no time be lost in setting up or strengthening the following controls at the points where the combined impact of foreign and domestic demand exerts a direct influence on prices:

1. Allocation of scarce materials for domestic use.
2. Continued use and strengthening of export controls.
3. Penalties or premiums to discourage hoarding of scarce materials or their misuse "for purposes inconsistent with balanced national and international needs".
4. Restrictive measures against speculation in any commodities in short supply because it "does not serve an economically useful function".
5. Maintenance of tax revenues at existing high levels, reduction of government expenditures and encouragement of individual savings.
6. Enlargement and aggressive use of the power to control the expansion of credit.

How much of this program President Truman will get from Congress is problematical. Almost certainly not all of it. The Republican and the Democratic approaches to inflation are at polar opposites. The Republicans blame liberal economic policies—including support of labor-union drives for wage increases—as the basic cause of inflation. The Democrats blame Republican unwillingness to enact price-control legislation. The Republicans propose income-tax reduction to prevent a third round of wage increases. The Democrats believe taxation at the present level is necessary to combat inflation and to pay the costs of foreign relief.

Thus there is bound to be a keen political struggle in Congress over our domestic economic program. This struggle will reflect itself, almost unavoidably, in the consideration of European relief. The special session cannot be kept on a non-partisan level. And the need to consider internal economic problems brings into the session such bitterly controverted items as Government economy and budgetary practices, along with tax reduction. And the mere hint of returning war-time controls is profoundly unpopular in the country.

The next President

THE impending political struggle foreshadows next year's presidential election. In recent months, General Eisenhower's retirement as Chief of Staff and acceptance of the presidency of Columbia University has made him fair political game. Therefore, though he has never declared himself either a Democrat or a Republican, many of his friends have begun a well-organized drive for the Republican nomination. General Eisenhower, who after all still holds appointment from President Truman, has discreetly declared that he is seeking no office and has authorized no campaigns. He has stated that he will not campaign for the nomination. But he has not said he would not accept it, and this position is accepted as virtual notice that he is willing to be "drafted".

General Eisenhower's assumed availability has changed the Republican picture. His enormous prestige at once made him a very impressive candidate. Moreover, as President Truman continued to show growing strength in the Gallup poll—latest indications in that hitherto accurate index were that if the election were held today, Mr. Truman would be re-elected—the Republican leaders realized they must seek a very strong candidate for themselves. No longer do they believe they can win with almost anybody. If this situation continues, it will be favorable to General Eisenhower's candidature. As a result, a large number of political observers think his nomination is very likely.

Governor Dewey and Senator Taft, it is held, will serve to checkmate one another. Both of them are somewhat shopworn candidates: Governor Dewey could not win in 1944, after having defeated Senator Taft for the nomination. Neither has a completely appealing political personality. Senator Taft is too conservative and isolationist to appeal to the largest majority. Governor Dewey is too calculating and synthetic, at least in appearance, though nobody questions his skill as Governor of New York.

But General Eisenhower comes into the picture as a new and imposing personality. His broadly liberal views—as they are inferred to be from his rare expressions of opinion—and his great gifts as a speaker and campaigner are very appealing. Yet he is an untried and non-political figure, and the professional Republican politicians will not take him unless fear of defeat forces them into it.

A distinct possibility, if there is a Taft-Dewey deadlock and General Eisenhower's boom fizzles, would be Senator Vandenberg. He remains in the perfect "dark horse" position—saying nothing, exerting himself little in presidential politics, remaining relaxed—and yet quite able to step into the running at the last moment. As a seasoned politician, Senator Vandenberg would greatly appeal to his party leaders. And there is no denying that his political experience would be of greatest value in dealing with Congress.

One element in General Eisenhower's background makes a deep appeal to Americans, and that is the success he always had in dealing with the Russians. Of course, working with Marshal Zhukov in the hour of allied trial and triumph, and carrying on the intense and poisoned negotiations of the post-war years are two very different things. A paragon of patience and charm would have found the last year trying. Nevertheless, General Eisenhower was regarded as a friend by the Russians, and many Americans would like to have such a man in the White House.

Must the Cold War go on?

THIS feeling brings us to a consideration of American policy in the great world cleavage: American policy toward Russia. America overwhelmingly wants peace. America has no imperialist aims. We may frequently be clumsy and self-centered in our approach to the rest of the world. Sometimes we put ourselves in the position of imperialism. But the American people are not imperialist at heart, as their frequent lapses toward isolationism attest. Americans want a stable world, and they are not too sure how to seek it.

American policy toward Russia is one of containment. We refuse to accept the apparent conviction of Soviet leadership that American capitalism and Russian communism cannot live side by side in the world. We believe these forms can co-exist, but we refuse to grant Russia free right of expansion. We are firmly determined to carry through effective measures of support for free peoples, but using new care to examine where and how such support can be made effective.

Washington policy-makers were encouraged, not angered, by the Vishinsky attacks. They felt the attacks proved that the Politburo was worried over the possible effectiveness of the Marshall Plan. Washington does not want Russia to leave the United Nations, particularly because it wants to keep all of Europe within the United Nations. The basic purpose of the Marshall Plan is to integrate western Europe, providing not only a barrier against communism but a powerful attraction for the border states. The strength of Europe—with resources in most respects outnumbering the resources of the Soviet Union—is now the key basis of U.S. policy. Not only are the economic

and human resources of Europe significant in comparison with Russia, but so are the mental and cultural sources of strength and resistance. There is little or no "hate Russia" talk in high Washington circles. Fortunately, the emphasis has shifted to the constructive line: to strengthen a Europe which already at base is extremely strong.

This strategy is aimed directly at the two assumptions of Soviet policy: inevitable collapse of capitalist countries, and inevitable conflict. If the first assumption can be disproved—through the Marshall Plan as the first step—then doubt can be cast on the second. Some hopeful diplomats in Washington even think they see signs of wavering in the Kremlin—doubt whether the hard policy is really succeeding. And one psychoanalyst, listening to Mr. Vishinsky's speeches, said: "There speaks a man who is frightened."

In any event, the immediate emphasis of American policy is on emergency economic aid to get France and Italy through the winter. Scarcely second in the time table comes the Marshall Plan. But the long-range emphasis goes deeper. It is based on the need for Europe's cultural and spiritual survival and independence, on supporting her with American idealism and intelligence as well as American money and machines. We are calling the old world into existence to redress the balance of the new. We expect Europe to emerge from its time of trial and adversity with revived spiritual and ultimately material strength. We can think of no better answer to the war of ideas which comes forth from Moscow.

INDIA

THE DAWN OF INDEPENDENCE

THE last article in this series described the exhilarating but somewhat alarming pace of the progress towards independence from June 3 on. The goal was reached on August 15 and enthusiasm was general. Good-humoured crowds went wild in Delhi, where the formal arrangements had to be abandoned. The crowds' welcome for Lord and Lady Mountbatten seemed both recognition of the remarkable part played by the last Viceroy and first Governor General of the Indian Dominion in securing the prize which has so long eluded India's eager but awkward grasp, and a sign of the friendliness which could be expected to develop in relations between Britain and India, henceforward equals. In Karachi, where celebrations began earlier with the arrival first of Mr. Jinnah and then of Lord and Lady Mountbatten, public demonstrations on the Appointed Day seem to have been more restrained.

The scenes in Calcutta were the most remarkable of all. Mr. Gandhi's presence, the acquiescence of Muslims in the loss of the city (though the boundary commission awards were not announced till August 18) and the wine of independence combined to produce a miraculous transformation. Calcutta went joyfully mad. Government House suffered from the effects of mass invasion. One young sweeper woman, describing the grand "show" and her own joy at sliding down the banisters, added, "And it was all free!" It was very much free—and for all. Damage was done. But that was a small thing compared with the mending that went on simultaneously. The streets were thronged with people of all ages and all communities and vehicles of every kind—public transport also was free—carrying flags and favours of the national tricolour. Happy crowds shouted deafeningly, and seemingly without interruption for two days and more, "*Jai Hind*" and, more significant, "*Hindu-Muslim ek ho!*" (Unite!). On the morning of August 15 communal killing ceased in Calcutta, though minor incidents were reported from Barrackpore and in one area on the boundary between the two Bengals. It started again in the city a fortnight later. But Mr. Gandhi, who was himself threatened by rowdies, began a fast, which he was persuaded to break after seventy-three hours when he was told that all disturbance had ended. So far there has been no revival in Calcutta, or indeed in the two Bengals, except that in Dacca at the end of September Muslims interfered with a Hindu procession. As a result of this and the general nervousness caused by reports from less fortunate provinces and, perhaps also, of scarcity of food, some Hindus have left East Bengal for West.

The Tragedy of the Punjab

DURING the halcyon days of August 15 and 16 the country as a whole heard ominously little news from the Punjab. Even the most optimistic dared not hope for a miracle there, too, but few were prepared for a calamity so gigantic that its proportions cannot yet be clearly determined, and perhaps

never will be, clouded as they are by propagandist reports, partisan assumptions and deep-seated natural sympathies. Even the sequence of events is hard to follow. It was, however, plain early in August that authority was breaking down, and in many parts of the Punjab, especially the East, had already broken down. Some in Bengal had earlier thought that the only hope of peaceful transition lay in direct administration of the province by the Governor under Section 93 of the Government of India Act. Events showed otherwise. Popular government in Bengal, even in the notionally partitioned stage, acted as a buffer against anarchy; and though in both halves of the province, but especially the East assigned to Pakistan, administrative arrangements on August 15 were very far from complete, nevertheless the rudiments of government were established. In the Punjab under Section 93 the case was wholly different. In neither half was there a Ministry with even a few weeks' experience, and when in the East the administration, including the police, was purged of its Muslim elements there was virtually no authority left. There was, however, the Boundary Force, established on August 4 and abolished by joint decision of both Dominions on August 29. Accounts of its performance vary; but there can be little doubt that it was inadequate for a task whose nature and magnitude nobody had clearly foreseen, and which it was never meant to undertake. Its job was to preserve peace on the boundary, not to quell a mass rising or to arrange for a wholly unprecedented exchange of population.

There is a tendency to blame the Plan of June 3 for what happened. Except, however, that this supplied a date against which to organize, there is little to substantiate the view. Had organization been as complete on the Government side as, some say, it was among those seeking disruption, even the date would not have mattered. The existence of a conspiracy can only be guessed at and is unlikely ever to be proved. Pandit Nehru, however, on October 19 spoke of organized groups which made it their profession to murder people. The destruction of so much life, he said, was "not accidental but pre-planned. It was an attempt by the reactionary elements to paralyse the whole administrative machinery and usurp political power." The phrase "Sikh Rising" used in the British Press has caused much annoyance in India, where the official theory is of a chain of retaliation in which the Punjab events are only the latest—and it is hoped the last—link. That explanation, however, seems inadequate. Though it has been denied by the Sikhs that they ever sought to establish a State of their own, it may be surmised that events earlier in the year had deeply wounded their pride, their *izzat*, and knowledge that no modification of the June 3 Plan and no conceivable alternative to it could ever satisfy their ambitions deepened frustration. If, however, the Sikhs began the trouble in its latest phase, reprisal was swift. India has concentrated its attention on atrocities in West Punjab, Pakistan on East, but nobody really knows which has suffered most. On September 13 Pandit Nehru said that the official figure of those killed in the Punjab up to that time was 5,000, but admitted that the real figure might be twice or three times that. Many think that the multiplier should be 100. It is impossible to tell. When villages and towns have been attacked and become deserted there

is no accurate means of finding out how many of their inhabitants survive as refugees. It is equally impossible to learn from the few survivors how many were the original travellers in a refugee train which has been made a target.

The Boundary Commission awards published, belatedly, on August 18 have been much criticized on behalf of both Bengal and the Punjab, from opposite points of view. But though the Government of India has hinted at unilateral revision, it seems doubtful whether there will be any major change. The Punjab was already gravely disturbed when the award was made known. Doubtless fuel was then added to the flames, but no adjustment could have extinguished them. The Dominion Governments were not slow to act. On August 17 Pandit Nehru and Mr. Liaqat Ali Khan went to the Punjab together. Conferences were called, tours undertaken, appeals and threats made. The hope on both sides was seemingly that, bad as the disturbances were, they could be localized and would soon cease. It was not for another ten days that the true nature of what was taking place became fully clear. By that time the streams of refugees had swollen so greatly that both Governments were reluctantly compelled to recognize that a mass transfer of population was in progress and they could no longer stop but only guide it. From then on efforts were directed, through the two armies, to protecting the routes along which the thousands moved, in columns sometimes straggling over fifty miles or in pitifully few trains diverted from normal traffic, to establishing collecting- and halting-points and to supplying food and combating disease. Many were attacked and killed *en route*; others died; the cholera broke out; floods may have drowned more than a thousand. By the middle of October it was estimated that four million had left their homes, rather more than half of them Muslims from the East, the rest non-Muslims from the West Punjab. It is hoped, though not very confidently, that the operation will be complete by early December, by which time perhaps another 4 million or more will have crossed the border in one direction or the other. Most of these are merely waiting their turn, but if they do not get started soon they may never be able to do so. They may perish of cold.

Cities of Refuge

HUNDREDS of thousands of refugees have spilled over into adjoining provinces and States—from the latter many have emerged; the killing has not been confined to what used to be British India. By the beginning of October there were estimated to be 300,000 in the United Provinces, many also in the Central Provinces and some in Bihar and much farther afield. Provinces such as Bombay and Madras-Assam offered to accommodate limited numbers of them. But the chief impact was in Delhi, where communal tension redeveloped towards the end of August. On September 4 the storm broke. Nine days later Pandit Nehru estimated that 1,000 had been killed in the capital, but admitted that this figure, too, might need to be trebled. What took place could not be called communal rioting; it was massacre. One especially disgraceful feature was concentration on the railway station and the Willingdon airport; Muslims seeking to escape were

butchered. Food-supplies, inadequate for the population increased by perhaps 250,000 refugees, almost gave out. Control was established after a few anxious days. Most of the Muslim population was concentrated in refugee camps. Many have left; more seem likely to leave. The character of Delhi has changed out of recognition.

Elsewhere in India there has so far been no serious disturbance except in the United Provinces, where there has been trouble in the Western districts invaded by refugees. No complete picture of events there is available. Conditions in Saharanpur, Dehra Dun and Mussoorie seem to have been very bad at one time, and tension continues and is encouraged by communal organizations. The Ministry led by Pandit Pant has held firm against extremist Hindu demands, but the refugees must soon be either returned to the Punjab or settled in the United Provinces. The influx is officially supposed to have stopped; no more are to be admitted. But it is doubtful whether the ban can be enforced. New-comers added to present discontent will make a very explosive mixture. However, it is notable that the great majority of the provinces' 9 million Muslims have seemingly made up their minds to stay; by the end of September only 15,000 were said to have left.

In Pakistan outside the Punjab there has been more panic than murder. There was some sort of disturbance in Quetta on August 23; few details have been received but it seems to have been not, as was at first suggested, spontaneous, but planned. This and train outrages and minor disturbances in Karachi itself started a movement of the minorities out of both Baluchistan and Sind. By the middle of October perhaps 150,000 Hindus and Sikhs had left. In the N.W.F. Province the situation is obscure. The Congress Ministry showed no readiness to resign and was dismissed by the Governor on August 22, seemingly on orders from the Governor General, Mr. Jinnah. Pathans came in from across the border but are said to have been persuaded to leave quietly. The Fakir of Ipi, long a focus of trouble in Waziristan, has been pardoned; his political affinities, however, remain obscure. There have been casualties among the minorities, and perhaps also among those Muslims who opposed the present Ministry. The Government of India has been urged to remove the 80,000 or so Hindus and Sikhs from the province, and this may be done. Some have already left. News from the Frontier is so little that the province might never have formed part of India. Even Pakistan seems to be paying scant attention to it, doubtless owing to preoccupation with the Punjab.

The Challenge to the Governments

THIS, then, is a picture, ragged, incomplete and superficial, of the most obvious of the troubles which have faced the young Governments of India and Pakistan. Harassed, shaken and handicapped, they have survived them. Had Pandit Nehru's Government during the period of mob rule in Delhi suffered the fate of U Aung San's, the Punjab calamity would have been dwarfed by what followed. Neither Government, of India or Pakistan, is wholly popular with the majority behind it. There has been much clamour in India for the expulsion of all Muslims as members of a so-called fifth

column, and for the creation of a Hindu State. This demand has been denounced by both Mr. Gandhi and Pandit Nehru, who claims to have the support of the whole Cabinet in this. Doubt may, however, be felt of the whole-hearted adherence of Sardar Patel, who once suggested something very like wholesale evacuation, and Dr. S. P. Mookerjee, the Hindu Mahasabha leader, since the Mahasabha and its ally the Fascist Rasthriya Swayam Sewak Sangh are very closely associated with the demand. Muslims from the United Provinces, Bihar, Bombay and elsewhere have protested their loyalty, and some denounced the two-nations theory on which the Pakistan demand was founded. But how are they to prove themselves loyal? It is suggested that they should dissolve their own political organizations and join the Congress. That seems a likely step. The Congress as a whole stands behind Mr. Gandhi and Pandit Nehru. It is, however, very difficult to resist the influence of news from the Punjab, especially when it concerns relatives and friends. If condemnation by Hindu and Sikh leaders in India and Muslim in Pakistan of atrocities committed by their own communities sometimes seems half-hearted, this must be remembered. It is something that they are condemned.

Though there has been loose talk of war by some who should know better and long-range mutual contradiction and quibbling by members of both Cabinets, it is just possible that the shared disaster will bring the two Dominions closer together. There have been frequent meetings between the Prime Ministers and other members of the two Governments and joint action has been decided on and taken. The Joint Defence Council is an important vehicle of collaboration, but it seems likely that, without the impelling need to work together for the rescue of the Punjab, meetings between Ministers would have been much less frequent. This is small consolation for a disaster whose effects will long continue in hatred, bitterness and distrust. If, however, the two Governments continue to collaborate in relief and rehabilitation, a hopeful future may be built among the ruins. It has been sagaciously pointed out that, had the status of India and Pakistan not been that of Dominions and had there been no machinery for joint discussion, the consequences might have been far worse even than now. War between two foreign States could scarcely have been avoided in circumstances similar to those provided by the Punjab and Delhi killings. There are some, therefore, who, going further, draw a lesson from the ill that has and the worse that might have befallen, and are already talking of reunion.

The Cost of Division

INDIA's economy has been badly damaged. Though several Indian provinces have published development schemes, it is hard to see how the Centre can give the help they require. The Centre's own plans are in suspense. Policies important to trade and industry have not yet been clearly enunciated. Damage done to Pakistan's economy is likely to be far greater. Not only is the loss suffered heavy and the likely cost of rehabilitation high, but the outflow of Hindus and Sikhs has deprived the Dominion of elements vital to finance and business; even the scavengers have gone or are going.

East Bengal, with its wealth in jute, remains relatively unscathed, except for the severe floods in Chittagong, which have caused much local distress. But East Bengal needs to be fed. Moreover, food must be sold to India in exchange for many things Pakistan lacks. The Punjab calamity has deprived Pakistan of most of its surplus. It seems clear that the economic argument for reunion is strong.

There is also the argument for joint defence. Divided, the armed forces have lost very much more than half their former efficiency. Though wholesale charges of partiality are false, there is no doubt that communal and personal sympathies have warped the spirit of many officers and men. The rot must be stopped and, as Maj.-Gen. Cariappa, India's Chief of Staff, said in a recent broadcast, the Army must be made efficient "in time". International conditions emphasize the importance of this. There are other arguments for union. Though some of the new provincial administrations have shown admirable vigour and efficiency, notably that of West Bengal, in other provinces administration is at a low ebb. The Governor of Assam, Sir Akbar Hydari, recently spoke of its "very weak state". In October both India and Pakistan lacked their full complement of officials and probably will continue to do so for some time to come. A committee has been appointed to examine the question, including possibilities of recruitment from the professions and commerce. Again, communications are very inefficient. Coal is held up for lack of transport; letters sometimes take weeks to reach their addresses. It is suggested that the two Dominions should unite for defence, the conduct of foreign affairs and the management of communications. Still more ambitious, it has been suggested that the Cabinet Mission plan be revived.

The Hesitant Princes

NONE of this seems practical. Though in India the demand for a Hindu State may be a passing phase, and though among Muslims, in both India and Pakistan itself, there is much disillusion, Pakistan is unlikely to sur-render a shred of its authority, even though bankruptcy threatens. Moreover, if collaboration is close in some respects, in others the gulf widens. Compared with the Punjab, the affair of Junagadh seems of small dimensions, but it is critical. This little maritime State in Kathiawar (bigger, however, than Nawanagar) has a Muslim ruler; his subjects are mostly Hindus. Having seemingly pledged himself to accede to India, the ruler changed his mind and joined Pakistan. India has tried argument and threatens force. Though principles of geographical contiguity and popular sympathies are involved, probably India would not have gone so far had the much greater States of Hyderabad and Kashmir made up their minds about their future. Pressure on Hyderabad to accede to the Indian Union has been great and persistent. It seems the natural course, but internal disturbances and interference with the free movement of Muslims into the State—these may be refugees, though the Government of India says they are not—are unlikely to persuade the Nizam that his choice is being left entirely free.

If Hyderabad and Junagadh might be expected to join India because of

geography and their predominantly Hindu populations, Kashmir should, on similar reasoning, join Pakistan. The Maharaja, however, long would not make up his mind. To join India would have suited him as a Hindu but probably meant forfeiture of privileges. To have joined Pakistan might have ensured his privileges, but not necessarily for long, since his Muslim subjects lean towards democracy. He was wooed by both sides—though he has lately alleged economic pressure from Pakistan—till, having released the democratic Muslim leader Sheikh Abdullah, a Congressman by inclination, he found his State invaded on October 22 by armed tribesmen, seemingly with the connivance, if not support, of the neighbouring Pakistan authorities. Four days later he decided to accede to India, and set up an interim Government under Sheikh Abdullah. Even had they not wished it, the Government of India could scarcely have refused the accession since it was imperative to protect the residents of Srinagar from attack and to seek to prevent prolonged disturbances in a State so strategically situated. Wisely, however, acceptance was conditioned by a stipulation that the wishes of the people should be ascertained when calm was restored. It should be noticed that Lahore and Peshawar have been telling a different story—of outrages against Muslims in Jammu, where their majority is slight, of Muslims fleeing the State, and of outrages in Pakistan territory by mobs crossing from Jammu.

Otherwise the most notable recent development in Princely India is the success of the Mysore State Congress, after prolonged *satyagraha* marred by violence here and there, in obtaining representative government in that long well-governed State.

Constitutional and Social Legislation

IF in most practical affairs there has lately been little progress in either Dominion, owing to preoccupation with the Punjab, India has taken strides forward in the constitutional field. On the eve of the Appointed Day, nine important Orders of the Governor General were published in a *Gazette of India Extraordinary*. Copies have been difficult to get hold of and it is possible that illegalities have been committed in consequence. The general effect of the Orders, some of which apply to both India and Pakistan, others to Pakistan only, is to modify the Government of India Act to suit the new circumstances and to ensure the continuance of existing legislation. Further important steps are the completion of the draft Constitution by the Indian Constituent Assembly, preparations by that body for exercising legislative functions in November and the publication of the Advisory Committee's reports on minorities and tribal areas. Both these are enlightened surveys which do credit to Sardar Patel and his colleagues. As expected, the minorities lose their special position in the Services, weightage in the legislatures and separate electorates; reservation of seats is substituted. Recommendations are, however, made to protect minority interests in a general way, and Anglo-Indians are given special privileges in the services for ten years. Pakistan has made little headway with any of these constitutional matters.

Unhappily, while so much progress has been made in fashioning a united India, there have been ominous signs of the revival of a force which is

potentially scarcely less damaging than communalism. Provincialism, both in the political form of Bengal for Bengalis, Assam for Assamese, Orissa for Oriyas, and in the yet more embarrassing extreme linguistic form, has lately been conspicuous. Bengalis have suffered from the attentions of local patriots in both Bihar and Assam. Administration, legislation and food procurement have been complicated in Madras by the political ambitions of Andhras. In Bengal the use of Bengali, in Assam that of Assamese and in the United Provinces that of Hindi written in the Devanagiri script (this to the sorrow of Mr. Gandhi, who would have Muslims left free to use the Urdu) is being enjoined for administrative purposes. Increased use of the provincial languages in schools is inevitable and right, but the division of India into linguistic compartments can only be damaging.

In provinces which have not been seriously disturbed, social reforms have proceeded. The puritans now frown on smoking as well as on drinking and horse-racing, though no legislation has been passed to stop it. In West Bengal, under the energetic leadership of Dr. P. C. Ghosh and no doubt with the enthusiastic approval of the Governor Mr. Rajagopalachari, steps have been taken to check corruption among public servants—an evil as widespread as and scarcely less formidable than the water hyacinth which chokes the rivers—and to clean up public life generally. When the food scarcity seemed to threaten the rationing system with collapse in both Madras and West Bengal, cuts in the rations and a notable improvement in procurement prevented it. If these two provinces get through November without disaster, they will have their Governments to thank.

The Land and its Produce

PROPOSALS for abolition of large estates continue to excite interest in Bihar, the United Provinces and Madras. Bihar now seems determined to go ahead with a probably salutary but certainly costly scheme which earlier had been frowned upon by the Congress High Command. In Madras, the Bill for the abolition of *zemindaris* has led to renewed dispute between the Ministry and the Andhra faction led by ex-Premier Mr. Prakasam. The point at issue is the inclusion of *inam* tenures, which involves interference with temple endowments as well as with the resources of politicians. The extraordinary tale is told that *inams* were included in the Bill by the Ministry of Revenue and the Prime Minister failed to notice it. The Cabinet later decided to leave them out but was defeated on a vote at a party meeting by Mr. Prakasam's supporters. Suggestions for a compromise made by the Congress High Command seem likely to be accepted. In the United Provinces, progress is hampered by the more pressing needs of law and order and the need to avoid creating fresh discontent. In Bengal, the Suhrawardy Ministry's proposed legislation for taking over permanently settled estates has not yet seemingly been considered by the Governments of the divided province, though the Ghosh Ministry is contemplating an ordinance controlling the use of land and inflation of land values.

Means to increase the production of food grains have lately been under consideration by a new committee. This is said to have made an interim

report in which subsidies for producers are recommended, besides a reduction in the number of persons rationed. It is regrettable that, except for occasional flurries, from which alarming statements of imminent disaster emerge, the Centre has shown little evident interest in food, though the Punjab calamity has greatly diminished output, and refugees mean more mouths to feed in deficit areas. Cloth, too, which is the other great scarcity, is being produced in less and less adequate quantities. Scheme after scheme is devised for increasing production, especially of the coarse cloth most in demand, but no improvement is seen. Besides the communal disorders, labour troubles in the textile and many other industries have diminished production all round, but this seems an incomplete explanation. Greater certainty about Government policies with regard to taxation, nationalization and imports would have a stimulating effect, though there seems to be little doubt that much war-time productive capacity has vanished with the demand which created it. The fall in cloth production, however, is not attributable to this cause. Slow reconversion from war-time production and the difficulty of getting new machinery may be partly responsible. It is difficult to believe, however, that if the mills were ready to work for smaller profits, they would find it impossible to increase production so as at least to satisfy Indian demand if not to increase exports to the extent required to capture former Japanese markets abroad.

External Relations

THERE is presumably no need here to do more than briefly mention India's and Pakistan's interest in international affairs, sometimes conflicting but usually coinciding. There was not much enthusiasm in India over Pakistan's proposed appeal to UNO and her request for Commonwealth investigation of the Punjab calamity. Since Pakistan has been elected a member of UNO, however, her delegates and India's have generally worked in harmony. A report from London that Pakistan was to obtain coal from South Africa has been denied. So far, both India and Pakistan show no sign of relenting over the embargo on South African trade, while they are fiercely criticizing South African policies in the United Nations General Assembly. Though, however, Indian representatives abroad may win diplomatic successes, it is felt by Pandit Nehru and others that the influence of the country has been greatly diminished by events in the Punjab and would be weakened further if the communalists had their extreme way. Both morally and practically, power has gone out of us. There is, however, hope that, when sanity is fully restored, the leadership of Asia to which India aspires may yet be hers—to share with Pakistan if she so wishes. The Asian Regional Conference of the ILO, like the earlier Joint Relations Conference, shows that such ambitions are not groundless.

India,

November 1947.

UNITED KINGDOM

THE DOLLAR GAP

THE feature of United Kingdom affairs during the past quarter has been the maturing of the economic crisis—and the ripening fruits are proving extremely bitter. The Government have presented them to the public by instalments, partly because it has taken them time to prepare a new and—to them—unexpected menu, and partly, perhaps, to temper the wind to shorn lambs. But we now know pretty well the full story, even though the general public may not yet fully appreciate what it means. A “dollar gap” is just a phrase to most of us until we actually experience the process of trying to close it.

There are two sides to the process. The first is restrictions on purchases which have to be paid for in dollars, the second is expansion of sales which are paid for in dollars. This has become a verbal commonplace, but its realization requires little short of a material miracle. For unhappily those things which have to be paid for in dollars are precisely those things which it is most difficult to restrict without a really dangerous lowering of the standard of living—food, raw materials, certain types of machinery and certain commodities, such as tobacco, which, though they rank as material luxuries, are in some sense psychological necessities. Again, what can be sold for dollars is necessarily limited. The dollar area includes, of course, the United States with its unrivalled productive capacity. It includes also large areas which are potentially great markets, but for many reasons naturally markets more for American than for British goods. Thus, though the American market is highly protected, it may be argued that it is not only high American tariffs which impede the purchase of British goods. We could sell *some* more of *some* kinds of goods if American tariffs were lowered, but not *much* more of *many* kinds of goods. The intractability of the problem, so ably exposed by Sir Stafford Cripps in his speech to the House of Commons on October 23, consists in the possibility of inelasticity in dollar markets and elasticity of dollar needs.

The beginning of restrictions of dollar imports in last April's budget (chiefly a heavy increase in the tobacco duty and the power, later exercised, to impose a heavy duty on films) was a mere flea-bite. The first serious cuts were those announced on August 6 and August 27. They were calculated to affect savings at the rate of £200 million worth of dollars a year; but not, of course, this year. Sir Stafford Cripps, in his speech already referred to, proposed further savings of £100 million, involving a calculated risk of approaching the border-line of national under-nourishment. The programme of cuts is thus very severe, and if carried farther might seriously impair our power to produce, owing both to shortages of raw material and to failing human energy.

There is, of course, another form of saving dollars, namely, the greater production at home of goods formerly paid for in dollars. That explains the plans announced on August 21 for an increase in British agricultural production of £100 million a year. Two factors make this figure rather academic, though the virtue of the principle of more home-grown food cannot be contested. The first is the weather. The drought this year, following on last winter's severity, brought down the yield of the British harvest to well under the average. It has even made necessary the rationing of potatoes—one of the few foodstuffs in which we can be self-supporting and normally the last line of defence of famine-stricken countries. The second awkward factor is labour. Somehow or other the 130,000 German prisoners working on the land will have to be replaced, and it is more than doubtful whether the direction of labour or the use of foreign volunteer labour will replace them.

The Empire's Part

THE proposed savings by means of Colonial development are in much the same category. On the long term, development of production within the Empire is essential. The “dollar crisis” is not some sudden phenomenon. It is an acute phase of an economic disequilibrium between the Americans and the rest of the world which has existed for at least a generation and was masked, but not cured, by vast American overseas lending. Directly that “lending”—the word should be printed in inverted commas because it was really giving, or, if you like, buying employment in America—slowed or stopped there was a crisis, as, for example, in 1929; and the crisis was on both sides of the Atlantic. It follows that if the germs of recurrent crises are to be killed, the world outside the Americas cannot allow itself to depend forever upon a vast flow of stuff from America uncompensated by any counter-flow to America. Space prevents discussion of the ensuing possibility of crises due not to economic disequilibrium or to scarcity but to world glut; and in any case we are tragically far from glut. The immediate point is that development of Colonial, Empire and indeed European production is common sense. But it must take time and can produce little immediate effect beyond some lessening of the world demand for dollars. What the Empire can do at once for itself has readily and swiftly been done. The Dominions have drastically restricted their dollar purchases. South Africa has placed at our disposal a large amount of gold. An ill wind has once again blown the Empire the incidental good of exposing the existence of mutual affection and interests. It must, however, be added that grave disquiet has been caused by the conclusions of the protracted International Trade Conference at Geneva. Broadly speaking, they comprise reductions in Imperial Preferences in exchange for a Covering of American tariffs; but it is not so much the content as the implications of the agreement which may prove dangerous. It contains the germ of the abandonment of the conception of the Empire as an economic family in obedience to American devotion to the theory of multilateral trade.

Economizing Security

IT has been too widely and too generally assumed that cutting down the Defence Services can effect enormous economies. These Services have often—and sometimes nearly fatally—been the happy hunting-ground of economizers. Very serious inroads are to be made on the strength of these forces, and the most striking example is the reduction of the Home Fleet in commission to a Peruvian level. It has been explained that these tremendous reductions in fighting strength are temporary. They are called “temporary immobility”. They are said to reflect the ephemeral results of a reorganization and not any permanent disbandment. But from the point of view of fresh dollar savings, the effect is not very great. The real saving would be if we could get rid of the liability to feed the Germans with food that has mostly to be bought in dollars; but the Americans have not yet agreed to that. There is, however, an incidental and valuable advantage in the speedier demobilization of which the cuts in the Services mainly consist. It will increase the labour available for productive work by an estimated 150,000 men.

The best category of savings is that of indirect savings. If the home programme of capital expenditure can be reduced, the demand for imports of such things as steel and timber will be reduced. The Government proposes to cut the programme of public capital expenditure by £200 million, and restrictions on private capital expenditure will reduce the programme much more. The cut is not very large—probably not more than 20 per cent—but it is only fair to say that an unduly large cut would reduce our productive and competitive capacity.

From what has already been said it will be realized that the two parts of the programme to close the dollar gap may be not complementary but conflicting. For production cannot be increased unless productive capacity be maintained, and the maintenance of productive capacity depends on the maintenance of imports of food and raw materials: we must somehow pass between the Scylla of profligacy and the Charybdis of debility. Assuming that the cuts announced are not too severe to affect efficiency, what can we do to increase production? Agriculture and its hopes and difficulties have already been mentioned. Next comes coal—where the results achieved by concessions, by appeals and by every sort of persuasion have been highly disappointing.

The Temper of Industry

THIS is a controversial topic, and the writer can only say what he thinks as a result of long and intimate acquaintance with the mining industry. The first reason for the poor coal output is a change in the personnel of the mines. It is no longer true that mining is a traditional profession passed on from father to son. Secondly, as Lord Hyndley, the Chairman of the Coal Board, has explained, this new organization has not yet had time to get going. It is probably over-centralized. Thirdly, the miners expected a quite different result from nationalization, and they have not—at least widely enough—consciousness of crisis. It is not easy for outsiders to understand an episode

like that of the Grimethorpe strike. The facts are that when the five-day week was introduced, it was agreed that the “stint” or allotted task at the coal face should be reviewed. (The “stint” system is not wholly virtuous. There is a natural tendency to complete the allotted task as quickly as possible, no matter what the statutory hours of work. Provided the fulfilment of the stint brings in a satisfactory wage, the quicker the miner completes it the more time he has off. This may lead to dangerously rushed work.) At Grimethorpe a Committee representing the management, the Coal Board and the men (but not comprising representatives of the 150 men directly concerned) agreed to a 10 per cent increase in the stint. The miners affected said the increase was too much and struck. The strike lasted some three weeks, during which most of the South Yorkshire miners struck in sympathy and half a million tons of coal were lost.

This strike is no isolated incident, but only the worst of a series of “unofficial” strikes, declared in defiance of the trade union and in despite of the conciliation machinery. It is not so much the total effect of unofficial strikes in this and other industries that is serious as the spirit and the degree of the lack of understanding of the state of the nation which they reflect. That the British will have to go cold this winter in order to provide fuel for industry is only one of the results. Another is the lack of coal to export—and coal is the most saleable of all our exports, not, of course, to the United States, but to some countries such as Sweden whose currency is convertible into dollars, besides most “soft currency” countries. As Sir Stafford Cripps said, “in many bilateral deals, coal is as valuable as gold or dollars”. He hopes for an export of ten million tons next year. It does not seem likely. But it is fair to add that, though nearly four months were needed to get agreement to work more hours a week, the necessary arrangements were made early in November and roughly half a million tons a week more are now being produced.

The Emergency Budget

MEANWHILE, there are obvious monetary and financial repercussions from the crisis for which policy ought to provide. Greater austerity means that more money is available to chase fewer goods, and therefore inflationary pressure increases. Mr. Dalton therefore introduced a supplementary budget on November 12 with the professed purpose of relieving this pressure. By common consent his budget has done nothing of the sort. It increases taxation by £208 million in a full year and by £33 million this year. That means that Mr. Dalton’s proposals can have little short-term effect and a quite inadequate long-term effect. For they are not complemented by any serious or definite proposals to reduce expenditure. The difficulties must be admitted. Mr. Dalton’s problem was to mop up new purchasing power without discouraging production; since increased production is the only true way to surmount the crisis. Supposing for example he had lowered the food subsidies, and thus increased the cost of living. Would he not simultaneously have had to decrease the taxation falling on the lower ranges of income and thus virtually cancelled out any anti-inflationary effect of cutting the subsidies?

This dilemma exists throughout practically the whole range of taxation

was a thinly disguised retreat from the election programme. For example, pressure for a shortening of working hours was postponed. Moreover, Mr. Ernest Bevin again achieved a complete triumph for his foreign policy, and Mr. Dalton did not repeat his triumph of the year before. These were all symptoms of a decline from the first fine careless rapture of 1945. They reflected the fact that the middle classes, who were really responsible for the Government's election victory, are becoming irritated and frightened.

The Conservative Conference, on the other hand, reflected some recovery of spirit and of hopes. Its feature was the almost ludicrously easy defeat of a right-wing attack upon the "industrial charter"—a statement of industrial policy prepared by a Committee under Mr. R. A. Butler. It may be asked why this commitment of the Opposition to a progressive policy does not foreshadow some rapprochement with the Right Wing of the Labour party and therefore the formation of a National Government. The answer is that, however much the lines of policy may converge, feelings do not converge at all. The Labour party has the most vivid memories of what happened in 1931. They know that the formation of a National Government would split them from top to bottom. The Conservative party view the Labour leaders with deep mistrust and contempt. In every speech of Mr. Churchill's there is a ring of bitter resentment at the contrast in our national position in 1944 and in 1947. The antagonism is due not so much to the belief that Socialist legislation is wrong as to the conviction that Socialist administration is incompetent.

The International Scene

THE sombre aspect of home affairs continues to be darkened further by international friction. It is not within the scope of this article to elaborate the diplomatic offensive unchained by the Russians against the Western democracies, and the obstacle which this offensive places in the way of the over-long-deferred conclusion of any lasting peace. It must, however, be noted that Russian policy seems to exclude (in spite of Marshal Stalin's statements to the contrary) any economic collaboration. A British delegation to Moscow failed to secure a trade agreement. Moreover, there is little cheerful to be said about the aftermath of the transfer of authority in India. The first consequence has been fearful reciprocal butchery between Moslems and Hindus and the emergence of a refugee problem affecting at least twenty million people. A word must be added on Palestine. The British Government, two years after this course was first suggested by Mr. Churchill, has announced its intention of surrendering the mandate, and the United Nations whose Committee recommended partition shows supreme reluctance to take over the burden. The picture of world affairs, from the British point of view, must be confessed to be one of disorder, danger and retreat.

Some part of this state of affairs is, of course, due to our difficulties at home. Political strength abroad cannot exist in the absence of economic strength at home. As Mr. Bevin has said, nothing would more strengthen his hands in foreign policy than an adequate production of British coal. It is therefore true that the economic crisis affects not only our national life but our national prestige and position.

IRELAND

EXTERNAL POLICY

FOR most Irish people, including many in high places, external affairs have up to this merely meant Anglo-Irish relations. This attitude is a relic of the days when we had neither responsibility nor freedom and when the negative policy of opposition to England without regard to other issues reigned supreme. It has now been rudely shaken by the impact of world events, and there is every indication that the Government are at last realizing that we have wider interests and responsibilities which cannot be ignored. In a world where international trade is no longer free, where small nations cannot stand alone and ideological issues predominate, we must readjust our international perspective or suffer the consequences. The old policy of embarrassing England anywhere and anyhow is no longer possible or desirable. The hostility of the Russian Government towards our application for membership of the United Nations and the vital necessity of playing our part in the solution of the European economic crisis have forced our Government to abandon their ostrich-like policy of isolation. It now seems certain that in the new world which is rapidly taking shape Ireland, for both practical and ideological reasons, must unequivocally take her stand with the Atlantic Powers and the other nations of the British Commonwealth, for with them she shares both ideals and interests. We belong to the West and the Russians have fortunately forced us to say so.

This was clearly shown during the recent debate in the United Nations Assembly. Dr. H. V. Evatt, the deputy Prime Minister of Australia, addressing that body on September 18, declared that it was impossible to justify the exclusion of Ireland from membership. He pointed out that Sweden and Afghanistan were also neutral during the war yet there was no opposition to their admission. Was Ireland, he asked, kept out because it was alleged she was not a democracy? Such an allegation would, he said, be palpably false, because Ireland had a democratic constitution and Government, and the devotion of Irishmen to individual freedom was well known. Ireland was clearly a peace-loving nation, and the Russian veto had been used to obstruct the overwhelming will of the majority. Later in the discussion Mr. Hector McNeill, the representative of Great Britain, asked if anyone could possibly justify the rejection of Ireland as a member of the United Nations. Here was a reputable and stable Government, whose relations with members of the organization were good and cordial. Above all, she was a peaceful nation, seeking by legitimate means to improve at all times her relationship with Powers similarly stable and legal.

Sterling Control

THE identity of political purpose between Ireland and the other nations of the Commonwealth, which these declarations emphasized, has now been reinforced by the economic negotiations, long expected and, indeed,

long overdue, between the British and Irish Governments. These were formally initiated in London on September 19 at the request of the Irish Government. When the Irish Government agreed to take part in the Paris Conference on European reconstruction it became inevitable that they should also seek an economic agreement with Great Britain, for such an understanding would clearly be the best contribution they could make to the wider plan. Moreover, the decision of the British Government to stop the convertibility of sterling raised questions concerning our external trade which had to be answered without delay. Since Great Britain instituted exchange control in September 1939, the British Government has made available to us, against payment in sterling, the foreign exchange needed to meet payments for such goods and services outside the sterling area as our Government considered essential. This arrangement has applied irrespective of whether the sterling so converted into foreign exchange was derived from current earnings or accumulated balances. The nature of these operations is shown by the fact that during the first eight months of this year our purchases outside the sterling area were nearly \$160 million and our dollar income for the first nine months was only about \$24 million. This last figure was made up mainly of emigrants' remittances and tourist expenditure, and included only a million dollars for the export of goods. A drastic reduction in our supply of dollars, which is inevitable, must therefore affect our imports, thus creating further inflation.

Speaking at Letterkenny on September 14, Mr. Sean Lemass, the Minister for Industry and Commerce, made it clear that the Irish Government were ready and willing to co-operate in any measure proposed to protect sterling, in which he said our interest amounted to about £400 million. They would like, he stated, a plan for the development of the whole sterling area and not a scheme designed to benefit Britain alone. The resources of the sterling area were, he said, immense, and, if properly utilized, would be adequate to meet the needs of its inhabitants and to re-establish the freedom of international trade. He added that we could not agree to any plan for a European Customs Union which prevented us from developing our industrial resources, but emphasized that it would be foolish to think that we could maintain in this country a tolerable way of living if all our European neighbours went down in a welter of disorder. Anything that promoted the creation of a workable economy was a direct benefit to us. These wise and courageous words prove that Mr. Lemass learnt something during his visit to Paris.

The London Conference

A STATEMENT issued after the preliminary conference between the British and Irish Ministers, headed respectively by Mr. Attlee and Mr. de Valera, said that they had "explored in general terms the possibilities of dovetailing to their mutual advantage plans for increasing supplies from each country to the other". It is understood that the proceedings were also dovetail-like, that Mr. de Valera and his colleagues were highly pleased with their reception, and that agreement was reached on general principles. The discussions, which ranged over the whole field of trade and finance, have since

been continued at the official level in order to reduce the general agreement to concrete terms. The essential needs of both countries are, of course, obvious. Ireland wants from Britain coal, capital goods—particularly machinery—dollar credits, feeding-stuffs and fertilizers. Britain, on the other hand, wants from us cattle and agricultural produce. Unfortunately the policies of our respective Governments and the after-effects of the war render it extremely unlikely that immediate satisfaction of these requirements can be secured. Britain has some capital goods but little coal and fewer dollars for our use, while, as the volume of our agricultural production has fallen steadily since Mr. de Valera took office and is now 20 per cent less than in 1930, our margin of surplus produce for export has seriously diminished and in some products, like butter and bacon, is not sufficient to meet our own demand. The policy of his Government has been to build up small secondary industries dependent on imported raw materials, instead of concentrating on the development of our great primary industry—agriculture—and then building other suitable industries on that sound foundation. It is reasonable to suppose that these disconcerting facts are well known to the official negotiators, and this may explain the delay in reaching a conclusion. They may have even affected Mr. de Valera's views, for in a statement issued before his departure for London he pointed out that we can only obtain from other countries the things we do not produce by giving them in return, on a fair basis of exchange, what they want from us. We cannot, he emphasized, have the things we require if we will not work to produce them, and the more we need the harder we must work. It is to be hoped that his Government will now proceed to put these excellent elementary principles into practice.

The Paris Conference

FROM London Mr. de Valera proceeded to Paris, where, on September 22, he signed on behalf of Ireland the Report of the Paris Economic Conference. He said he was happy to do so, for he believed it to be an honest report. In it self-help was recognized as a primary duty and no more aid was sought than was absolutely necessary if the damage of the war years was to be made good in a reasonable time, and the nations of western Europe restored to a position in which they could provide for their own needs and preserve their traditional civilization. Ireland played a considerable part in the deliberations of the Conference and was represented on several important committees, two of which were presided over by Irish officials. Ireland's four-year production target, as disclosed in the technical report made to the Committee of European Economic Co-operation, provides for an increase of 25 per cent in milk, butter and poultry, of 50 per cent in processed milk and 60 per cent in cheese. Supplies of eggs and pigs are to be doubled and the percentage of fats to be increased by 150 per cent. To secure these results imports of fertilizers are to be increased, and we expect that coal imports will be back at the pre-war level of 2,500,000 tons by 1950. Petroleum imports are to be doubled during the next four years and our merchant fleet is to be increased from 50,000 to 100,000 tons by the end of 1949. These are ambitious, and let

us hope not too optimistic, estimates. They emphasize the necessity for increased agricultural production.

Germany and Ireland

LIGHT has recently been thrown on another aspect of our external position by the release of documents* from the German naval archives which show that, after the abandonment of the invasion of England (Operation Sea-lion) in the autumn of 1940, Hitler decided against the occupation of Ireland unless Mr. de Valera invited his assistance, but that Raeder considered such an operation impracticable in any event, because there would be no possibility of maintaining a supply line and whatever forces were landed in Ireland would be isolated from the very first. *The Irish Times* has also recently published a series of posthumous articles by Dr. Hermann Goertz, a German Intelligence officer who was dropped by parachute in Ireland in May 1940 and remained at large for some time. He poisoned himself in Dublin last May when he learnt he was to be deported to Germany. These articles disclose that the German aim was to attack British communications in Northern Ireland from the south. They also reveal the contempt of a trained European soldier for the I.R.A., which he describes as worthless, undisciplined and completely incompetent.

Economic Perils and Industrial Unrest

THE thousands of British tourists who visited Ireland this summer must have returned with a very false idea of our economic position. Surveying our well-filled shops and eating our apparently unlimited food, they may well have concluded that Ireland is a new Eldorado. This is far from being the case. During the first six months of this year we exported £16 million and imported £52 million of goods, leaving a visible adverse balance of £36 million. Owing to invisible exports of £26 million the real adverse balance is, however, only £11 million. This deficiency is due in part to filling the import vacuum left by the war years, and in part to an attempt to realize our sterling balances, but it is also caused by the progressive decline of our export trade. The volume of our exports in 1946 was less than 73 per cent of the volume of 1938. The necessity for a reduction of all but essential imports seems obvious. Moreover, during the last year the cost of living has risen by 10 per cent and has now reached the record figure of 319 points, an increase of 26 points as compared with August 1945. This rise is primarily due to the increase price of agricultural produce and of imported raw materials. While prices are now 84½ per cent higher than in August 1939 wages have risen, on average, less than 50 per cent.

These economic pressures, now ended, have had inevitable repercussions of industrial unrest and social discontent. A strike of the road-transport passenger-service employees stopped all bus services for over a month. The employees not only struck before the Labour Court considered their claims, but also refused to accept the award of the Court, which granted them a moderate increase, maintaining that it was not adequate to meet the increased

* Führer Conferences on Naval Affairs, 1940.

cost of living. A bank strike was also threatened and the bank officials, having rejected the recommendations of the Labour Court, which included an extremely fatuous suggestion of the bank directors that the officials should agree to divide their forces by forming a special organization for senior officials, adopted a "go-slow" policy as regards hours of work. This naturally caused congestion of business and forced the directors to apply to the Government for permission, which was granted, to close the banks for several days in order to overtake arrears. Finally both sides agreed to meet and discuss the questions at issue without conditions, and a settlement was arrived at. Public opinion was almost entirely on the side of the officials, who are underpaid and overworked, and it seems clear that the directors mishandled the matter from the start. It is obvious that our banking system needs both consolidation and overhaul; at least half the branches maintained by the banks are redundant and more than half the directors otiose.

Migration and Emigration

THE tourist influx, which this summer reached enormous proportions and constitutes one of our main invisible exports, has also caused public criticism. The presence of so many visitors well provided with sterling has naturally had an inflationary effect, and it is inevitable that the average Irish citizen should feel annoyed when, as frequently happened this year, he could not obtain accommodation in his usual hotel or restaurant because it was filled with English visitors. But from the national point of view this is a short-sighted attitude, for it is more economic to sell steaks than steers, and our friendly invaders represent a claim on Britain which cannot be ignored in settling our demand for dollar credits. What really matters is the balance of payments, and in that respect tourist expenditure here counts just as much as direct exports, if not, indeed, more.

A far more serious problem is raised by uneconomic exports of another kind, namely, the alarming increase in the emigration of our younger people, particularly girls. In 1946 14,000 girls under 24 years left the country for employment elsewhere, principally in Great Britain. This serious drain, concerning which the Catholic Hierarchy has recently expressed grave alarm, is rendered more serious by the fact that this country is barely able to hold its own in the net reproduction rate, largely owing to late marriages. In order to meet at least in part the demand for specially qualified persons and domestic servants, the Irish Government has recently announced that it is prepared on request by prospective employers to grant entry permits to suitable aliens. The Northern Ireland Government, on the other hand, has, for political reasons, recently introduced legislation for the purpose of preventing emigrants from the rest of Ireland from obtaining employment in that area.

Inflation and the Government's Remedy

THE Central Bank, a Government institution which is charged by statute with the "constant and predominant aim" of ensuring "the welfare of the people as a whole", in its annual report for the year ended March 31,

1947, states that "the tendency towards an unhealthy inflation . . . has in recent times shown marked evidence of becoming worse and now demands vigorous measures to check it". The Directors recommend a drastic curtailment of public expenditure, and point out that it is more important to improve "real" wages by checking price increases than to raise nominal wages and so cause further price increases. They add that the volume of money and the spending power of the public are expanding out of all proportion to the supply of goods. In this situation the scarcity of dollars must have serious results. It is, therefore, difficult to understand the naïve statement of Mr. Frank Aiken, the Minister for Finance, made in the Dáil on October 8, that the lack of dollars was not expected to cause a grave crisis in the country's economic life. In fact, as he himself stated a few days later, we bought £9.8 million worth of goods from the United States in the first six months of 1947, including coal, wheat, petrol, lorries and cars. It is, moreover, probable that owing to the poor yield of the grain harvest we shall import a large amount of wheat from the dollar area during the coming year. Our industries and railways have been dependent on American coal for over six months, and we have imported over half a million tons in that period. Without the dollars to purchase these essential commodities our plight would be grave indeed.

The Government's policy to meet the perilous situation caused by the rising level of prices and wages was announced by Mr. de Valera in the Dáil on October 15. Their aim is to maintain such control over prices as will be effective in ensuring that only such variations occur as are justified by variations in cost; to affect the higher costs of essential commodities by means of subsidies so far as it is practicable to do so; and to acquire, either by agreement or legislation, such control over wages as will be effective in relating future wage variations to the cost of living. The Government's detailed proposals to attain these ends involve the reduction of the cost of living index by 13.2 points or approximately 4 per cent, through additional subsidies, amounting to £5,520,000 per annum, on flour, bread, tea and sugar. As a result the price of a four-pound loaf will fall by 1½d., tea by 2s. 2d. a pound and sugar by 2d. There is also to be a subsidy on fertilizers which will enable them to be sold at last year's prices. To meet this increased expenditure the Minister for Finance introduced on the same day a supplementary budget. Income tax would, he announced, be increased next year by 6d. in the £ to 7s., and new taxes would be imposed at once on beer, spirits, wine, tobacco, furs and cosmetics. In addition he provided for increases in the rates of surtax, entertainment duty, road tax on motor-cars and stamp duties on the sale of property. Purchasers of land or houses who have not been resident here for the last three years will have to pay an *ad valorem* stamp duty of 25 per cent. This last duty is clearly designed to stop the inflation of land values caused by the invasion of wealthy British emigrants anxious to secure Irish property at any cost. The other aspect of the Government's policy is shown in the Industrial Efficiency and Prices Bill, recently introduced in the Dáil, which provides for the general control of prices, profits and trading methods, the promotion of industrial efficiency and the

establishment of "working parties" or development councils for industry. This last measure is naturally most unwelcome to our highly protected industrialists, although Mr. Lemass, the Minister for Industry and Commerce, has expressly stated that so long as a commodity or article is efficiently made and sold at a price comparable with those ruling elsewhere the Government will not limit the profit earned on the transaction. He added that the Government favoured private enterprise as against State trading or Government direction of industry and commerce. Mr. de Valera said during the debate that an effort would be made, in consultation with trade-union leaders, to persuade workers as a temporary measure to agree not to make any further demands for higher wages. If, however, such agreement proved impossible legislation would, he indicated, be introduced to stabilize wages at present rates. This is, of course, the weak link in the chain, for it is hard to see how such a policy could be enforced unless the rank and file of labour proves amenable, which is extremely unlikely. Briefly the Government's plan is to base wages on the new cost-of-living index figure, stabilizing at this level the wage rates now existing, either by agreement or by an award of the Labour Court, but providing for an upward movement in the event of a further rise in the cost of living. The Trades Union Congress has described this proposal as "drastic and ill-considered", but the trade-union leaders as a whole seem prepared at least to examine the Government's plan, and may eventually agree to give it a trial. They will certainly ask for larger subsidies and a stringent tax on profits. The labour movement, however, still lacks coherence and effective leadership. In general, the Government's policy may be described as a belated attempt to retrieve the serious error which they made last year when they removed the stand-still order on wages without first attempting to reduce prices or increase the supply of consumer goods by removing tariffs. The new taxation will have the effect of shifting the increased cost of living from essentials to non-essentials. It will reduce the cost-of-living index figure but increase the cost of living—unless people are prepared to change their habits. The average working paterfamilias who drinks a pint of beer and smokes twenty cigarettes a day will suffer a net loss and, though we are promised a new cost-of-living index figure based on international standards, it will apparently take years to calculate. In the meantime we are told that new ration books are imminent!

The People's Verdict

THREE by-elections in widely separated and very different constituencies—Dublin, Waterford and Tipperary—long overdue, were held on October 29 and gave the people's reaction to these events. In County Dublin and in Waterford the contest was between Fianna Fail (the Government party), Fine Gael, Labour and Clann na Poblachta (Republican party);* in Tipperary the Farmers' party also entered the lists. Mr. de Valera made the result of these elections a matter of confidence and announced repeatedly during the election campaign that if the Government was defeated in any of the three constituencies there would be a general election. The results showed that

* See THE ROUND TABLE, No. 145, December 1946, p. 81.

the number of first-preference votes cast for the Government candidates had dropped by nearly 50 per cent and the Clann na Poblachta candidates were elected in both Dublin and Tipperary. In County Dublin Mr. Sean MacBride, S.C., the energetic leader of the new party, had a majority of 9,432 over the Government candidate. Confronted with this challenge to his Government's authority, Mr. de Valera immediately issued a statement to the effect that a weak Government could not deal effectively with the conditions which may confront the country in the coming year. An opportunity must be given to the people to indicate their will and give their judgment. Accordingly he would seek a dissolution of the present Dáil as soon as practicable and a general election would be held early next year. His Government will doubtless first pass into law the supplementary Finance Bill and the measure recently introduced to provide for a redistribution of seats and an alteration of electoral areas. This Bill will greatly increase the number of three-member constituencies and so decrease the value of proportional representation. The present state of representation in the Dáil is: Fianna Fail, 76; Fine Gael, 27; Labour parties, 12; Farmers' party, 11; Independents, 10; Clann na Poblachta, 2. The Government has therefore an over-all majority of 14. Mr. de Valera's Government has now been fifteen years in office and, with the exception of that in Northern Ireland which has lasted for a quarter of a century, is the oldest in the world. While it may possibly survive the coming election, its days would seem to be numbered.

A Northern Dominion?

AN interesting sidelight was recently thrown on the changing attitude of Northern Ireland by the declaration of Mr. W. F. McCoy, K.C., M.P., who, in a speech at an Orange demonstration in Dungannon, urged that Northern Ireland should be granted Dominion Status with all that this implies. Mr. McCoy is an influential member of the Government party, and although his views on this question are presumably only personal they have not been officially disavowed. It is interesting to recall that when this course was suggested in these pages exactly thirteen years ago as a possible approach to the solution of the Irish *impasse* it was rejected by a spokesman for Northern Ireland.* But whatever value may be attached to Mr. McCoy's statement, it indicates quite clearly that the ruling party in Northern Ireland feel mighty uncomfortable as a satellite State of a British Socialist administration. It still remains true that the granting of Dominion Status to Northern Ireland would enable both Irish Governments to meet as equals and adjust their differences without outside interference.

Ireland,

November 1947.

* See THE ROUND TABLE, No. 97, December 1934, p. 40 and No. 98, March 1935, p. 259.

CANADA

THE DRAIN OF DOLLARS

BEFORE his departure for the royal wedding, Prime Minister King announced that the Canadian Parliament would meet on December 5—about seven weeks ahead of its regular winter opening. In making this announcement, Mr. King emphasized that the primary purpose of the advanced date was to give legislators a chance to study and review the Geneva trade agreements. Mr. King indicated that there might be "other matters" as well for Parliament to discuss.

Despite Mr. King's refusal to be more explicit about these "other matters" or to be drawn into any discussion of them, it is now a widely held expectation that the most important and compelling business which will be before the Parliament of Canada when it reassembles is the introduction of a "new national policy" aimed to conserve the country's dwindling reserves of American dollars and bring about a long-range adjustment in the trade balance of these two countries.

As this correspondence is written, the design of necessary action to achieve these goals is still shrouded in the mysterious depths of official secrecy. It is reported that there has been considerable difference of view among Government advisers on the extent and timing of measures to be taken. Another difficulty has been the necessity of action, considerably in advance of information, about the extent and conditions of possible dollar aid under the so-called Marshall plan. (It will be remembered that the Paris Conference report indicated that some \$6,000 million of aid must come from the dollar countries outside the United States. About half of this sum has been unofficially suggested as representing Canada's "share". But the major "unknown" is whether or not any or all of this responsibility would be underwritten by the United States; in short, whether or not any appropriation of U.S. funds for European aid would be expendable for goods outside the boundaries of the United States itself.)

Most official thinking at Ottawa concerning the Canadian dollar problem appears to start by emphasizing the fact that the country's over-all balance of trade has been, and still remains, favourable. It is then pointed out that within the security of this favourable position, and because of the expectation that the balance would continue favourable, the Government made very substantial post-war credits to Britain and to European countries. These credits amount to something better than \$1,800 million. Of this total, \$1,250 million was a long-term loan to Britain on terms very similar to those granted her by the United States.

Had these loans been drawn upon more slowly or had the over-all Canadian balance of trade remained sufficiently favourable, all might have been well. But neither expectation was fulfilled. On the one hand, Great Britain, for reasons well known to the world, was forced to draw on her Canadian loan

at a rate substantially faster than had been expected. At the same time, Canadians themselves developed a vast appetite for American goods of every sort and description. These imports rapidly filled the vacuum caused by substantial capital exports built around Government loans—a situation met largely at the cost of a rapid depletion of the Government's war-time reserve of U.S. dollars.

Presumably steps might have been taken at any time to effect a cure had it been thought that the situation had reached sufficiently serious proportions. There could have been a refusal to ship further goods on credit to Britain and Europe. Or there might have been a deliberate lowering of Canadian living standards by the placing of an embargo on imports from the United States. Despite an official public warning as early as February 1947, when the Bank of Canada issued its annual report, it was only in the late summer that the dilemma reached what were considered to be crisis proportions.

There is one further condition which did, in fact, play an important part in this situation during 1945 and the early part of 1946. This was the importation of capital from the United States during that period.

In 1945 the balance-sheet of sales and purchases of securities as between Canada and the United States showed a net credit in Canada's favour of \$220 million. Up to July 1946 the favourable balance for the first six months of the year was \$141 million.

How long this substantial inflow of capital might have continued is a matter of conjecture. But the action of the Federal Government in July 1946 of returning the Canadian dollar to parity with the U.S. dollar (it had been at a discount of 10 per cent since September 1939) effectively blocked this source of U.S. funds. The favourable monthly balance started to dwindle. By December 1946 there was a small outflow. In the first seven months of 1947 the net "unfavourable" balance has been about \$4 million.

Trade with the United States

MEANWHILE, Canadian purchases from the United States were multiplying. Omitting the war years as abnormal, the general level of Canadian imports from the United States during 1938 had been of the order of \$35 million monthly. By January 1946 the corresponding figure was about \$90 million. By midsummer 1947 it had reached the unprecedented height of over \$180 million monthly.

The balance-of-payment figures on merchandise account were equally disturbing. True, Canadian exports to the United States during 1947 were four times (by value) their pre-war level. But in the first nine months of 1947 the Canadian dollar deficit with the United States (on merchandise account) had risen to a cumulative total of \$720 million. It continued to rise at a monthly rate of between \$80 and \$90 million each month. The corresponding deficit in 1938 was of the order of \$150 million for the entire year.

What has been the nature of Canadian imports from the United States?

Out of \$1,400 million of imports in 1946, the main groupings of Canadian purchases were as follows: industrial equipment, \$200 million; fuel, \$140 million; foodstuffs (chiefly fresh fruits and vegetables), \$105 million; auto-

mobiles and parts, \$120 million; consumer goods (other than food), \$145 million; raw cotton, fabrics, &c., for manufacturers' use, \$120 million; iron, steel and other components for manufacturers' use, \$200 to \$250 million; farm machinery, \$71 million; construction materials, \$36 million.

With perhaps the important exception of cotton textiles, where Canadian purchases have soared sensationally owing to inability to get customary supplies from other traditional sources (chiefly Great Britain), the list reflects in the main the greatly expanded purchasing power and full employment in the main the greatly expanded purchasing power and full employment for which Canada has enjoyed since 1940. Net national income is estimated for 1946 at \$9,500 million compared with \$3,940 million in 1938. This in itself would be expected to do more than double Canadian purchases from the United States. As well there is an over-all price increase of close to 50 per cent, plus the further abnormal demand for capital and other durable goods needed both for post-war reconstruction in Canada and to fill the vacuum caused by inability to purchase during the depression and the war years. There is therefore little cause for wonder at what has happened since reasonable supplies of U.S. goods became available.

But how to resolve the problem—a problem met in earlier years either by conversion of excess sterling into dollars or by capital imports from the United States?

For and against Devaluation

ONE course freely suggested has been to devalue the Canadian dollar by a stated amount—say, 10 or 15 per cent—or even to let the dollar go "free" in the U.S. market. Ever since the return to parity in 1946 there have been recurrent rumours that the Government was about to devalue. Mr. D. C. Abbott, Minister of Finance, referred to these rumours recently as "Friday night" rumours. He suggested that they were inspired by brokers and other interested persons connected especially with the important gold-mining industry, who would stand to gain the most direct and immediate benefit from such a move. (Since 1941 the output of Canadian gold had been declining steadily until early this year. A peak output of about \$200 million annually had slumped to less than half that amount under the pressure of rising costs and scarcity of manpower. The final setback had come in July 1946, when the return to parity robbed the mines of a "premium" of \$3.50 per ounce which they had been obtaining because of a "ninety-cent" Canadian dollar, and which they were unable to regain short of an outright subsidy by the Government. Other major exporters, such as the Canadian newsprint industry, were able to raise their prices almost immediately. But no such relief was possible in the case of gold-mines, whose product was purchased by the Government for resale at the fixed price of \$35 an ounce, U.S. funds.)

Advocates of devaluation argued that it was the "natural corrective" for a country faced with a heavy and increasing adverse balance of trade *vis-à-vis* the United States. Not only (it was argued) would gold-mining be again revived, but exports in general stimulated, and imports correspondingly checked. It was argued that if the official limit of a 10 per cent

devaluation permitted under International Monetary Fund rules was insufficient, then the Government should let the Canadian dollar "go free" and permit it to find its own level, the implication being, presumably, that it would come to rest at a point where the balance of trade between Canada and the United States would again be equalized.

Although "official" Government thinking on this question of devaluation has not been spelled out for some considerable time, there is little doubt that most, if not all, Canadian officials and ministerial advisers adhere to the view that this is not the proper solution of the country's dollar problem. Nor has there been any evidence that this course was being considered, even as a partial solution, short, perhaps, of a general "revaluation" of European and other currencies from the official rates chosen at the time the International Monetary Fund came into being.

Those who make the case against devaluation argue that Canada is not a country whose over-all balance of trade is unfavourable. They point out that Canada has no difficulty in selling her goods on world markets because they are too high priced. On the contrary, the internal purchasing power of the two dollars (Canadian and American) suggests a balance considerably in favour of Canada. (Canada retained her war-time controls over prices and supplies much longer than did the United States. She still retains an embargo on many items, such as meat and other agricultural products, to meet her European commitments or to prevent them from being sucked into the higher-priced U.S. market. Similarly, U.S. housewives pour across the Canadian border and bring home shopping-baskets tightly filled with cheaper Canadian foodstuffs.) In short, Canada could presently export more of almost everything if she could produce it—a situation which would be further aggravated if a substantial added increment were to be given to all export industries through devaluation.

It is further argued that possibly two-thirds of the current level of U.S. imports represents items such as coal, steel, petroleum, capital equipment, components, machinery, &c.—items which under present circumstances would probably have been bought in any event by Canadians. To add a premium of 10, 15, or even 25 or 30 per cent in terms of U.S. dollars would merely aggravate Canada's balance of payments and increase the country's capital costs and operating expenses. There is also the burden added to capital account to meet interest on the debts owed by Canadians in the United States and payable in U.S. currency.

Apart from devaluation, other suggested solutions include (a) the floating of a substantial Canadian loan in the United States; (b) the imposition of restrictive measures to curb U.S. imports; (c) the stimulation of Canadian exports to the United States; (d) expansion of domestic sources of raw materials, manufactured goods, &c., so as to reduce dependence on the United States; (e) reduction in "credit" sales abroad.

The world-wide scarcity of American dollars is in itself bringing some corrective by restricting credit sales for certain types of goods which Canada had been selling freely since the end of the war. This possible relief is limited by long-term commitments for the sale of Canadian foodstuffs, metals,

timber, &c., to traditional markets such as the United Kingdom. Canada is loath to abandon these markets because of their long-term importance and because they provide an outlet for agricultural and other primary products which are not traditionally saleable in the United States.

Some limit has been placed on these sales by requiring all countries to whom post-war trading credits have been extended to pay a certain proportion of the price in U.S. dollars. The most important such agreement was negotiated with Great Britain in June 1947. It requires Britain to settle half of her current balance with Canada in U.S. dollars. Thus in October 1947 it was estimated that the proceeds of the British line of credit in Canada, which stood at that time at about \$430 million, could be made to last an additional twelve to fourteen months. Fifty per cent of any outstanding balance is paid out of the loan. The remainder is paid by Britain in U.S. dollars. (This procedure is justified by the argument that since the United States cut off the British loan in mid-August, Canada is the only "dollar" country that is not requiring payment of outstanding indebtedness at the full rate of one hundred U.S. cents to the dollar. Moreover, most British purchase contracts are at prices considerably below the current world rate—a circumstance which makes the Canadian arrangement doubly "generous".)

No single "solution" appears justifiable as wholly adequate to meet the country's problem and bring the dollar account into reasonable balance. Canada ended the war with a fortuitous U.S. dollar reserve of about \$1,500 million. At the end of 1946, despite considerable capital imports and additions to her U.S. dollar reserve from many countries with which she carried on trade, this balance had shrunk by a further \$260 million. The really serious drain occurred, as has been noted, in 1947, when as much as \$700 million may have been withdrawn. In general terms, it is estimated that by the end of 1947 the Canadian dollar reserve will have reached a point below which further inroads would become dangerous unless steps had meanwhile been taken to reverse the present decline.

The Possibility of Borrowing

ALMOST certainly some recourse will be had to borrowing in the United States—not by way of a "political" loan at Washington, but more probably by one or more direct flotations in New York, and quite possibly by specific borrowing for earmarked trade items through the U.S. Export-Import Bank. It is not unlikely, too, that Canada may draw on the \$75 million (U.S.) that will be available to her within the next twelve months through the International Monetary Fund.

The argument for these borrowings would be tied essentially to two considerations: (a) that the present rate of spending by Canadians on U.S. goods is not likely to be maintained over a long period; (b) that within a reasonable period of time constructive measures can be initiated which will of themselves increase dollar earnings and especially Canadian exports to the United States.

What is indicated here is that, alongside any programme of short-term restrictions intended to bring about immediate conservation of the present

outflow of U.S. dollars from Canadian reserves, there should and must be the design of what is virtually a new "national policy" aimed at integrating the two economies more closely.

The first official approach to this policy was given in a public address by the Hon. D. C. Abbott on October 30 in Montreal. At that time the Minister of Finance set down as objectives for Canadian exporters that they must first "seek to narrow the gap" in their trading accounts with dollar countries by exporting more goods to those countries. Next, that they must "seek to diversify exports to the dollar countries by combining a greater proportion of processed and manufactured goods". More specifically he singled out the Canadian branch plants of U.S. subsidiaries (there are 2,000 of these in which \$2,300 million has been invested) as the spearhead in this campaign of industrial integration. He said:

"A salient feature of the present-day manufacturing industry in Canada is the existence of several thousand branch plants and subsidiaries directly related to large parent firms in the United States. This development occurred mainly in those industries associated with the spectacular growth of modern mass production methods, concentrated in the last two or three decades. Their development occurred largely to take advantage of markets protected by substantial tariffs and the system of Imperial Preferences. We are all familiar with the great benefits accompanied this tremendous inflow of capital. What is not so well known, however, is that the branch plant system and the resultant heavy demand for imports from the United States is intimately connected with the wide gap in our trade with that country. What I mean is this, there is a continual, heavy, one-way flow of parts, materials, machine tools, etc., to feed and service these branch plants, the products of which form a significant part of our exports not to the United States but to non-dollar countries. This uniformly one-way flow of trade was understandable and unavoidable in the early states of development. These plants to-day, however, are lusty, strong and modern giants capable of competing anywhere in the world. By a process of specialization and by the application of the right kind of initiative and salesmanship, these goods can be made to flow and must be made to flow both ways. This can be an important new source of exchange which will permit us to continue to buy the supplies we must have from the United States. In addition to providing dollars there are tremendous economies to be reaped from an extension of integration and specialization which this process entails. To a large extent these arrangements will have to be worked out by individual firms within the framework of their special circumstances and requirements. Too often when the question of exporting manufactured goods to the U.S.A. and other hard-currency markets is put forward, the familiar objections and difficulties are raised. Large domestic markets, mass production techniques, U.S. customs procedure, the tariff structure of our own dollar countries are pointed to as insurmountable obstacles. I maintain that the basic competitive position of Canadian plants is sound. Our techniques of production, managerial skill, and skilled labour force compare favourably with the finest anywhere in the world. In isolated cases where this is not true, they must be made competitive. Where the obstacles consist of artificial barriers, such as tariffs and customs practices, they must be modified. Where the obstacles are created by marketing practices and conventions within particular industries, they must be adapted to our present needs."

One of Canada's most difficult problems at home and abroad will be to convince her own people, as well as affected interests in the United States, that any restrictive programme on which she embarks in order to conserve the dollars is not a reversal of her past, present and continuing faith in the principles of "expansionist multilateral trade". To quote again Mr. Abbott:

"I am convinced that the ultimate solution of present difficulties not only for Canada, but for the whole world must be in expanding world trade, in lowering and eliminating artificial barriers, restrictions and discriminatory practices. This is the only road to world prosperity and rising standards of living. Although this proposition is universally true, it has greater significance for Canada than perhaps any other country, because Canada has been and will remain more dependent on a high level of foreign trade than perhaps any other great trading nation. We should bear in mind too that nothing we may do now to overcome our present temporary difficulties must be permitted to place serious obstacles in the way of progress toward a multilateral trading world."

Canada,

November 1947.

AUSTRALIA

THE DOLLAR CRISIS

IN recent months domestic politics have reflected international economic events. The dollar crisis has had important repercussions upon Australian trade policy. The inflationary trend throughout the world is making itself felt on the level of Australian prices and wages, with important implications for Commonwealth-State financial relations. And the Government is apparently so impressed with the desirability, in the event of an international economic collapse, of maintaining effective control over the machinery of credit creation that it proposes to take the extreme step of nationalizing the trading banks.

As early as February last the Prime Minister warned the country that Britain's dollar position was very serious and that cuts in Australian imports might become necessary in order to help Britain. By the end of April there were signs that Australia's own trade position was deteriorating. In that month the surplus of merchandise exports over imports, which had averaged £A6.7 million per month over the previous nine months, fell to zero and, although in subsequent months it recovered slightly, there was a deficiency of £A6 million in July and £A3.6 million in August. Thus, although over the twelve months ended June 1947 the trade surplus totalled £A78 million, most of it accrued in the earlier part of the period.* Moreover a substantial part of the surplus appears to have been accounted for by the shipment of stocks of wool purchased and paid for by other countries during the war, but left in Australia for storage. Consequently, the surplus of actual receipts for exports over expenditure upon imports was much below the above figure, and was not more than sufficient to meet debits in respect of war expenditure overseas, including £A6 million for the lend-lease settlement with America and £A25 million for the gift to Britain. Had it not been for the latter, the surplus of external receipts over trade expenditure would have sufficed to pay most of the interest on overseas loans. As it was, our foreign exchange reserves were depleted by £A15 million, in spite of much investment of overseas capital in Australian industry.†

When trade with individual countries is examined, it is found that the deterioration since April has been most marked in respect of the dollar countries. With the United States, Australia had a surplus of merchandise exports over imports of £A1.4 million per month in the nine months ended March, but in the following quarter exports declined and imports increased to such an extent that there was a monthly deficiency of £A3.2 million. In

* This was not a normal seasonal movement. In 1946 the surplus of exports over imports averaged £A4.8 million per month in the quarter ended June and was £A9.4 million in July and £A11.4 million in August. Since then imports have increased rapidly, whereas exports, after reaching a peak in August 1946, fell off and did not recover until May 1947.

† White Paper on National Income and Expenditure, 1946-47, Table 4.

July and August the situation was still more serious and the deficiency for each month amounted to £A7.4 million. It is probable that the high level of exports prior to March was largely accounted for by the shipment of wool purchased in previous years as explained above. According to the National Bank the predominant cause of the subsequent increase in imports was "a more liberal granting of import licences for American textiles and other commodities—a policy which has proved to be temporary and has been followed by more stringent control". If this explanation is true, it suggests that the Customs Department was misled by its own export statistics, the high level of shipments being interpreted as ensuring a high level of dollar receipts. With Canada, Australia has always had a deficiency of merchandise exports against imports, but the deficiency rose from a monthly average of less than £A1 million in the nine months ended March to a monthly average of £A1.5 million in the following quarter. The deficiency was £A2.1 million in July and £A1.2 million in August. It is thus clear that Australia has a dollar problem of her own, but there is still a widespread disposition to think too exclusively of the dollar crisis as a British problem.

The ill-fated restoration of the convertibility of sterling and the formal abolition of the sterling-area dollar pool on July 15 might have been of some advantage to Australia had her own dollar position remained favourable, but its rapid deterioration made Australia increasingly dependent on Britain's dwindling dollar resources. In a few weeks it became clear that Australia as well as Britain would have to restrict her dollar expenditure, and that some restriction of imports from Britain might also be necessary in order to permit the diversion of British goods to dollar countries.

Parliament was in recess from June 6 to September 17, and the Prime Minister spent most of July visiting party organizations throughout Australia, but he returned to Canberra at the end of the month. A few days later it was reported that the Customs Department had been instructed to undertake an examination of Australian imports from North America and Britain with the object of classifying them according to "their priority for national purposes" and the existence of local substitutes. Mr. Attlee's "austerity speech" on August 6 was followed a week later by the Australian Cabinet's decision, after an all-day sitting, to reduce the existing petrol ration by 20-25 per cent for private users and by 10 per cent for commercial users; to ration dollar allowances to travellers; and to review dollar expenditure on tobacco, films, newsprint and a long list of miscellaneous items. This review was accelerated after Britain's suspension of the convertibility of sterling on August 20, and on September 2 the Prime Minister announced drastic reductions in all dollar imports, except essential machinery and raw materials. In addition to textiles, for which the issue of import licences had been suspended at the end of May, the most important cuts were in motor chassis (20 per cent), tobacco (20 per cent), film royalties (30 per cent) and newsprint (30 per cent). Remittances by entertainers were also to be restricted and a long list of minor imports was entirely banned, including such items as cosmetics, motor tires, washing-machines and musical instruments. It is reported that these cuts are expected to save about \$40 million (= £A12½ million)

per annum, but, extensive as they are, it is not officially expected that they will suffice to close the gap between dollar receipts and dollar expenditure. Further cuts may therefore be expected.

The Geneva Trade Negotiations

IT is ironical that these drastic import cuts should have become necessary even before the completion of the efforts being made in Geneva to reduce tariff barriers and other obstacles to world trade.

Australia entered on these negotiations in spite of protests from various groups who felt their interests to be threatened by the programme drawn up at the first session of the Conference in London late last year, and by the evident desire of the United States to eliminate imperial preference. These protests came not only from primary producers, who were the most obviously threatened, but also from certain manufacturing interests which were alarmed at the possibility of a reduction of the tariff on United States goods to the same level as the preferential tariff on British goods, which they have in the past frequently criticized as being too low. At one time it also appeared possible that participation in the Geneva talks, like acceptance of the Bretton Woods Agreement, would be opposed by some elements in the Labour party itself, but this danger was averted by the Prime Minister's victory on the Bretton Woods issue.*

The Prime Minister, in several statements to Parliament, has made clear his Government's attitude to the Geneva negotiations. On March 12 he stated that "the Government has always fought to retain Imperial preference because of its economic value to certain Australian industries . . . but neither New Zealand nor Australia can maintain preferences which other Empire countries are not prepared to continue. The British Government believes that some concessions will have to be made if it is to join in the world trade organizations."

By this time the negotiations had been halted in consequence of efforts in the United States Congress, first to raise the duty, and, when that failed, to impose a quota on imported wool. The United States duty on wool has long been 34 cents per pound, on a clean basis—equivalent to about 100 per cent protection in 1939. A reduction of this high rate has always been the aim in trade negotiations with the United States, and in 1940 a reduction to 17 cents was under discussion. To raise the duty seemed therefore to slam the door on any possibility of lowering tariffs or reducing Empire preferences so far as Australia was concerned, and the trade talks were interrupted

* See THE ROUND TABLE, No. 146, March 1947, p. 195. The decision taken last December by the Parliamentary Labour Party to submit the Bretton Woods issue to a special Federal Conference of the Labour Party did not get the requisite support from the State branches of the party, and early in March the Prime Minister was therefore able to re-submit the issue to the Parliamentary Labour Party. On this occasion the party caucus reversed its previous decision and approved the introduction of legislation to ratify the Bretton Woods Agreement. The legislation was passed shortly afterwards by Parliament with little opposition, but Australia did not finally become a member of the International Monetary Fund or Bank until the signing of the articles of membership on August 5.

almost as soon as they had begun. The Prime Minister was voicing the reaction of most Australians when he said in the House on May 29: "I must confess my complete astonishment that the country that originated and preached the proposals under consideration at Geneva should, at the time attempts were being made to negotiate an agreement, precipitate a proposal that to my mind is internationally provocative." Earlier he had explained that "we regard wool as very important. It is our most important exportable primary commodity and in our view it is essential that there should be a freer use of wool throughout the world."

On June 26 President Truman vetoed the proposed wool legislation, but the Australian Government and its representatives in Geneva indicated clearly that they would be satisfied with nothing less than a 25 per cent reduction in the existing United States tariff. It was not until the middle of August that the Americans signified their willingness to make such an offer. This enabled the Australian-American trade negotiations to be resumed. On August 21 Mr. Dedman left Geneva and on his arrival in Australia he expressed himself as "confident about their ultimate success, although even those actually engaged in the negotiations cannot clearly see their final result". He also stated that the Government attached importance to a number of provisions concerning full employment and economic development that the Australian delegation had succeeded in having inserted in the Trade Charter.

Banking

THE present inflationary trend in the United States and the possibility of its sudden reversal has for some time been a matter of major concern to the Commonwealth Government. Indeed their anxiety to ensure effective control over internal credit policy in the event of a world economic collapse has now been adduced as a reason for the nationalization of banking.

Australia has had a nationally owned bank ever since the establishment of the Commonwealth Bank in 1911. The Commonwealth Bank has conducted the banking business of the Commonwealth Government since its foundation, and it has enjoyed the sole right of note issue since 1924, but its development as a central bank has been retarded because it has not always enjoyed the full confidence of the trading banks, which correspond to the London "clearing banks". Moreover, it maintains a large trading department of its own, as well as a savings-bank department and a mortgage department. Its position is thus very different from that of the Bank of England.

During the war the position of the Commonwealth Bank was greatly strengthened by National Security Regulations, which required the trading banks to deposit with it their "surplus investible funds", defined as the increase in their total assets since 1939. In this way their opportunities of earning higher profits were strictly limited, since they were precluded from increasing their advances without correspondingly reducing their holdings of Government securities, and vice versa. This system was perpetuated under the 1945 banking legislation, of which some account was given in

a previous issue of THE ROUND TABLE.* At present these "special deposits" with the Commonwealth Bank amount to about 40 per cent of the total assets of the trading banks, and they carry a nominal rate of interest of $\frac{1}{2}$ per cent per annum. The Commonwealth Bank's power to retain or release these deposits provides it with a powerful instrument of control over the lending policy of the trading banks.

Under the Constitution the Commonwealth Government is specifically empowered to make laws with respect to "banking, other than state banking", and no attempt to challenge the validity of any of the provisions of the 1945 Banking Act was made either by the banks or by anyone else until Mr. Chifley, in his capacity as Treasurer, announced last May that section 48 of the Act would be brought into operation on August 1. This section prohibited the trading banks from conducting any banking business "for a State or for any authority of a State including a local government authority". Many authorities already did bank with the Commonwealth Bank, but those that did not included some important bodies like the Melbourne City Council. When that Council's request for exemption from the proposed order was refused it issued a writ in the High Court challenging the validity of section 48 of the 1945 Act under which the Government proposed to act. The writ also challenged the sections of the Act which perpetuated the "special deposits" system, but the challenge to these sections was not proceeded with. The action was heard on July 15 and 16, but judgment had not been delivered when, on August 1, the Treasurer gazetted an order requiring the trading banks to cease their business with 190 named municipalities. The Melbourne City Council was not included in the list, but the Court issued an injunction restraining the Commonwealth from further action until its judgment had been delivered. Eventually on August 13 the High Court by a majority of 5 to 1 found that section 48 of the 1945 Act was invalid on the ground that the Federal Parliament had no power to make laws discriminating against, or imposing special burdens on, States and their instrumentalities in respect of their governmental functions.†

The Government's reaction was immediate and drastic. On Saturday, August 16, the Prime Minister announced that the Cabinet had authorized the Attorney General and himself "to prepare legislation for submission to the Federal Parliamentary Labour Party for the nationalization of banking, other than State banks, with proper protection for shareholders, depositors, borrowers and the staffs of private banks". This announcement provoked a storm of indignant protest, which shows no sign yet of abating, from the Opposition, the press and the whole business community.

There are nine privately owned trading banks in Australia, of which four

* No. 139, June 1945, pp. 271-2.

† Some of the dicta go further and suggest that even some non-discriminatory Commonwealth laws might be held inapplicable to States and their instrumentalities. The decision is of great constitutional importance, since it revives in a modified form the doctrine of implied restrictions on Commonwealth and State powers, based on the federal structure of the Constitution, which was followed by the High Court until 1920 and then overruled in the *Engineers' Case*. The new doctrine, like the old, is based largely on decisions of the U.S. Supreme Court. This case is reported in 1947 *Argus Law Reports*, p. 377.

are also in New Zealand and three have their head offices in London.* The parties most directly affected by the Government's proposals are their shareholders and employees. The shareholders number over 70,000, but nearly half of these are domiciled in New Zealand or Great Britain. The paid-up capital of the banks amounts to £40 million, but its market value is over £70 million, and Mr. Chifley announced on August 20 that the Commonwealth Bank would maintain the value of bank shares by purchasing all shares which holders desired to sell at the price on the stock exchange quoted on August 15. The number of trading-bank employees is over 20,000, and they do not appear to welcome the Government's proposals, particularly after a ministerial statement that nationalization would permit a saving of 5,000 personnel. On September 11 the Prime Minister found it necessary to renew his assurance that the proposed changes would not act to the detriment of bank employees.

On September 16, the day before Parliament reassembled, Mr. Chifley submitted the nationalization proposal to a meeting of the Parliamentary Labour party and obtained their unanimous approval. He then made a public statement giving for the first time his Government's reasons for their action. They were convinced of the necessity for complete control over banking, particularly in view of the unstable economic conditions that still prevailed overseas. It was on the basis of this conviction that they had framed the banking legislation of 1945, and their policy had subsequently been endorsed by the electorate. However, the success of the Melbourne City Council in challenging section 48 of the Act had forced them to the conclusion that further challenges might be made. In particular they were alarmed at the threat that the vital sections which perpetuated the "special deposits" system might also be successfully challenged. It was to avert this danger that they had decided upon nationalization.

When Parliament met, the Opposition immediately tabled a censure motion condemning the proposed legislation on the ground that the Government had no mandate from the people and urging that the question be submitted to a general election or a referendum. The Government's majority enabled it to apply the closure and defeat the motion. The campaign against the legislation, however, still continues. Protest meetings have been organized and petitions submitted to Parliament and the Governor General. In Victoria, the Opposition has used its majority in the Legislative Council to force a State election by refusing supply to the State Labour Government. The case for and against bank nationalization, and political developments connected with it, will be given at length in the next ROUND TABLE article from Australia.

Wages and Taxes

ONE obvious political advantage which the Government may hope to derive from the nationalization of banking is that it may serve to quiet its own left wing and the more radical elements in the trade unions. The

* Ordinary banking business is also conducted by some State banks, by the branches of some overseas banks and, of course, by the general banking division of the Commonwealth Bank.

socialization of industry has always been one of the planks of the "positives" platform, but virtually the only industries with respect to which the Constitution empowers the Commonwealth Government "to make laws" are banking and insurance. There has been some speculation whether nationalization of the latter will follow that of the former, but the Commonwealth clearly has no power to embark on a nationalization programme comparable to that of the British Government. Moreover, three of the four State Labour governments are equally powerless because they lack effective majorities in their Upper Houses.* In December 1946, for example, the Victorian Government's Bill to nationalize the Melbourne gas companies was defeated in the Legislative Council.

In recent months trade-union pressure on the Government has relaxed a little, following its various amendments of the wage-pegging regulations, the new Arbitration Act, and the not unfavourable decisions of the Arbitration Court in respect of penalty rates and margins. On September 8 the Arbitration Court finally announced its judgment in the Forty Hours case after a hearing lasting for twenty-two months.† In a sense the issue had been prejudged by the Court's declaration on October 30, 1946, that they approved in principle of a 40-hour week, and by the action of the N.S.W. Government in introducing a 40-hour week in that State as from July 1, 1947. The Court, however, has now decided that it will introduce into all its awards a standard week of 40 hours instead of the existing 44 hours as from January 1, 1948.‡

The Court recognized that its decision, coming on top of increases in week-end rates and in margins for skill as well as in the basic wage, would create financial difficulties for various State undertakings, and particularly for the State railways. This became a major issue at the Premiers' Conference, which met on August 19, and at the Loan Council which followed. Under the State Grants (Tax Reimbursement) Act of 1946, the Commonwealth undertook to pay the States £40 million in 1946-47 by way of compensation for their exclusion from the field of income taxation. The Premiers, however, now asked the Commonwealth for additional grants of £25 million, principally in order to cover their railway deficits. They were given £5 million, and were left with no alternative but to raise their railway fares.

It is possible that the Commonwealth, as well as the States, will find itself in financial difficulties before the end of the present fiscal year, since the costs of administration are likely to rise on account of increased wages and shorter hours, while customs revenue is likely to fall on account of import cuts. For the moment, however, the outlook is buoyant. On March 25 it was announced that reduced rates of income-tax and social-services contribution would operate from July 1. The Commonwealth budget introduced on

* See THE ROUND TABLE, No. 148, September 1947, pp. 399-401.

† See *ibid.*, No. 143, June 1946, p. 280; No. 145, December 1946, p. 88; No. 146, March 1947, p. 191.

‡ In reaching this decision the Court was obviously impressed—perhaps too much impressed—by expert evidence that the loss of production would not exceed 5 or 6 per cent, with a corresponding overall rise of 4 per cent in costs and prices, and that the present period of prosperity in the primary industries provided an opportunity, the like of which might not recur, for reducing the working week.

September 19 provided for further reductions in sales tax, the abolition of war-time company tax and the suspension of the gold tax. Both the former concessions were obviously intended to offset in some measure the rise in prices and costs, while the latter was designed to ease the dollar crisis by stimulating the production of gold. For the first time in years Commonwealth expenditure is expected to be less than £400 million in the coming year. Borrowing by the States and local authorities for public works and housing is expected to amount to £83 million, but the estimated "gap" in Commonwealth finances has been reduced to £30 million, and much capital expenditure will apparently be charged to revenue.

The Canberra Conference

THE Canberra conference of British Commonwealth countries held from August 26 to September 2 is a landmark in the development of Commonwealth relations. It was the first major Commonwealth conference on a broad problem of foreign policy to be held outside the United Kingdom, the first Commonwealth conference to be held in Australia, and the first Commonwealth conference to be attended by the new Dominions of India, Pakistan and Burma. It was a very happy conference, which demonstrated fully the continuing ability of the nations of the British Commonwealth to achieve unity in diversity.

Australia,

October 14, 1947.

Postscript, October 17.

The Bank Nationalization Bill, introduced in the Federal Parliament on October 15, authorizes the Commonwealth Bank to acquire by treaty or compulsion either the shares in banking corporations or the assets of those corporations; the former alternative is available only in the case of banks incorporated in Australia. Compensation is to be assessed by a special Claims Tribunal. Employees of the banks are given a statutory right to employment in the Commonwealth Bank on the same terms and conditions as they enjoy at present, with superannuation schemes similarly guaranteed. Thereafter, only the Commonwealth Bank and State Banks may carry on the business of banking. An attempt has been made to give a taxation advantage to banks and shareholders which voluntarily negotiate sales to the Commonwealth Bank over those dealt with by compulsory acquisition, but at this writing the effect of the provision is obscure. The Commonwealth Bank is to finance the transaction from its own resources.

SOUTH AFRICA

GENERAL ELECTION PROSPECTS

ALTHOUGH South Africa is probably still a year away from the general election, there is a pre-election tenseness in the political atmosphere as the parties manoeuvre for position. South Africans of all political opinions are agreed that the coming struggle is of first importance, and that its outcome may well determine the course of South African history for a generation. To the Nationalists in particular it presents a challenge which Dr. Malan and his colleagues will spare no effort to meet.

On paper the position of General Smuts's United Party seems so strong as to be almost impregnable. At the moment the party has 88 seats in a House of 153, the largest opposition party being the Nationalists with 47. There will have to be a really substantial turnover of seats even to place the United party in a minority position. For the Nationalists to obtain a clear majority they would have to win something like 30 additional seats—a gigantic task in a country where political loyalties run deep. At the last general election the United Party held some 60 seats either in unopposed returns or with majorities of more than 2,000 in electorates of some 8,000. The Delimitation Commission will create a few more urban seats at the expense of rural representation, another factor in General Smuts's favour. Dr. Malan has unquestionably been gaining ground in the country areas and General Smuts to some extent losing ground in the towns. But even so, a change of Government next year will mean that there will have been a change in political feeling and loyalties unexampled in South African politics.

At the same time, strange things do happen in South African politics, and with the example of Mr. Churchill's defeat before them the United Party leaders are taking the coming struggle very seriously indeed. The United Party will go to the country on the strength of its record in general and its war record in particular, and will ask the electorate to endorse the bold and imaginative peace-time policies which this Government is putting or has put into effect. These include a highly successful demobilization scheme; a vigorous scheme of immigration; an attempt to tackle the great problem of soil conservation; and an attempt to bring the Natives more fully into the South African community by widening the powers of the Natives' Representative Council, thus giving Natives some measure of democratic self-government. The United Party in Parliament is a well-disciplined team and is backed by an efficient organization.

The Nationalists are seeing their real hope in the natural discontents arising from post-war troubles. There have been short-comings in administration, there is still grumbling about such controls as remain in South Africa, and, with an eye on the upheaval in Britain, the Nationalists hope for wide support, not because they are Nationalists, but because a Nationalist Government will be a change.

On the wider political issues, the Nationalists have already made it clear that they will seize on the "black menace". This was a cry which brought them to victory in 1929; and there are still reserves of prejudice and fear which the Nationalists can exploit. The "black menace" is a wide term which embraces the Coloured people, the Indians and, to a certain extent, even the Jews.

But, unlike the United Party, the Nationalists are not altogether a happy team. The schism when General Hertzog and Mr. Havenga broke with Dr. Malan during the war went deep. For reasons of principle and personality there has been a cleavage almost as deep between Dr. Malan's Nationalists and the Ossewa Brandwag, the New Order and a few minor organizations who, during the war, also committed themselves to totalitarianism. The gulf between Dr. Malan and Mr. Havenga's Afrikaner party has been bridged but the structure is not very sound. The gulf between Dr. Malan and Ossewa Brandwag has not been bridged at all. The Ossewa Brandwagters, however, are using the Havenga bridge to get into contact with the Nationalist party and are apparently doing so in such numbers that the Nationalists are beginning to wonder whether Mr. Havenga's support was not too expensively bought if it means that the Nationalist party is to be white-anted. But the temptation must be resisted to make too much of the internal difficulties of the Nationalists and their allies. The Nationalists, Pirowites, Brandwagters and the rest have a powerful bond in their dislike of the present Government, and the probabilities are that on the day they will be found to be substantially united.

The Dominion Party has ceased to play any part in affairs; even its name has almost ceased to have any constitutional meaning, and the chances are that the party will not return more than one solitary member to the next Parliament.

The Labour Party is a much more important factor and some observers believe that it is a factor which will determine the result. Just before the death of the veteran Mr. Madeley the party split into right-wing and left-wing components. The right wing is strongly Nationalistic in outlook; and whatever happens, and for what it is worth, it will undoubtedly side with the Nationalists. The left wing, which has now become the "Labour Party", is led by Mr. John Christie, a capable, cautious and able leader, though not a vigorous personality as Mr. Madeley was. Mr. Christie and his lieutenants are poles asunder from the Nationalists, and there is not very much possibility of an open working arrangement between Labour and Nationalism. The key to the general election is on the Rand, which will have about 35 seats, and it is here that the Labour Party has a decided influence. It is unlikely that the Labour Party on its own can achieve much, but there is little doubt that in a number of constituencies it holds the balance of power securely enough to lose the election for the party it does not support. If 10 or 15 Rand seats were thus endangered for the United Party, and with that party's weakness in the Cape, Free State and Transvaal rural areas, it is conceivable that General Smuts might be forced into a coalition or to form a minority Government. Earlier in the year the Rand section of the United Party seemed

to be in favour of fighting it out with the Labour Party. More deposits" counsels have prevailed, and there is now some possibility that a loose electoral arrangement will be made. Evidence for this is to be found in the manoeuvring which is preceding two by-elections to be held shortly on the Rand. The Benoni seat of the late Mr. Madeley could probably be won by the United Party against the Labour Party, but the Labour Party candidate would have a fair chance of succeeding with Nationalist help. On the other hand, the United Party could win the other by-election at Langlaagte against the Nationalists, but Labour support would put the Nationalists in. No formal agreement has been come to, but the United Party is not putting up a candidate at Benoni and the Labour Party is not putting up a candidate at Langlaagte.

These are straws in the wind which indicate that next year there will be substantial co-operation between the more liberal political forces against the Nationalists and their allies.

The Union's Happy Position

THE prosperity enjoyed in the Union in a world of financial chaos is well illustrated by figures supplied by Dr. de Kock, Governor of the Reserve Bank, in his annual report to stock holders. Since the end of the war imports, free from the restrictions imposed in less fortunate countries, have taken place on an unprecedented scale, thanks to the output of gold which makes dollars and sterling readily available. The trade figures for 1946 show imports of over £210 million as against £112 million in 1945, and exports (other than gold) of £97 million compared with £77 million. There was thus a net increase of approximately £78 million in the margin of imports over exports. The total sales of foreign exchange by the South African banks reached the stupendous figure of £366 million in the year ending March 31, 1947, compared with an annual average of £170 million for the years 1943-45. Sterling accounted for £252 million and U.S. and Canadian dollars for £109 million. Dr. de Kock considers that the net inflow of capital is much less than is generally supposed. He puts it at not more than £20 million for the period mentioned. Allowing for this, the net result is a reduction of more than £84 million in our gold and exchange reserves. But this is lightly borne. "Our gold and exchange holdings", he said, "will continue to be more than adequate for all the purposes of external and internal reserves, and our currency will remain one of the soundest currencies in the world."

During the financial year the Bank purchased gold to the amount of £97,986,000 at the fixed price of 172s. per fine ounce, while the total gold sales amounted to £149,759,000, of which £86 million went to the Bank of England, under the agreement which provides for a net minimum of £70 million per annum, and £54,934,000 to the United States. It is frequently complained that a much higher price could be obtained, for the benefit of the country, by selling in the free or black markets of the world. Dr. de Kock's reply is conclusive. In the first place, these free markets are relatively narrow and could not supply dollars or sterling in appreciable

and secondly, the monetary position of gold, once more safeguarded under the Bretton Woods agreement, would be undermined by sales of gold far above the monetary parity. "Our primary interest as the principal gold-producing country lies in helping to maintain the monetary position of gold."

Gold-mining in Difficulties

PARADOXICAL as it may seem, the gold-mining industry itself—the basis of the prosperity pyramid—finds itself in a difficult position. While its product is sold at a fixed price, costs of production rise, as inflation takes its course, and profits go steadily down. Since 1926-32 the price of gold has more than doubled from 84s. 11d. to 172s., but working costs have gone up still more—from 58s. 10d. per ounce to 127s. 4d. per ounce and are still rising. This accounts for the drop in the Stock Exchange price both of dividend-payers and of the more speculative shares of the Orange Free State gold-field. As a consequence a demand has sprung up for an increase in the price of gold. A number of wishful thinkers actually prophesy that this must come as a means of helping Britain out of her difficulties. The answer is, of course, that an increase in the price of gold simply means further inflation and another substantial rise in costs, which would soon offset the initial advantage. Even if this were not so, an increased price is out of the question because it can only be obtained by agreement through the International Monetary Fund and cannot be effected by South Africa, even with the assistance of Great Britain. There are only two ways of helping the industry. One is a further reduction of taxation, which will no doubt be considered in the next budget: the other a reduction of costs which can reasonably be expected when the post-war boom has run its course. The gold-mining industry is a powerful stabilizing influence. In times of prosperity it suffers. In depression its profits go up and its capacity for employment increases.

The Gold Loan

THE gold loan agreement announced on October 10 after two months of negotiation is a definite improvement upon the original proposal outlined to the press by Mr. Strauss, Minister of Agriculture, on August 18. At that time the idea was believed to be to advance £60 million to be expended entirely on South African goods, mainly fruit and boots and shoes. It was pretty obvious that this plan involved the maximum of aid to South African exporting industries and the minimum of aid to Britain, since a large proportion of the material supplied would fall in the non-essential class. At any rate the intervening discussions have produced a loan of £80 million in gold, of which a maximum of £36 million is to be expended on South African products, leaving £44 million as a string-free contribution to the sterling pool. Some criticism has been directed to the limitation of the loan to three years and the charge of $\frac{1}{2}$ per cent interest. These conditions are of trifling value and might well have been dispensed with.

Although the London *Financial Times* hailed the loan as a "magnanimous gesture", and other papers followed suit, General Smuts himself took no

heroic view in his broadcast address. "South Africa", he said, "has deposits" very substantial gold reserve, a large part of which she will not need for her own purposes for some time and which is, therefore, at present lying idle and available for reconstruction." This temporarily useless gold will now serve the double purpose of saving our fruit exporters from ruin and contributing to world recovery.

A Reduction of Dollar Imports

IT was noticeable that in his address General Smuts made no reference to the question of reductions in hard-currency expenditure—the principal object of the Commonwealth talks which ended on October 7. Some Governments had already taken action in this respect, notably Australia and Southern Rhodesia. The Union is in a unique position in that the whole of its net requirement of U.S.A. dollars for trade or other purposes has been met since August 1946 from the proceeds of gold sales in New York without drawing upon the sterling pool. The gold loan is, therefore, in our case the natural substitute for a reduction of dollar expenditure. Nevertheless, it is widely felt that the Union's contribution might well be increased by cutting down imports, especially of luxuries, from America, which have risen to extravagant heights since the war.

One other point deserves mention. Under the agreement, if the Union gold reserve falls below £100 million, the Union Government may recall in sterling so much of the loan as is required to make it up to that figure. This point may be reached in a few months. On October 3 the reserve stood at £198 million. The deduction of £80 million reduces this figure to £118 million, and if the recent drainage is allowed to continue, £18 million will not last very long.

The Opposition has made up its mind not to oppose the loan. Dr. Malan said at Clanwilliam on October 9 that in our own interests we must retain our market in Britain. Consequently "the Nationalist Party will support the loan in so far as it will further the interests of South Africa and will not harm our economic structure".

Union of South Africa,
October 1947.

NEW ZEALAND

THE DOMINION AND THE DOLLAR CRISIS

THE decision of the British Government to suspend convertibility of sterling owing to scarcity of dollars roused New Zealand into immediate action to devise measures whereby all possible assistance could be given to Britain during this period of severe crisis. Apart from deeply rooted sentiments of affection, based on kinship and close co-operation in times of peace and war, there is a keen appreciation of the fact that the prosperity and high standards of living in this Dominion have been built up on the basis of the expanding and assured market that Britain has provided for our primary produce, and that our future prosperity and progress are dependent on Britain's successful emergence from present economic difficulties.

In response to urgent requests from organizations and individuals all over the country, the Prime Minister quickly called a National Aid to Britain Conference, probably the most comprehensive non-political and co-operative conference ever held in this country. Delegates representative of farming, manufacturing, exporting, importing, shipping, banking, newspaper and other interests as well as of all the principal trade unions met with the one object in view—to formulate and put into effective operation workable plans to ensure a maximum contribution of help from New Zealand.

There was unanimous agreement that it was essential to eliminate avoidable delays in unloading and loading cargo at ports so as to ensure a quicker turn-round of overseas shipping, to increase, as rapidly as possible, the production of butter, cheese, meat and animal fats for export to Britain, to increase wheat acreage and coal output so as to reduce New Zealand's requirements of imported wheat and coal, to cut down to the utmost all imports and other transactions that involve hard-currency expenditure, to avoid the importation from Britain of those classes of goods which are scarce and can be sold to hard-currency countries, and to postpone imports that would reduce materially New Zealand's present sterling balances. Practical proposals for achieving these objectives were embodied in recommendations to the Government, and a small, well-chosen national committee of representatives of farmers, employers and trade unions was appointed to organize and publicize the campaign with the assistance of subsidiary committees throughout the country.

To achieve the quicker turn-round of ships it is necessary not only to avoid any delays due to waterfront disputes but also to co-ordinate more effectively the road and rail facilities upon which waterfront work is dependent. Local committees of the employers, trade unions and State departments concerned are being organized to speed up transport operation.

As practically the whole of New Zealand's exportable dairy produce and meat is already being sent to Britain, any increase in supplies must come from greater production. Steps are being taken to attract labour to farms by

giving a high priority to house construction in rural districts and "posits" the wages of farm workers. The good work of the British Phosphate Commission in rapidly rehabilitating Nauru and Ocean Islands after recovery from Japanese occupation has made available for New Zealand greatly increased supplies of phosphatic rock, and arrangements are being made to accelerate the local manufacture and delivery of superphosphate to aid farm production this season. Rationing of butter and meat is to continue and encouragement is to be given to the already widespread practice of the voluntary surrender of butter and meat coupons to make more food available for export.

To limit the demand for hard currencies heavier restrictions are being imposed on the issue of import licences, travel permits and foreign exchange remittances generally, the newspaper proprietors have voluntarily made a large reduction in their requirements of imported newsprint, and the necessity of every programme of capital expenditure involving imports is being reconsidered.

As about 80 per cent of the exports from New Zealand normally go to the United Kingdom, the pattern of New Zealand's imports was established on the multilateral trade facilities provided by the traditional free convertibility of sterling. This was not materially changed by the adoption of import licensing and exchange control in 1938, for although British goods continued to receive preference, there were sound economic reasons for using part of the sterling proceeds of our exports to pay for imports from many countries including those from America. The war inevitably brought some changes in this pattern of external trade. Despite the fact that the prices of New Zealand's exports did not rise so much as those of imports, the non-availability of many classes of imports caused an accumulation of foreign exchange so that the net overseas assets of the New Zealand banking system rose from £9 million at the outbreak of war in 1939 to £102 million in August 1947. Almost the whole of this amount represents sterling balances in London, the expansion of which coincided with a growing need in New Zealand for imports to replenish capital equipment, to restore commodity stocks and to meet large arrears of demand for consumer goods.

The growth of these sterling balances resulted in a corresponding increase in the amount of money in circulation in New Zealand in the form of coin, notes and demand deposits at the Reserve Bank and the trading banks, a surplus of spending power in relation to goods, and an upward pressure on prices. It was expected that with the post-war rehabilitation of overseas countries imports would again be readily available and the inflationary tendency corrected.

To some extent the need for goods was met by new local manufacturing industries and the expansion of old ones but, nevertheless, the restoration of conditions that will make imports available from all countries, non-sterling as well as sterling, is a matter of major importance to New Zealand's economy.

In the meantime there is a genuine and whole-hearted determination throughout the country to co-operate fully with the rest of the British Commonwealth in taking whatever measures are required to meet the present crisis. This involves for New Zealand a mobilization of economic resources,

and improvement in productive efficiency and in employer-employee relations, and the adoption of financial and monetary policies that will maintain a satisfactory relationship between public expenditure and taxable capacity and provide effective control over credit and currency. To the extent that these conditions are realized the present crisis will have the net effect of promoting rather than retarding the economic progress of the Dominion.

Post-war Finance

A NOTABLE feature of the 1947 budget, presented to Parliament late in August, is the persistence of a very high level of public expenditure and, consequently, of taxation. For the last complete financial year before the war the expenditure of the Consolidated Fund was £35.8 million. In addition to this there was an expenditure of £6.5 million by the Employment Promotion Fund, the precursor of the present Social Security Fund. Taxation for that year totalled £37.8 million or £23 per head of population.

For the year ended March 31, 1947, the combined expenditure of the Consolidated Fund and the Social Security Fund, excluding transfers from one fund to the other and to the War Expenses Account, was £122.5 million, an increase of £80.2 million or 190 per cent over the comparable pre-war expenditure.

Total taxation for 1946-47 was £113 million or £66 per head and the same amount is estimated for 1947-48. The total expenditure of the Consolidated Fund for 1946-47 was £103.7 million, including a transfer of £18 million to the Social Security Fund. Consolidated Fund revenue from taxation was £90.7 million and from other sources £17.6 million, the year's surplus of revenue over expenditure being £4.6 million. Social Security Fund expenditure was £36.8 million, financed by Social Security taxation of £22.5 million and the £18 million grant from the Consolidated Fund. The year's expenditure of the War Expenses Account totalled £47.7 million, distributed as follows: Navy £4 million, Army £10.5 million, Air £2.6 million, Gift to British Government £12.5 million, UNRRA £3.6 million, Other Items £14.5 million.

Government borrowings for the year totalled £26.6 million, and were used for: National Development Works £15.6 million, War Expenses £8 million, and purchase of Bank of New Zealand shares £3 million. As debt redemptions amounted to £16.4 million, the net result for the year was an increase of £10.4 million in the public debt domiciled in New Zealand, with no change in the amount of the external debt.

Consolidated Fund expenditure for the current year, 1947-48, is estimated at £108.9 million and revenue at £89.7 million from taxation and £19.2 million from other sources. The estimate for Social Security expenditure is £40 million, to be covered by Social Security taxation of £23.7 million and a transfer of £16 million from the Consolidated Fund.

Expenditure from the War Expenses Account is estimated at £13.6 million to provide £5.9 million for the armed services, including the New Zealand forces in Japan, and £7.7 million for the rehabilitation of ex-servicemen.

Finance for this will be provided by the use of the 1946-47 "deposits" £4.6 million from the Consolidated Fund, £5.8 million from the disposal of war assets and £3.2 million from other receipts. Loans for national development works are estimated at £26.9 million, to be obtained from a 3 per cent tap issue of long-term stock and the investment of departmental funds. These loans include provision for £2.5 million to be used for the nationalization of all privately owned coal-mines. No reduction is to be made in the present rates of taxation, except the removal of the 33½ per cent super-tax on unearned income in cases where total taxable income does not exceed £200.

Apart from an increase in defence expenditure and some additional departmental costs, due to larger staffs and higher wages, salaries and prices of materials and equipment, the present very high level of public expenditure and taxation as compared with pre-war years is almost entirely due to three main items, namely, debt service, social security and stabilization.

During the period 1939-47 the National Debt increased by £292 million. Though conversion operations have effected some reductions in interest-rates, the annual cost of debt service has risen by £13 million from £9 million in 1939 to £22 million in 1947. This increase in public debt and its service is wholly domestic, since various repayments of maturing overseas loans have reduced the external part of the debt from £196 million in 1939 to £151 million. Thus, from a national point of view, the increased cost of debt service is a redistribution of income within New Zealand from taxpayers to investors.

Social Security expenditure has risen from £12.3 million in 1939-40, its first year of operation, to £37 million in 1947, so that annual payments on this account alone now amount to more than the total of the pre-war Consolidated Fund. About one-third of the Social Security expenditure is for the recently introduced family allowances of 10 shillings a week for each child and about one-sixth for hospital, medical, maternity and pharmaceutical benefits, representing payment through the medium of the Social Security Fund of doctors' and chemists' bills which would otherwise be paid directly by the individuals concerned. These allowances and benefits do not involve any means test. Practically all the rest of the Fund's expenditure is applied to various pensions subject to means test.

Thus the fund operates in general to redistribute national income in favour of the less well-to-do part of the population to ensure to them provision for hospital, medical and maternity services and security from poverty that would otherwise occur as a result of ill health, physical disability, widowhood, old age or unemployment. These provisions appear to have general public approval irrespective of party politics, and recent increases ranging from 5 shillings to 10 shillings per week have been made in Social Security pensions and War pensions to meet rising costs of living.

As the whole of the revenue of the Social Security Fund is derived from taxation, about half from direct levies on wages, salaries and other income and the rest from the Consolidated Fund, its future depends largely on the maintenance of taxable capacity. The period since the inauguration of the fund has been one of full employment and progressive increase in aggregate

private income, which has risen from £186 million in 1938-39 to £325 million in 1945-46. It has therefore been possible to provide the additional revenue required for Social Security purposes and for other public expenditure.

In an economy such as that of New Zealand, basically dependent on a large *per caput* export trade in farm products the prices of which are liable to rapid and wide fluctuations in world markets, national income and taxable capacity are inevitably somewhat precarious. Their stabilization depends to a great extent on the measures adopted during years of high prices to build up reserves for lean years. The Social Security Fund is at present spending all its revenue and is not building up a reserve to meet the contingency of a serious fall in export prices and, consequently, a consequent fall in aggregate private income and taxable capacity, which would simultaneously reduce the Fund's revenue and increase the demand for its benefits.

Subsidies

THE other principal cause of the increase in Consolidated Fund expenditure, namely cost of "stabilization", is an item which did not appear in the pre-war public accounts. It represents the cost to taxpayers of subsidies paid by the Government to keep down retail prices of various essential goods and services. The aggregate cost of these subsidies for 1946-47 was £14.5 million, of which about £3.5 million was drawn from the Dairy and Meat Industry stabilization accounts. Subsidies for 1947-48, after allowing for cancellations and reductions, are estimated to cost £13.5 million.

As the use of subsidies from public revenue tends to conceal the real cost of commodities it is generally admitted to be a temporary and rather undesirable expedient, which should be abandoned as soon as practicable.

Announcement of the cancellation or reduction of subsidies of an aggregate annual value of £12.4 million was made in the Budget Statement. An immediate and inevitable effect of the cessation of subsidy payments has been a rise in the prices of hitherto subsidized commodities. The price of 44/46 superphosphate, so important to farmers, has risen from £4. 2s. 6d. a ton to over £10; railway freights and fares have increased by 20 per cent and 15 per cent, respectively; shipping and other transport charges are in process of upward adjustment; meat, sugar, tea, bacon and ham have already become dearer; and it is expected that the prices of many other goods and services will increase.

It is not possible at this stage to estimate fully the effects that the withdrawal of subsidies will have on costs of production and on retail prices. One of its consequences is a demand from trade unions for further wage increases.

Wage-rates

THE Arbitration Court has recently provided for a general increase of approximately 10 shillings per week in the award rates of wages of those members of trade unions subject to its jurisdiction. This award was made after investigation and discussion of a case presented by the Federation of Labour for a general increase of £1 a week. The Court's decision took account of the fact that disparities and anomalies in the wage-rates of various

classes of workers required correction. Theoretically, the operations of the Stabilization Commission and the Arbitration Court should have ensured uniformity of changes in wage-rates; but this was not realized in practice.

Some unions, such as watersiders, coal-miners, seamen and railwaymen, had received wage increases from their own tribunals outside the jurisdiction of the Arbitration Court; some of the stronger unions subject to Arbitration Court awards had arranged for wage increases, with the approval of the Court, by private negotiation with their employers; and keen competition among employers for labour in short supply had in some cases resulted in the payment of wages higher than award rates.

on the ground that the cost of living of Labour was for a general increase, based numbers indicated, that the volume of production had risen more than official price index and the economic prospects of the country were favourable, the profitability of business wages would be a greater incentive to efficient work. In favour of this decision on this question the Minister of Finance announced before the Court's decision that the Government intended to withdraw subsidies, and asked the Court to take into account the probable consequent rise in the cost of living.

It is also probable that these increases will, in conjunction with the subsidy withdrawals, raise costs of production considerably and promote a wages-costs-prices spiral that may nullify the good effects that have resulted from the operation of the Government's stabilization policy since its adoption in 1942. The obvious solution of this problem lies in the raising of productive efficiency so as to obtain more production at lower unit cost.

State Control

CONTRARY to the hopeful expectation of traders and manufacturers who assumed that the price-fixing regulations would be repealed as part of the transition to a peace-time economy, price control is to be incorporated into the regular administrative machinery of the State. The Control of Prices Bill now under discussion in Parliament will give to the Price Tribunal, which at present operates under emergency regulations, the status of a permanent government department.

A further evidence of the Government's intention to extend the area of State control over business is contained in the Workers' Compensation Amendment Bill also before Parliament. This provides that all employers' liability insurance is to be placed with the State Accident Insurance Office, thus creating a state monopoly of workers' compensation insurance. Increases are to be made in the amounts payable as insurance benefits. Insurance cover is to be automatic and to include all employees. No compensation is to be paid to existing companies for loss of business. Strong opposition to the Bill has been already expressed by insurance companies, insurance workers' unions and business interests generally.

New Zealand,
October 1947.

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