EUROPE'S OPTICAL ILLUSION

By

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CHAPTER I

Where can the Anglo-German rivalry of armaments end?—Why peace advocacy fails.—Why it deserves to fail.—The attitude of the peace advocate.—The presumption that the prosperity of nations depends upon their political power, and consequent necessity of protection against aggression of other nations who would diminish our power to their advantage.—These the universal axioms of international politics.

It is pretty generally admitted that the present rivalry in armaments with Germany cannot go on in its present form indefinitely. The net result of each side meeting the efforts of the other with similar effort is that at the end of a given period the relative position of both is what it was originally, and the enormous sacrifices of both have gone for nothing. If it be claimed that England is in a position to maintain the lead because she has the money, Germany can retort that she is in a position to maintain the lead because she has the population, which in the end must mean money. Meanwhile, neither side can yield to the other, as the one so doing would, it is felt, be placed at the mercy of

the other, a situation which neither will accept. There are two current solutions which are offered as a means of egress from this *impasse*. There is that of the smaller party, regarded in both countries for the most part as dreamers and doctrinaires, who hope to solve the problem by a resort to general disarmament, or, at least, a limitation of armament by agreement. And there is that of the larger and more practical party who are quite persuaded that the present state of rivalry and recurrent irritation is bound to culminate in an armed conflict, which by definitely reducing one or other of the parties to a position of manifest inferiority will settle the thing for at least some time, until after a longer or shorter period a state of relative equilibrium is established and the whole process will be recommenced *da capo*.

This second solution is, on the whole, accepted as one of the laws of life ; one of the hard facts of existence which men of ordinary courage take as all in the day's work. Most of what the nineteenth century has taught us of the evolution of life on the planet is pressed into the service of this struggle-for-life philosophy. We are reminded of the survival of the fittest, that the weakest go to the wall, and that all life, sentient and non-sentient, is but a life of battle.

The sacrifice involved in armament is the price which nations pay for their safety and for their political power. And the political power of England has been regarded as the main condition of her past industrial success: her trade has been extensive and her merchants rich, because she has been able to make her power felt and to exercise her influence among all the nations of the world. If she has dominated the commerce of the world in the past, it is because her unconquered Navy has dominated, and continues to dominate, all the avenues of commerce. Such is the currently accepted argument.

And the fact that Germany has of late come to the front as an industrial nation, making giant strides in general prosperity and well-being, is deemed also to be the result of her military successes and the increasing power which she is coming to exercise in Continental Europe. These things, alike in England and in Germany, are accepted as the axioms of the problem. I am not aware that a single authority of note, at least in the world of workaday politics, has ever challenged or disputed them. Even those who have occupied prominent positions in the propaganda of peace are at one with the veriest fire-eaters on this point. Mr. W. T. Stead is one of the leaders of the big

navy party in England. Mr. Frederic Harrison, who all his life has been known as the philosopher protagonist of peace, declares that, if we allow Germany to get ahead of us in the race for armaments, "famine, social anarchy, incalculable chaos in the industrial and financial world would be the inevitable result. Britain may live on . . . but before she began to live freely again she would have to lose half her population, which she could not feed, and all her overseas Empire which she could not defend. . . . How idle are fine words about retrenchment, peace, and brotherhood, whilst we lie open to the risk of unutterable ruin, to a deadly fight for national existence, to war in its most destructive and cruel form." On the other side we have friendly critics of England, like Professor von Schulze-Gaevernitz, writing: "We want our (*i.e.* Germany's) Navy in order to confine the commercial rivalry of England within innocuous limits and to deter the sober sense of the English people from the extremely threatening thought of attack upon us. . . . The German Navy is a condition of our bare existence and independence, like the daily bread on which we depend, not only for us but for our children."

Confronted by a situation of this sort one is bound to feel that the ordinary argument of

the pacifist entirely breaks down ; and it breaks down for a very simple reason. He himself accepts the premise which has just been indicated—viz., that the victorious party in the struggle for political predominance gains some material advantage over the party which is conquered. The proposition even to the pacifist seems so self-evident that he makes no effort to combat it. He pleads his case otherwise. " It cannot be denied, of course," says one eminent peace advocate, " that the thief *does* secure some material advantage by his theft. What we plead is that if the two parties were to devote to honest labour the time and energy devoted to preying upon each other, the permanent gain would more than offset the occasional booty." The peace advocate pleads for " altruism " in international relationships, and in so doing admits that successful war may be the interest, though the immoral interest, of the victorious party. That is why the " inhumanity " of war bulks so largely in his advocacy, and why he dwells so much upon its horrors and cruelties, and so forth.

It thus results that the workaday world and those engaged in the rough and tumble of practical politics have come to look upon the peace ideal as a counsel of perfection which may

one day be attained when human nature, as the common phrase is, has been improved out of existence, but not while human nature remains what it is, and while it remains possible to seize a tangible advantage by a man's strong right arm. So long as that is the case the strong right arm will seize the advantage, and woe betide the man who cannot defend himself.

Nor is this philosophy of force either as conscienceless, as brutal, or as ruthless as its common statement would make it appear. We know that in the world as it exists to-day, in spheres other than those of international rivalry, the race is to the strong, and the weak get scant consideration. Industrialism, commercialism, is as full of cruelties as war itself—cruelties, indeed, that are more long drawn out, more refined, though less apparent, and, it may be, appealing less to the common imagination. With whatever reticence we may put the philosophy into words we all feel that conflict of interests in this world is inevitable, and that what is an incident of our daily lives we do not feel should be shirked as a condition of those occasional titanic conflicts which mould the history of the world.

The virile man doubts whether he ought to be moved by the plea of the "inhumanity" of

war. The masculine mind accepts suffering, death itself as a risk which we are all prepared to run even in the most unheroic forms of money making; none of us refuses to use the railway train because of the occasional smash, to travel because of the occasional shipwreck, and so on. Indeed, peaceful industry demands a heavier toll even in blood than does war, a fact which the casualty statistics in railroading, fishing, mining, seamanship, eloquently attest. The cod fisheries of Europe have been the cause of as much suffering within the last quarter of a century, of the loss of as many lives, such peaceful industries as fishing and shipping are the cause of as much brutality.* Our peaceful administration of the tropics takes as heavy a toll in the health and lives of good men, and much of it, as in the West of Africa, involves unhappily a moral deterioration of human character as great as that which can be put to the account of war.

Beside these peace sacrifices the "price of

* The *Matin* newspaper recently made a series of revelations in which it was shown that the master of a French cod-fishing vessel had for some trivial insubordinations disembowelled his cabin boy alive and put salt into the intestines and then thrown the quivering body in the hold with the cod fish. So inured were the crew to brutality that they did not effectively protest, and the incident was only brought to light months later by wine-shop chatter. The *Matin* quotes this as the sort of brutality that marks the Newfoundland cod-fishing industry in French ships.

war " is trivial, and it is felt that the trustees of a nation's interests ought not to shrink from paying that price should the efficient protection of those interests demand it. If the common man is prepared, as we know he is, to risk his life in a dozen dangerous trades and professions for no object higher than that of improving his position or increasing his income, why should the statesman shrink from such sacrifices as the average war demands if thereby the great interests which have been confided to him can be advanced ? If it be true, as even the pacifist admits that it may be true, that the tangible material interests of a nation may be advanced by warfare ; if, in other words, warfare can play some large part in the protection of the interests of humanity, the rulers of a courageous people are justified in disregarding the suffering and the sacrifice that it may involve.

Of course, the pacifist falls back upon the moral plea : we have no right to take by force. But here again the " common " sense of ordinary humanity does not follow the peace advocate. If the individual manufacturer is entitled to use all the advantages which great financial and industrial resources may give him against a less powerful competitor, if he is entitled, as under our present industrial scheme he is entitled, to

overcome competition in a trade in which poorer men gain their livelihood by a costly and perfected organisation, of manufacture, of advertisement, of salesmanship, why should not the nation be entitled to overcome the rivalry of other nations by utilising the force of its public bodies? It is a commonplace of industrial competition that the "big man" takes advantage of *all* the weaknesses of the small man—his narrow means, his ill-health even, to undermine and to undersell. If it were true that peaceful competition were always merciful, and national or political competition always cruel, the plea of the peace man might be unanswerable; but we know, as a matter of fact, that this is not the case, and, returning to our starting-point, the common man feels that he is obliged to accept the world as he finds it, that struggle and warfare in one form or another are one of the conditions of life, conditions which he did not make. And he is not at all sure that the warfare of arms is necessarily either the hardest or the most cruel form of that struggle which exists throughout the universe. In any case, he is willing to take the risks, because he feels that military predominance gives him a real and tangible advantage, a material advantage translatable into terms of general social well-being,

by enlarged commercial opportunities, wider markets, protection against the aggression of commercial rivals, and so on. He faces the risk of war in the same spirit that a sailor or a fisherman faces the risk of drowning, or a miner that of the choke-damp, or a doctor that of a fatal disease, because he would rather take the supreme risk than accept for himself and his dependents a lower situation, a narrower and meaner existence with complete safety. And also he asks whether the lower path is altogether free from risks. If he knows much of life he knows that in so very many circumstances the bolder way is the safer way.

And that is why it is that the peace propaganda has so signally failed, and why the public opinion of the countries of Europe, far from restraining the tendencies of their governments to increase armaments, is pushing them into enlarged instead of into reduced expenditure. They find it universally assumed that national power means national wealth, national advantage; that expanding territory means increased opportunity for industry; that the strong nation can guarantee opportunities for its citizens that the weak nation cannot. The Englishman believes that his wealth is largely the result of his political power, of his political

domination, mainly of his sea power; that Germany with her expanding population must feel cramped; that she must fight for elbow room; * and that if he does not defend himself he will illustrate that universal law which makes of every stomach a graveyard. And he has a natural preference for being the diner rather than the dinner. As it is universally admitted that wealth and prosperity and well-being go with strength and power and national greatness, he intends so long as he is able to maintain that strength, and power, and greatness, that he will not yield it even in the name of altruism until he is forced to. And he will not yield it, because should he do so it would be simply to replace British power and greatness by the power and greatness of some other nation, which he feels sure would do no more for the well-being of civilisation as a whole than he is prepared to do. He is persuaded that he can no more yield in the competition of nations than as a business man or as a manufacturer he could yield in commercial competition to his rival; that he must fight out his salvation under con-

* Lord Northcliffe, in a recent speech in Canada, is reported as saying: "We have the fact that the population of Germany must have an outlet, and her industries new markets, and that the most likely field is in places where the British flag floats. . . . Canada has a great commerce, but it is entirely unprotected, and she should bestir herself to give it efficient protection."

ditions as he finds them, since he did not make them, and since he cannot change them.

And admitting his premises—and these premises are the universally accepted axioms of international politics the world over—who shall say that he is wrong ?

CHAPTER II

Are the foregoing axioms unchallengeable?—Some typical statements of them.—German dreams of conquest.—Mr. Frederic Harrison on results of defeat of British arms and invasion of England.—Forty millions starving.

BUT are these universal axioms unchallengeable?

Is it true that wealth and prosperity and well-being go with the political power of nations, or, indeed, that the one has anything whatever to do with the other?

Is it true that one nation can gain a solid tangible advantage by the conquest of another?

Does the political or military victory of a nation give any advantage to the individuals of that nation which is not still possessed by the individuals of the defeated nation?

Is it possible for one nation to take by force anything in the way of material wealth from another?

Is it possible for a nation in any real sense to "own" the territory of another—to own it, that is, in any way which can benefit the individual citizens of the owning country?

If we could conquer Germany to-morrow,

completely conquer her, reduce her nationality to so much dust, would the ordinary British subject be the better for it ?

If Germany could conquer us, would any ordinary German subject be the better for it ?

The fact that all these questions have to be answered in the negative, and that a negative answer seems to outrage common sense, shows how much our political axioms are in need of revision.

The trouble in dealing with this problem, at bottom so very simple, is that the terms commonly employed in its discussion are as vague and as lacking in precision as the ideas they embody. All European statesmen talk glibly of the collapse of the British Empire or of the German, as the case may be, of the ruin of this or that country, of the domination and supremacy of this or that Power, but all these terms may respectively, so it appears, stand for a dozen different things. And in attempting to get at something concrete, and tangible, and definite one is always exposed to the criticism of taking those terms as meaning something which the authors never intended.

I have, however, taken at random certain solemn and impressive statements of policy, typical of many, made by responsible papers

and responsible public men. These seem quite definite and unmistakable in their meaning. They are from current papers and magazines which lie at my hand, and can consequently be taken as quite normal and ordinary and representative of the point of view universally accepted—the point of view that quite evidently dominates both German and English policy :—

"It is not Free Trade, but the prowess of our Navy . . . our dominant position at sea . . . which has built up the British Empire and its commerce."—*Times* leading article.

"Because her commerce is infinitely vulnerable, and because her people are dependent upon that commerce for food and the wages with which to buy it . . . Britain wants a powerful fleet, a perfect organisation behind the fleet, and an army of defence. Until they are provided this country will exist under perpetual menace from the growing fleet of German 'Dreadnoughts,' which have made of the North Sea their parade ground. All security will disappear, and British commerce and industry, when no man knows what the morrow will bring forth, must rapidly decline, thus accentuating British national degeneracy and decadence."—H. W. Wilson in *The National Review*, May, 1909.

"It is idle to talk of 'limitation of armaments' unless the nations of the earth will unanimously consent to lay aside all selfish ambitions. . . . Nations, like individuals, concern themselves chiefly with their own interests, and when these clash with those of others quarrels are apt to follow. If the aggrieved party is the weaker he usually goes to the wall, though 'right' be never so much on his side ; and the stronger, whether he be the aggressor or not, usually has his

own way. In international politics charity begins at home, and quite properly; the duty of a statesman is to think first of the interests of his own country."—*United Service Magazine*, May, 1909.

"We appear to have forgotten the fundamental truth—confirmed by all history—that the warlike races inherit the earth, and that Nature decrees the survival of the fittest in the never-ending struggle for existence. . . . Our yearning for disarmament, our respect for the tender plant of non-conformist conscience and the parrot-like repetition of the misleading formula that the 'greatest of all British interests is peace' . . . must inevitably give to any people who covet our wealth and our possessions . . . the ambition to strike a swift and deadly blow at the heart of the Empire—undefended London."—*Blackwood's Magazine*, May, 1909.

These are taken from English sources, but there is not a straw to choose between them and current German opinion on the subject. One popular German writer sees the possibility of "overthrowing the British Empire" and "wiping it from the map of the world in less than twenty-four hours." (I quote him textually, and I have heard almost the counterpart of it in the mouth of a serious English public man.) The author in question, who, in order to show how the thing could come about, deals with the matter prophetically, and, writing from the standpoint of 1911, admits that:—

"At the beginning of the twentieth century Great Britain was a free, a rich, and a happy country, in

which every citizen, from the Prime Minister to the dock labourer, was proud to be a member of the world-ruling nation. At the head of the State were men possessing a general mandate to carry out their programme of government, whose actions were subject to the criticism of public opinion, represented by an independent Press. Educated for centuries in self-government, a race had grown up which seemed born to rule. The highest triumphs attended England's skill in the art of government, in her handling of subject peoples. . . . And this immense Empire, which stretched from the Cape to Cairo, over the southern half of Asia, over half of North America and the fifth continent, could be wiped from the map of the world in less than twenty-four hours! This apparently inexplicable fact will be intelligible if we keep in sight the circumstances which rendered possible the building up of England's colonial power. The true basis of her world-supremacy was not her own strength, but the maritime weakness of all the other European nations. Their meagre or complete lack of naval preparations had given the English a position of monopoly which was used by the latter for the annexation of all those dominions which seemed of value. Had it been in England's power to keep the rest of the world as it was in the nineteenth century the British Empire might have continued for an unlimited time. The awakening of the Continental States to their national possibilities and to political independence introduced quite new factors into Weltpolitik, and it was only a question of time as to how long England could maintain her position in the face of the changed circumstances."

And the writer tells how the trick was done, thanks to a fog, efficient espionage, the bursting of the powerful English war balloon, and the

success of the powerful German one in dropping shells at the correct tactical moment on to the British ships in the North Sea :—

> "This war, which was decided by a naval battle lasting a single hour, was of only three weeks' duration—hunger forced England into peace. In her conditions Germany showed a wise moderation. In addition to a war indemnity in accordance with the wealth of the two conquered States, she contented herself with the acquisition of the African colonies, with the exception of the southern States which had proclaimed their independence, and these possessions were divided with the two Powers of the Triple Alliance. Nevertheless, this war was the end of England. A lost battle had sufficed to manifest to the world at large the feet of clay on which the dreaded Colossus had stood. In a night the British Empire had crumbled altogether; the pillars which English diplomacy had erected after years of labour had failed at the first test."

The appearance of a book by Dr. Rudolph Martin, a German Privy Councillor, "whose opinions may be taken as expressing the great bulk of the educated classes of Germany," emphasises how much the foregoing represents very common aspirations in Germany. Dr. Martin says :—

> "The future of Germany demands the absorption of Austria-Hungary, the Balkan States, and Turkey, with the North Sea ports. Her realms will stretch towards the east from Berlin to Bagdad, and to Antwerp on the west."

For the moment we are assured there is no

immediate intention of seizing the countries in question, nor is Germany's hand actually ready yet to clutch Belgium and Holland within the net of the Federated Empire.

"But," he says, "all these changes will happen within our epoch," and he fixes the time when the map of Europe will thus be rearranged as from twenty to thirty years hence.

But Germany, according to the writer, means to fight while she has a penny left and a man to carry arms, for she is, he says, "face to face with a crisis which is more serious than even that of Jena."

And, recognising the positions, she is only waiting for the moment she judges the right one to break in pieces those of her neighbours who work against her. All Germans, declares Dr. Martin, know that this is not far off.

France will be her first victim, and she will not wait to be attacked. She is, indeed, preparing for the moment when the allied Powers attempt to dictate to her.

Germany, it would seem, has already decided to annex the Grand Duchy of Luxemburg, and Belgium incidentally with, of course, Antwerp, and will add all the northern provinces of France to her possessions, so as to secure Boulogne and Calais.

All this is to be done like a thunderbolt, and Russia, Spain, and the rest of the Powers friendly to England will not dare to move a finger to aid her. The possession of the coast of France and Belgium will dispose of England's supremacy for ever.

This point of view is put in other than fictional form by so serious a writer as Dr. Gaevernitz, Pro-Rector of the University of Freiburg. Dr. Schulze-Gaevernitz is not unknown in England, nor is he imbued with inimical feelings towards her. But he takes the view that her commercial prosperity depends upon the political domination of Germany.*

After having described in an impressive way the astonishing growth of Germany's trade and commerce, and shown how dangerous a competitor Germany has become for England, he returns to the old question, and asks what might happen if England, unable to keep down the inconvenient upstart by economic means, should, at the eleventh hour, try to knock him down. Quotations from *The National Review*, *The Observer*, *The Outlook*, *The Saturday Review*, etc., facilitate the professor's thesis that this presumption is more than a mere abstract speculation. Granted that they voice only the

* See letter to the *Matin*, August 22nd, 1908.

sentiments of a small minority, they are, according to our author, dangerous for Germany in this—that they point to a feasible and consequently enticing solution. The old peaceful Free Trade, he says, shows signs of senility. A new and rising Imperialism is everywhere inclined to throw means of political warfare into the balance of economic rivalry. Consequently, Germany must have a still stronger Navy :—

> "We want the Navy in order to confine the commercial rivalry of England within innocuous limits, and to deter the sober sense of the English people from the extremely threatening thoughts of an attack upon us. . . . The German Navy is a condition of our bare existence, indispensable, like the daily bread for which we depend, not only for us, but for our children."

If it be claimed that these pronouncements are wild and unrepresentative, and not to be duplicated by the declarations of serious-minded English public men, what shall be said of the following from the pen of Mr. Frederic Harrison? I make no apology for giving the quotations at some length. In a letter to *The Times* he says :—

> "Whenever our Empire and maritime ascendancy are challenged it will be by such an invasion in force as was once designed by Philip and Parma, and again by Napoleon. It is this certainty which compels me to modify the anti-militarist policy which I have consistently maintained for forty years past. The

conditions are now changed; new risks involve fresh precautions. The mechanical as well as the political circumstances are quite different from what they were in the days of Wellington, or even of Palmerston and Gladstone. To me now it is no question of loss of prestige—no question of the shrinkage of the Empire; it is our existence as a foremost European Power, and even as a thriving nation. . . . If ever our naval defence were broken through, our Navy overwhelmed or even dispersed for a season, and a military occupation of our arsenals, docks, and capital were effected, the ruin would be such as modern history cannot parallel. It would not be the Empire, but Britain, that would be destroyed. . . . The occupation by a foreign invader of our arsenals, docks, cities, and capital would be to the Empire what the bursting of the boilers would be to a 'Dreadnought.' Capital would disappear with the destruction of credit. Famine, social anarchy, incalculable chaos in the industrial and financial world would be the inevitable result. Britain might live on, as Holland lives on. But before she began to live freely again she would have to lose half her population, which she could not feed, and all her overseas Empire, which she could no longer defend. . . . A catastrophe so appalling cannot be left to chance, even if the probabilities against its occurring were 50 to 1. But the odds are not 50 to 1. No high authority ventures to assert that a successful invasion of our country is absolutely impossible if it were assisted by extraordinary conditions. And a successful invasion would mean to us the total collapse of our Empire, our trade, and, with trade, the means of feeding forty millions in these islands. If it is asked, 'Why does invasion threaten more terrible consequences to us than it does to our neighbours?' the answer is that the British Empire is an anomalous structure, without any real parallel

in modern history, except in the history of Portugal, Venice, and Holland, and in ancient history Athens and Carthage. Our Empire presents special conditions both for attack and for destruction. And its destruction by an enemy seated on the Thames would have consequences so awful to contemplate that it cannot be left to be safeguarded by one sole line of defence, however good and for the present hour however adequate. . . . For more than forty years I have raised my voice against every form of aggression, of Imperial expansion, and Continental militarism. Few men have more earnestly protested against postponing social reforms and the well-being of the people to Imperial conquests and Asiatic and African adventures. I do not go back on a word that I have uttered thereon. But how hollow is all talk about industrial reorganisation until we have secured our country against a catastrophe that would involve untold destitution and misery on the people in the mass—which would paralyse industry and raise food to famine prices, whilst closing our factories and our yards! How idle are fine words about retrenchment, peace, and brotherhood, whilst we lie open to the risk of unutterable ruin, to a deadly fight for national existence, and to war in its most destructive and most cruel form!"

CHAPTER III

These views founded on a gross and dangerous misconception.—What a German victory could and could not accomplish.—What an English victory could and could not accomplish.—The optical illusion of conquest.—There can be no transfer of wealth.—The prosperity of the little States in Europe.—German three per cents. at eighty-two and Belgian at ninety-six.—Russian three and a half per cents. at eighty-one, Norwegian at one hundred and two.—What this really means.—Why security of little States not due to treaty.—Military conquest financially futile.—If Germany annexed Holland would any German benefit, or any Hollander?

I THINK it will be admitted that there is not much chance of misunderstanding the general idea embodied in the foregoing. Mr. Harrison is especially definite. At the risk of "damnable reiteration" I would again recall the fact that he is merely expressing one of the universally accepted axioms of European politics—namely, that financial and industrial stability, its security in commercial activity, in short, its prosperity and well-being, depend upon its being able to defend itself against the aggression of other nations, who will, if they are able, be tempted to commit such aggression because in so doing they will increase *their* power and consequently *their* prosperity and well-being at the cost of the weaker and vanquished.

Well, it is the object of these few pages to show that this all but universal idea, of which Mr. Harrison's letter is a particularly vivid expression, is a gross and desperately dangerous misconception, partaking at times of the nature of an optical illusion, at times of the nature of a superstition, a misconception not only gross and universal, but so profoundly mischievous as to misdirect an immense part of the energies of mankind and to misdirect them to such degree that unless we liberate ourselves from this superstition civilisation itself will be threatened.

And one of the most extraordinary features of this whole question is that the absolute demonstration of the falsity of this idea, the complete exposure of the illusion which gives it birth, is neither abstruse nor difficult. Such demonstration does not repose upon any elaborately constructed theorem, but upon the simple exposition of the political facts of Europe as they exist to-day. These facts, which are incontrovertible, and which I shall elaborate presently, may be summed up in a few simple propositions, which sufficiently expose the illusion with which we are dealing. These propositions may be stated thus :—

(1) An extent of devastation, even approxi-

mating to that which Mr. Harrison foreshadows as the result of the conquest of this nation by another, is a physical impossibility. No nation can in our day by military conquest permanently or for any considerable period destroy or greatly damage the trade of another, since trade depends upon the existence of natural wealth and a population capable of working it. So long as the natural wealth of the country and the population to work it remain, an invader cannot "utterly destroy it." He could only destroy the trade by destroying the population, which is not practicable, and if he could destroy the population he would destroy his own market, actual or potential, which would be commercially suicidal.

(2) If an invasion by Germany did involve, as Mr. Harrison and those who think with him say it would, the "total collapse of the Empire, our trade, and the means of feeding forty millions in these islands . . . the disturbance of capital and destruction of credit," German capital would, because of the internationalisation and delicate interdependence of our credit-built finance and industry, also disappear in large part, and German credit also collapse, and the only means of restoring it would be for Germany to put an end to the chaos in England by putting an end

to the condition which had produced it. Moreover, because also of this delicate interdependence of our credit-built finance the confiscation by an invader of private property, whether stocks, shares, ships, mines, or anything more valuable than jewellery or furniture, anything, in short, which is bound up with the economic life of the people, would so react upon the finance of the invader's country as to make the damage to the invader resulting from the confiscation exceed in value the property confiscated. So that Germany's success in conquest would be a demonstration of the complete economic futility of conquest.

(3) For allied reasons in our day the exaction of tribute from a conquered people has become an economic impossibility if they care to resist it.

(4) Damage to even an infinitely less degree than that foreshadowed by Mr. Harrison could only be inflicted by an invader as a means of punishment costly to himself, or as the result of an unselfish and expensive desire to inflict misery for the mere joy of inflicting it. In this self-seeking world it is not practical to assume the existence of an inverted altruism of this kind.

(5) For reasons of a like nature to the fore-

going it is a physical and economic impossibility to capture the external or carrying trade of another nation by military conquest. Large navies are impotent to create trade for the nations owning them, and can do nothing to "confine the commercial rivalry" of other nations. Nor can a conqueror destroy the competition of a conquered nation by annexing it; his competitors would still compete with him—*i.e.*, if Germany conquered Holland, German merchants would still have to meet the competition of Dutch merchants, and on keener terms than originally, because the Dutch merchants would then be within the German's customs lines. Moreover, Germans would not be able to take a pennypiece from the citizens of Holland to reimburse the cost of conquest, as any special taxation would simply be taxing Germans, since Holland would then be a part of Germany; the notion that the trade competition of rivals can be disposed of by conquering those rivals being one of the illustrations of the curious optical illusion which lies behind the misconception dominating this subject.

(6) The wealth, prosperity, and well-being of a nation depend in no way upon its political power. Otherwise we should find the commercial prosperity and social well-being of the

smaller nations which exercise no political power manifestly below that of the great nations which control Europe, whereas this is not the case. The populations of States like Switzerland, Holland, Belgium, Denmark, Sweden are in every way as prosperous as the citizens of States like Germany, Russia, Austria, and France. The trade *per capita* of the small nations is in excess of the trade *per capita* of the great.

(7) No nation could gain any advantage by the conquest of the British Colonies, and Great Britain could not suffer material damage by their loss, however much such loss would be regretted on sentimental grounds, and as rendering less easy certain useful social co-operation between kindred peoples. For the British Colonies are, in fact, independent nations in alliance with the Mother Country, to whom they are no source of tribute or economic profit, their economic relations being settled, not by the Mother Country, but by the Colonies. Economically, England would gain by their formal separation, since she would be relieved of the cost of their defence. Their loss, involving, therefore, no change in economic fact (beyond saving the Mother Country the cost of their defence), could not, therefore, involve the ruin of the Empire and the starvation of the Mother

Country, as those who commonly treat of such a contingency are apt to aver. As England is not able to exact tribute or economic advantage, it is inconceivable that any other country necessarily less experienced in Colonial management would be able to succeed where England had failed, especially in view of the past history of the Spanish, Portuguese, French, and British colonial empires. This history also demonstrates that the position of Crown Colonies in the respect which we are considering is not sensibly different from that of the self-governing ones. It is not to be presumed, therefore, that any European nation would attempt the desperately expensive business of the conquest of England for the purpose of making an experiment with her Colonies which all Colonial history shows to be doomed to failure.

The foregoing propositions traverse sufficiently the ground covered in the series of those typical statements of policy, both English and German, from which I have quoted. The simple statement of these propositions, based as they are upon the self-evident facts of present-day European politics, sufficiently exposes the nature of those political axioms which I have quoted. But, as men even of the calibre of Mr. Harrison normally disregard these self-evident facts, it is

necessary to elaborate them at somewhat greater length.

For the purpose of presenting a due parallel to the statement of policy embodied in the quotations made from *The Times* and Mr. Harrison and others, I divided the propositions which I desire to demonstrate into seven clauses, but such division is quite arbitrary, and made only in order to bring about the parallel in question. The whole seven can be put into one, as follows: That as the only possible policy in our day for a conqueror to pursue is to leave the wealth of a territory in the complete possession of the individuals inhabiting that territory, it is a logical fallacy and an optical illusion in Europe to regard a nation as increasing its wealth when it increases its territory, because when a province or state is annexed the population who are the real and only owners of the wealth therein are also annexed, and the conqueror gets nothing. The facts of modern history abundantly demonstrate this. When Germany annexed Schleswig-Holstein and Alsatia not a single ordinary German citizen was one pfennig the richer. Although England "owns" Canada, the English merchant is driven out of the Canadian markets by the merchant of Switzerland who does not "own" Canada. Even where territory is not

formally annexed, the conqueror is unable to take the wealth of a conquered territory owing to the delicate interdependence of the financial world (an outcome of our credit and banking systems), which makes the financial and industrial security of the victor dependent upon financial and industrial security in all considerable civilised centres. So that widespread confiscation or destruction of trade and commerce in conquered territory would react disastrously upon the conqueror. The conqueror is thus reduced to economic impotence, which means that political and military power is economically futile—that is to say, can do nothing for the trade and well-being of the individuals exercising such power. Conversely, armies and navies cannot destroy the trade of rivals, nor can they capture it. The great nations of Europe do not destroy the trade of the small nations to their benefit, because they cannot, and the Dutch citizen, whose Government possesses no military power, is just as well off as the German citizen, whose Government possesses an army of two million men, and a great deal better off than the Russian, whose Government possesses an army of something like four million. Thus the 3 per cents. of powerless Belgium are quoted at 96, and the

3 per cents. of powerful Germany at 82; the 3½ per cents. of the Russian Empire, with its hundred and twenty million souls and its four million army, are quoted at 81, while the 3½ per cents. of Norway, which has not an army at all (or any that need be considered in the discussion), are quoted at 102. All of which carries with it the paradox that the more a nation's wealth is protected the less secure does it become.

It is this last fact, constituting as it does one of the most remarkable of economic-sociological phenomena in Europe, which might be made the text of this book. Here we are told by all the experts that great navies and great armies are necessary to protect our wealth against the aggression of powerful neighbours, whose cupidity and voracity can be controlled by force alone; that treaties avail nothing, and that in international politics might makes right. Yet when the financial genius of Europe, studying the question in its purely financial and material aspect, has to decide between the great States with all their imposing paraphernalia of colossal armies and fabulously costly navies, and the little States (which, if our political pundits are right, could any day have their wealth gobbled up by those voracious big neighbours) possessing

relatively no military power whatever, such genius plumps solidly, and with what is in the circumstances a tremendous difference, in favour of the small and helpless. For a difference of twenty points, which we find as between Norwegian and Russian, and fourteen as between Belgian and German securities, is the difference between a safe and a speculative one; the difference between an American railroad bond in time of profound security and in time of widespread panic. And what is true of the Government funds is true in an only slightly less degree of the industrial securities, in the national comparison just drawn.

Is it a sort of altruism or quixoticism which thus impels the capitalists of Europe to conclude that the public funds and investments of powerless Holland and Sweden (any day at the mercy of their big neighbours) are 10 to 20 per cent. safer than the greatest Power of Continental Europe? The question is, of course, absurd. The only consideration of the financier is profit and security, and he has decided that the funds of the undefended nation are more secure than the funds of one defended by colossal armaments. How does he arrive at this decision, unless it be through the knowledge that modern wealth requires no defence, because it cannot be confiscated?

Nor can it be replied that I am confusing two things, political and military as against commercial security. My whole point is that Mr. Harrison, and those who think with him (that is to say, the statesmen of Europe generally) are for ever telling us that military security and commercial security are identical, and that armaments are justified by the necessity for commercial security; that our Navy is an "insurance," and all the other catch phrases which are the commonplace of this discussion.

If Mr. Harrison were right, if, as he implies, our commerce, our very industrial existence would disappear did we allow neighbours who envied us that commerce to become our superiors in armament, how does he explain the fact that the great Powers of the Continent are flanked by little nations infinitely weaker than themselves having always a *per capita* trade equal, and in most cases greater than themselves? If the common doctrine be true the Rothschilds, Morgans, and Sterns would not invest a pound or a dollar in the territories of the undefended nations, and yet, far from that being the case, they consider that a Swiss or a Dutch investment is more secure than a German one; that industrial undertakings in a country like Switzerland, defended by a comic opera

army of a few thousand men, are preferable in point of security to enterprises backed by three millions of the most perfectly trained soldiers in the world. The attitude of European finance in this matter is the absolute condemnation of the view commonly taken by the statesman. If a country's trade were really at the mercy of the first successful invader, if armies and navies were really necessary for the protection of trade, the small countries would be in a hopelessly inferior position, and could only exist on the sufferance of what we are told are unscrupulous aggressors. And yet Norway has relatively to population a greater carrying trade than Great Britain, and Dutch, Swiss, and Belgian merchants compete in all the markets of the world successfully with those of Germany and France.

It may be argued that the small States owe their security to the various treaties guaranteeing their neutrality. But such a conclusion of itself would condemn the supporters of great armaments, because it would imply that international good faith constituted a better defence than armaments. If this were really the case armaments would indeed be condemned. One defender of the notion of security by treaty puts the case thus :—

"It would be a strange result of our modern international rivalry if those smaller members of the European family came to occupy a more favourable position than have their neighbours. But things seem working in that direction, for it is a fact that, with no defence worth speaking of, these countries are more secure against invasion, less fearful of it, less preoccupied by it than England, or Germany, or France, each with its gigantic army or navy. Why is this? Only because the moral force of a treaty affords a stronger bulwark than any amount of material strength.

"Then, if these smaller countries can enjoy this sense of safety from a merely moral guarantee, why should not the larger ones as well? It seems absurd that they should not. If that recent agreement between England, Germany, France, Denmark, and Holland can so effectively relieve Denmark and Holland from the fear of invasion that Denmark can seriously consider the actual abolition of her army and navy, it seems only one further step to go for all the Powers collectively, great and small, to guarantee the territorial independence of each one of them severally. The North Sea Treaty of 1907 supplies even the very words that would establish such an agreement.

"You may say this is Utopian, but it is at least not more Utopian than the futile attempt of the last hundred years to try and base territorial independence solely or mainly on material resources. You will hardly deny that the fear in England of actual invasion has not merely kept pace with, but has outstripped the increase of our expenditure on our Navy. Nor is the case different with any other country. The more armaments have been piled upon armaments the greater has grown the sense of insecurity. May I not fairly argue from this that we have all gone

> the wrong way to work, and that the more we reduce our armaments and rely upon simple treaties the safer we shall all feel and the less we shall be afraid of aggression ? "

But I fear that if we had to depend upon the sanctity of treaty rights and international good faith we should indeed be leaning on a broken reed.

It is but the other day that Austria, by the hand of "his most Catholic Majesty"—a sovereign regarded as one of the most high-minded in Europe—cynically laid aside solemn and sacred engagements, entered into with the other European Powers, and, without so much as a "by-your-leave," made waste paper of them, and took advantage of the struggle for civilisation in which the new Turkish Government was engaged to annex Bosnia and Herzegovina, which he had given a solemn undertaking not to do, and I fear that "his most Catholic Majesty" does not even lose caste thereby. For, though but a few months separate us from this double breach of contract (the commercial equivalent of which would have disgraced an ordinary tradesman), Europe seems to have forgotten the whole thing.

The sanctity of treaty rights is a very frail protection to the small State. On what, there-

fore, does its evident security rest? Once again, *on the simple fact that its conquest would assure to the conqueror no profit.**

Let us put this matter as concretely and as practically, with our feet as close to the earth as possible, and take an actual example. There is possibly no party in Europe so convinced of the general truth of the common axioms that at present dominate international politics as the Pangermanists of Germany. This party has set before itself the object of grouping into one great power all the peoples of the Germanic race or language in Europe. Were this aim achieved Germany would become the dominating Power of the Continent, and might become the dominating Power of the world. And according to the commonly accepted view such an achievement would, from the point of view of Germany, be worth any sacrifice that Germans could make. It would be an object so great, so desirable, that German citizens should not hesitate for an instant to give everything, life itself, in its accomplishment. Very good. Let us assume that at the

*As I write, the Austrian press, on the occasion of the first anniversary of the annexation, is dealing with the disillusion the act has involved. One paper says: "The annexation has cost us millions, was a great disturbance to our trade, and it is impossible to point to one single benefit that has resulted." There was not even a pretence of economic interest in the annexation, which was prompted by pure political vanity.

cost of great sacrifice, the greatest sacrifice which it is possible to imagine a modern civilised nation making, this has been accomplished, and that Belgium and Holland and Germany, Switzerland, and Austria have all become part of the great German hegemony: *is there one ordinary German citizen who would be able to say that his well-being had increased by such a change?* Germany would then "own" Holland. *But would a single German citizen be the richer for the ownership?* The Hollander, from having been the citizen of a small and insignificant State, would become the citizen of a very great one. *Would the individual Hollander be any the richer or any the better?* We know that, as a matter of fact, neither the German nor the Hollander would be one whit the better, and we know also, as a matter of fact, that in all human probability they would be a great deal worse. We may, indeed, say that the Hollander would be certainly the worse in that he would have exchanged the relatively light taxation and light military service of Holland for the much heavier taxation and the much longer military service of the "great" German Empire.

CHAPTER IV

Our present vocabulary of international politics an historical survival.—Why modern conditions differ from ancient.—The profound change effected by credit.—The delicate interdependence of international finance.—Attila and the Kaiser.—What would happen if a German invader looted the Bank of England.—German trade dependent upon English credit.—Confiscation of an enemy's property an economic impossibility under modern conditions.

DURING the Jubilee procession an English beggar was heard to say :—

> "I own Australia, Canada, New Zealand, India, Burmah, and the Islands of the Far Pacific; and I am starving for want of a crust of bread. I am a citizen of the greatest Power of the modern world, and all people should bow to my greatness. And yesterday I cringed for alms to a negro savage, who repulsed me with disgust."

What is the meaning of this ?

The meaning is that, as most frequently happens in the history of ideas, our vocabulary is a survival of conditions no longer existing, and our mental conceptions follow at the tail of our vocabulary. International politics are still dominated by terms applicable to conditions which the processes of modern life have altogether abolished.

In the Roman times—indeed, in all the ancient world—it *was* true that the conquest of a terri-

tory meant a tangible advantage to the conqueror; it meant the exploitation of the conquered territory by the conquering State itself to the advantage of that State and its citizens. It not infrequently meant the enslavement of the conquered people and the acquisition of wealth in the form of slaves as a direct result of the conquering war. In mediæval times a war of conquest meant at least immediate tangible booty in the shape of movable property, actual gold and silver, land parcelled out among the chiefs of the conquering nation, as took place at the Norman Conquest, and so forth.

At a later period conquest at least involved an advantage to the reigning house of the conquering nation, and it was mainly the squabbles of rival sovereigns for prestige and power which precipitated the wars of such period.

At a still later period civilisation, as a whole—not necessarily the conquering nation—gained (sometimes) by the conquest of savage peoples in that order was substituted for disorder. In the period of the colonisation of newly-discovered land the pre-emption of such territory by one particular nation secured an advantage for the citizens of that nation in that its overflowing population found homes in conditions that were

preferable to the social or political conditions imposed by alien nations. *But none of these conditions is part of the problem that we are considering.* We are concerned with the case of fully civilised rival nations in fully occupied territory, and the fact of conquering such territory gives to the conqueror no material advantage which he could not have had without conquest. And in these conditions—the realities of the political world as we find it to-day—"domination," or "predominance of armament," or the "command of the sea," can do nothing for commerce and industry or general well-being: we may build fifty "Dreadnoughts" and not sell so much as a penknife the more in consequence. We might conquer Germany to-morrow, and we should find that we could not, because of that fact, make a single Englishman a shilling's worth the richer in consequence, the war indemnity notwithstanding.

How have conditions so changed that terms which were applicable to the ancient world; in one sense at least to the mediæval world, and, in another sense still to the world of that political renaissance which gave to Great Britain its Empire, are no longer applicable in *any* sense to the conditions of the world as we find them to-day? How has it become impos-

sible for one nation to take by conquest the wealth of another for the benefit of the people of the conqueror ? How is it that we are confronted by the absurdity (which the facts of our own Empire go to prove) of the conquering people being able to exact from conquered territory rather less than more advantage than it was able to do before the conquest took place ?

The cause of this profound change, largely the work of the last thirty years, is due mainly to the complex financial interdependence of the capitals of the world, a condition in which disturbance in New York involves financial and commercial disturbance in London, and, if sufficiently grave, compels financiers of London to co-operate with those of New York to put an end to the crisis, not as a matter of altruism, but as a matter of commercial self-protection. The complexity of modern finance makes New York dependent on London, London upon Paris, Paris upon Berlin, to a greater degree than has ever yet been the case in history. This interdependence is the result of the daily use of those contrivances of civilisation which date from yesterday—the rapid post, the instantaneous dissemination of financial and commercial information by means of telegraphy, and generally the incredible progress of rapidity

in communication which has put the half-dozen chief capitals of Christendom in closer contact financially, and has rendered them more dependent the one upon the other than were the chief cities of Great Britain less than a hundred years ago.

A well-known French authority, writing recently in a financial publication, makes this suggestive reflection :—

> " The very rapid development of industry has given rise to the active intervention therein of finance, which has become its *nevus rerum*, and has come to play a dominating *rôle*. Under the influence of finance, industry is beginning to lose its exclusively national character to take on a character more and more international. The animosity of rival nationalities seems to be in process of attenuation as the result of this increasing international solidarity. This solidarity was manifested in a striking fashion in the last industrial and monetary crisis. This crisis, which appeared in its most serious form in the United States and Germany, far from being any profit to rival nations, has been injurious to them. The nations competing with America and Germany, such as England and France, have suffered only less than the countries directly affected. It must not be forgotten that, quite apart from the financial interests involved directly or indirectly in the industry of other countries, every producing country is at one and the same time, as well as being a competitor and a rival, a client and a market. Financial and commercial solidarity is increasing every day at the expense of commercial and industrial competition. This was certainly one of the principal causes which a year or two ago pre-

> vented the outbreak of war between Germany and France *à propos* of Morocco, and which led to the understanding of Algeciras. There can be no doubt for those who have studied the question that the influence of this international economic solidarity is increasing despite ourselves. It has not resulted from the conscious action on the part of any of us, and it certainly cannot be arrested by any conscious action on our part." *

A fiery patriot sent to a London paper the following letter :—

> "When the German Army is looting the cellars of the Bank of England, and carrying off the foundations of our whole national fortune, perhaps the twaddlers who are now screaming about the wastefulness of building four more 'Dreadnoughts' will understand why sane men are regarding this opposition as treasonable nonsense."

What would be the result of such an action on the part of a German Army in London ? The first effect, of course, would be that, as the Bank of England is the banker of all other banks, there would be a run on every bank in England, and all would suspend payment. But, simultaneously, German bankers, many with credit in London, would feel the effect; merchants the world over threatened with ruin by the effect of the collapse in London would immediately call in all their credits in Germany, and German finance would present a condition of

* *L'Information*, August 22nd.

chaos hardly less terrible than that in England. The German generalissimo in London might be no more civilised than Attila himself, but he would soon find the difference between himself and Attila. Attila, luckily for him, did not have to worry about a bank rate and such like complications; but the German general, while trying to sack the Bank of England, would find that his own balance (did he possess one) in the Bank of Berlin would have vanished into thin air, and the value of even the best of his investments dwindled as though by a miracle; and that for the sake of loot, amounting to a few sovereigns apiece among his soldiery, he would have sacrificed the greater part of his own personal fortune. It is as certain as anything can be that were the German Army guilty of such economic vandalism there is no considerable institution in Germany that would escape grave damage; a damage in credit and security so serious as to constitute a loss immensely greater * than the value of the loot obtained. It is not putting the case too strongly to say that for every pound taken from the Bank of England German trade would suffer a thousand. The influence of the whole finance of Germany would be brought to bear on the German Government

* Very many times greater, because the bullion reserve in the Bank of England is relatively small.

to put an end to a situation ruinous to German trade, and German finance would only be saved from utter collapse by the undertaking on the part of the German Government scrupulously to respect private property, and especially bank reserves. It is true the German Jingoes might wonder what they had made war for, and an elementary lesson in international finance which the occasion afforded would do more to cool their blood than the greatness of the British Navy. For it is a fact in human nature that men will fight more readily than they will pay, and that they will take personal risks much more readily than they will disgorge money, or for that matter earn it. "Man," in the language of Bacon, "loves danger better than travail."

Events which are still fresh in the memory of business men show the extraordinary interdependence of the modern financial world. A financial crisis in New York sends up the English bank rate to 7 per cent., thus involving the ruin of many English businesses which might otherwise have weathered a difficult period. It thus happens that one section of the financial world is against its will compelled to come to the rescue of any other considerable section which may be in distress.

From one of the very latest treatises on international finance,* I make the following very suggestive quotations :—

> " Banking in all countries hangs together so closely that the strength of the best may easily be that of the weakest if scandal arises owing to the mistakes of the worst. . . . Just as a man cycling down a crowded street depends for his life, not only on his skill, but more on the course of the traffic there . . . Banks in Berlin were obliged, from motives of self-protection (on the occasion of the Wall Street crisis), to let some of their gold go to assuage the American craving for it. . . . If the crisis became so severe that London had to restrict its facilities in this respect, other centres which habitually keep balances in London, which they regard as so much gold, because a draft on London is as good as gold, would find themselves very seriously inconvenienced, and it thus follows that it is to the interest of all other centres, which trade on those facilities which London alone gives, to take care that London's task is not made too difficult. This is especially so in the case of foreigners who keep a balance in London which is borrowed. In fact, London drew in the gold required for New York from seventeen other countries. . . ."

Incidentally it may be mentioned in this connection that German commerce is in a special sense interested in the maintenance of English credit. The authority just quoted says :—

> " It is even contended that the rapid expansion of German trade, which pushed itself largely by its elasticity and adaptability to the wishes of its customers, could never have been achieved if it had not

* *The Meaning of Money*, Hartley Withers.

been assisted by the large credit furnished in London. . . . No one can quarrel with the Germans for making use of the credit we offered for the expansion of the German trade, although their over-extension of credit facilities has had results which fall on others besides themselves. . . .

"Let us hope that our German friends are duly grateful, and let us avoid the mistake of supposing that we have done ourselves any permanent harm by giving this assistance. It is to the economic interests of humanity at large that production should be stimulated, and the economic interest of humanity at large is the interest of England, with its mighty world-wide trade. Germany has quickened production with the help of English credit, and so has every other economically civilised country in the world. It is a fact that all of them, including our own Colonies, develop their resources with the help of British capital and credit, and then do their utmost to keep out our productions by means of tariffs, which makes it appear to superficial observers that England provides capital for the destruction of its own business. But in practice the system works quite otherwise, for all these countries that develop their sources with our money aim at developing an export trade and selling goods to us, and, as they have not yet reached the point of economic altruism at which they are prepared to sell goods for nothing, the increase in their production means an increasing demand for our commodities and our services. And in the meantime the interest on our capital and credit and the profits of working the machinery of exchange are a comfortable addition to our national income."

But what is a further corollary of this situation? It is that Germany is to-day in a larger sense than she ever was before our debtor, and

that her industrial success is bound up with our financial security.

What would be *our* situation, therefore, on the morrow of a conflict in which *we* were successful? We talk glibly of exacting a tremendous war indemnity, but is it certain that we could possibly do it without creating a mischievous situation at home? What are the facts?

In a time of profound peace, when German commerce has been extremely prosperous, a very able German Chancellor has admitted himself unequal to the task of finding money for the ordinary peace expenditure of the country. If at such a time of profound peace there is that difficulty in meeting peace expenditure, what prospect would a foreign Government have of obtaining much larger sums for purposes in which no German is interested, for purposes, indeed, which every German resents—what chance would such a foreign administrator have of procuring the money should the Germans adopt the simple attitude of passive resistance?

Assuming, however, that for the purpose of terminating the occupation of their country by foreign soldiery, Germans as a patriotic duty found the money, what would be the effect of withdrawing immense sums of money from a country like Germany? Paper, that is to say,

Governmental bonds, exacted at the sword's point, would be a particularly unstable form of security. What is to prevent something dangerously like repudiation of such paper the moment that the foreign soldiery is withdrawn? The only sure and certain payment would be payment in gold. But what would be the financial effect throughout the world of draining Germany of, say, five hundred million pounds in gold? (The Boer War alone cost England half that sum, and it is doubtful if she could fight Germany for double the amount.) In the attempt to secure this gold widespread and ruthless borrowing would have to take place on the part of German financial institutions. The bank rate would go up to such an extent that the recent Wall Street trouble would not be a circumstance to it. But a 7 or 8 per cent. bank rate prolonged throughout Europe would involve many a British firm in absolute ruin, and a general loss enormously exceeding five hundred million pounds. Such would be the condition of things throughout the world that the leaders of finance in London, which is the financial centre of the universe, would, it is absolutely certain, throw all their influence against, not for, the exaction of a large indemnity from Germany.

Suppose we try other means of recouping

some of the colossal cost of the war against Germany ? In some of the anti-German literature, I have seen mentioned the possibility of the conquest and annexation of the free port of Hamburg by a victorious British fleet. Let us assume that the British Government has done this and is proceeding to turn the annexed and confiscated property to account.

Now the property was originally of two kinds : part was private property, and part was German Government, or rather Hamburg Government, property. The income of the latter was earmarked for the payment of interest of certain Government stock, and the action of the British Government, therefore, renders it all but valueless, and in the case of the shares of the private companies entirely so. The paper becomes unsaleable. But it is held in various forms—as collateral and otherwise—by many important banking concerns, insurance companies, and so on, and this sudden collapse of value shatters their solvency. Their collapse not only involves many credit institutions in Germany, but, as these in their turn are considerable debtors of London, English institutions are also involved. London is also involved in another way. As explained previously, many foreign concerns keep balances in London, and the action of the

British Government having precipitated a monetary crisis in Germany, there is a run on London to withdraw all balances. In a double sense London is feeling the pinch, and it would be a miracle if already at this point the whole influence of British finance were not thrown against the action of the British Government. Assume, however, that the Government, making the best of a bad job, continues its administration of the property, and proceeds to arrange for loans for the purpose of putting it once more in good condition after the ravage of war. The banks, however, finding that the original titles have through the action of the British Government become waste paper, and British financiers having already had their fingers burned with that particular class of property, withhold support, and money is only procurable at extortionate rates of interest, so extortionate that it becomes quite evident that as a Governmental enterprise the thing could not be made to pay. An attempt is made to sell the property to British and German concerns. But the same paralysing sense of insecurity hangs over the whole business. Neither German nor British financiers can forget that the bonds and shares of this property have already been turned into waste paper by the action of the British Govern-

ment. The British Government finds, in fact, that it can do nothing with the financial world unless precedently it confirms the title of the original owners to the property, and gives an assurance that titles to all property throughout the conquered territory shall be respected. In other words, confiscation has been a failure.

It would really be interesting to know how those who talk as though confiscation were still an economic possibility would proceed to effect it. As material property in the form of that booty which used to constitute the spoils of victory in ancient times, the gold and silver goblets, etc., would be quite inconsiderable, and as we cannot carry away sections of Berlin and Hamburg we could only annex the paper tokens of wealth—the shares and bonds. But the value of those tokens depends upon the reliance which can be placed upon the execution of the contracts which they embody. The act of military confiscation upsets all contracts, and the Courts of the country from which contracts derive their force are paralysed because judicial decisions are thrust aside by the sword.

The value of the stocks and shares would collapse, and the credit of all those persons and institutions interested in such property would also be shaken or shattered, and the whole

credit system, being thus at the mercy of alien governors only concerned to exact tribute, would collapse like a house of cards. German finance and industry would show a condition of panic and disorder beside which the worst crises of Wall Street would pale into insignificance. Again, what would be the inevitable result? The financial influence of London itself would be thrown into the scale to prevent a panic in which London financiers would be involved. In other words, British financiers would exert their influence upon the British Government to stop the process of confiscation.

CHAPTER V

Self-interest the real basis of commercial honesty and respect of contract.—Confiscation or violation of financial contracts would precipitate panics involving everyone.—Governments, no more than bankers, can afford to create panics.—Looting in any form has become economically damaging to the looter.—Consequent futility of political conquest.

One financial authority from whom I have quoted noted that this elaborate financial interdependence has grown up in spite of ourselves, "without our noticing it until we put it to some rude test." Men are fundamentally just as disposed as they were at any time to take wealth that does not belong to them, which they have not earned. But their relative interest in the matter has changed. In very primitive conditions robbery is a moderately profitable enterprise. Where the rewards of labour, owing to the inefficiency of the means of production, are small and uncertain, and where all wealth is portable, raiding and theft offer the best reward for the enterprise of the courageous; in such conditions the size of man's wealth depends a good deal on the size of his club and the agility with which he wields it. But to the man whose

wealth so largely depends upon his credit and on having his paper "good paper" in the City, dishonesty has become as precarious and profitless as honest toil was in more primitive times.

The instincts of the City man may at bottom be just as predatory as those of the cattle-lifter or the robber baron, but taking property by force has become one of the least profitable and the most speculative forms of enterprise upon which he could engage. The force of commercial events has rendered the thing impossible. I know that the defender of arms will reply that it is the police who have rendered it impossible. This is not true. There were as many armed men in Europe in the days that the robber baron carried on his occupation as there are in our day. To say that the policeman makes him impossible is to put the cart before the horse. What created the police and made them possible, if it was not the general recognition of the fact that disorder and aggression make trade impossible?

Just note what is taking place in South America. States in which repudiation was a commonplace of everyday politics have of recent years become as stable and as respectable as the City of London, and to discharge their obligations as regularly. Does this mean that the people have become more moral, that the

original wickedness of their nature, which made of their countries during hundreds of years a slough of disorder and a never-ending sanguinary scramble for the spoils, has in a matter of fifteen or twenty years completely changed ? Of course not. The nature of a whole people does not fundamentally change in twenty years. It is probable that it does not change in a thousand. But these countries, like Brazil and the Argentine, have been drawn into the circle of international trade, exchange, and finance. Their economic relationships have become sufficiently extensive and complex to make repudiation the least profitable form of theft. The financier will tell you " they cannot afford to repudiate." If any attempt at repudiation were made, all sorts of stocks and shares, either directly or indirectly connected with the orderly execution of Governmental functions, would suffer, banks would become involved, great businesses would stagger, and the whole financial community would protest. To attempt to escape the payment of a single loan would involve the business world in losses amounting to many times the value of the loan.

It is only where a community has nothing to lose, no banks, no personal fortunes dependent upon public good faith, no great businesses, no

industries, that the Government can afford to repudiate its obligations or to disregard the general code of economic morality. This was the case with Argentina and Brazil a generation ago; and also to some extent with some Central American States to-day. *It is not because the armies in these States have grown* that the public credit has improved. Their armies were greater a generation ago than they are now. It is because they know that trade and finance is built upon credit—that is, confidence in the fulfilment of obligations, upon security of tenure in titles, upon the enforcement of contract according to law—and that if credit is profoundly touched, there is not a section of the elaborate fabric which is not affected.

The more our commercial system gains in complication, the more does the common prosperity of all of us come to depend upon the reliance which can be placed on the due performance of all contracts. This is the real basis of "prestige," national and individual: circumstances stronger than ourselves are pushing us, despite what the cynical critics of our commercial civilisation may say, towards the unvarying observance of this simple ideal. Whenever we drop back from it, and such relapses occur as we should expect them to occur, especially in

those societies which have just emerged from a more or less primitive State, punishment is generally swift and sure.

What was the real origin of the bank crisis in the United States, which had for American business men such disastrous consequences? It was the loss by American financiers and American bankers of the confidence of the American public. At bottom there was no other reason. One talks of cash reserves and currency errors; but London, which does the banking of the universe, works on the smallest cash reserve in the world, because, as an American authority has put it, "English bankers work with a 'psychological reserve.'"

I quote from Mr. Withers:—

> "It is because they (English bankers) are so safe, so straight, so sensible, from an American point of view so unenterprising, that they are able to build up a bigger credit fabric on a smaller gold basis and even carry this building to a height which they themselves have decided to be questionable. This 'psychological reserve' is the priceless possession that has been handed down through generations of good bankers, and every individual of every generation who receives it can do something to maintain and improve it."

But it was not always thus, and it is merely the many ramifications of our commercial and financial world that have brought this about. In the end the Americans will imitate us, or

they will suffer from a hopeless disadvantage in their financial competition with us. Commercial development is broadly illustrating one profound truth: that the real basis of social morality is self-interest. If English banks and insurance companies have become absolutely honest in their administration, it is because dishonesty of any one threatened the prosperity of all.

What bearing has the development of commercial morality on the matter in hand? A very direct one. If, as Mr. Chamberlain avers, the subject of the rivalry between nations is business, the code which, despite the promptings of the natural man, has come to dominate business, must necessarily come, if their object really is business, to dominate the conduct of Governments.

One cannot take up the speech of a statesman even of the first rank, or a leading article in even our foremost papers dealing with international relations, without finding it assumed as a matter of course, as Mr. Harrison assumes in the quotations that I have made, that European Governments have the instincts of Congo savages, the foresight of cattle-lifters, and the business morals of South American adventurers. Are we to assume that the Governments of the world, which, presumably, are directed by men

as far-sighted as bankers, are permanently to fall below the banker in their conception of enlightened self-interest? Are we to assume that what is self-evident to the banker—namely, that the repudiation of our engagements, or any attempt at financial plunder, is sheer stupidity and commercial suicide—is for ever to remain unperceived by the ruler? But if the ruler sees that the seizure of an enemy's property is economically injurious to the nation seizing it, and is for that reason intangible, why do we go in such nightmare terror and spend our substance arming colossally against so problematic an attack?

CHAPTER VI

Why trade cannot be destroyed or captured by a military Power.—What the processes of trade really are and how a navy affects them.—Dreadnoughts and business.—While Dreadnoughts protect trade from hypothetical German warships, the real German merchant is carrying it off; or the Swiss or the Belgian. The "commercial aggression" of Switzerland.

JUST as Mr. Harrison has declared that a "successful invasion would mean to us the total eclipse of our commerce and trade, and with that trade the means of feeding forty millions in these islands," so I have seen it stated in a leading English paper that, "if Germany were extinguished to-morrow, the day after to-morrow there is not an Englishman in the world who would not be the richer. Nations have fought for years over a city or right of succession. Must they not fight for two hundred and fifty million pounds of yearly commerce?"

One almost despairs of ever reaching economic sanity when it is possible for a responsible English newspaper to print matter which ought to be as offensive to educated folk as a defence of astrology or of witchcraft.

What does the "extinction" of Germany mean? Does it mean that we shall slay in cold

blood sixty or seventy millions of men, women, and children? Otherwise, even though the fleet and army were annihilated, the country's sixty million odd of workers still remain, who would be all the more industrious, as they would have undergone great suffering and privation—prepared to exploit their mines and workshops with as much thoroughness and thrift and industry as ever, and consequently just as much our trade rivals as ever, army or no army, navy or no navy.

Even if we could annihilate Germany we should annihilate such an important section of our debtors as to create hopeless panic in London, and such panic would so react on our own trade that it would be in no sort of condition to take the place which Germany had previously occupied in neutral markets, leaving aside the question that by such annihilation a market equal to that of Canada and South Africa combined would be destroyed.

What does this sort of thing mean? And am I wrong in saying that the whole subject is overlaid and dominated by a jargon which may have had some relation to facts at one time, but from which in our day all meaning has departed?

Our patriot may say that he does not mean

permanent destruction, but only temporary "annihilation." (And this, of course, on the other side, would mean not permanent, but only temporary acquisition of that two hundred and fifty millions of trade.)

He might, like Mr. Harrison, put the case conversely, that if Germany could get command of the sea she could cut us off from our customers and intercept our trade for her benefit. This notion is as absurd as the first. It has already been shown that the "utter destruction of credit" and "incalculable chaos in the financial world," which Mr. Harrison foresees as the result of Germany's invasion, could not possibly leave German finance unaffected. It is a very open question whether her chaos would not be as great as ours. In any case, it would be so great as thoroughly to disorganise her industry, and in that disorganised condition it would be out of the question for her to secure the markets left unsupplied by England's isolation. Moreover, those markets would also be disorganised, because they depend upon England's ability to buy, which Germany would be doing her best to destroy. From the chaos which she herself had created Germany could derive no possible benefit, and she could only terminate financial disorder, fatal to her own trade, by

bringing to an end the condition which had produced it—that is, by bringing to an end the isolation of Great Britain.

With reference to this section of the subject we can with absolute certainty say two things: (1) That Germany can only destroy our trade by destroying our population; and (2) that if she could destroy our population, which she could not, she would destroy one of her most valuable markets, as at the present time she sells to us more than we sell to her. The whole point of view involves a fundamental misconception of the real nature of commerce and industry.

Commerce is simply and purely the exchange of one product for another. If the British manufacturer can make cloth, or cutlery, or machinery, or pottery, or ships cheaper or better than his rivals he will obtain the trade; if he cannot, if his goods are inferior or dearer or appeal less to his customers, his rivals will secure the trade, and the possession of "Dreadnoughts" will make not a whit of difference. Switzerland, without a single "Dreadnought," will drive him out of the market even of his own Colonies, as, indeed, she is driving him out in those cases which I have just referred to. The factors which really constitute

prosperity have not the remotest connection with military or naval power, all our political jargon notwithstanding. To destroy the commerce of forty million people Germany would have to destroy our coal and iron mines, to destroy the energy, character, resourcefulness of our population, to destroy, in short, the determination of forty million people to make their living by the work of their hands. Were we not hypnotised by this extraordinary optical illusion we should accept it as a matter of course that the prosperity of a people depends upon such facts as the natural wealth of the country in which they live, their social discipline and industrial character, the result of years, of generations, of centuries, it may be, of tradition and slow, elaborate selective process, and, in addition to all these deep-seated elementary factors upon countless commercial and financial ramifications—a special technical capacity for such-and-such a manufacture, a special aptitude for meeting the peculiarities of such-and-such a market, the efficient equipment of elaborately constructed workshops, the existence of a population trained to given trades—a training not infrequently involving years and even generations of effort. All this, according to Mr. Harrison, is to go for nothing, and Germany is

to be able to replace it in the twinkling of an eye, and forty million people are to sit down helplessly because Germany has been victorious at sea. On the morrow of her marvellous victory Germany is by some sort of miracle to find shipyards, foundries, cotton mills, looms, factories, coal and iron mines, and all their equipment suddenly spring up in Germany in order to take the trade that the most successful manufacturers and traders in the world have been generations in building; Germany is to be able suddenly to produce three or four times what her population have heretofore been able to produce; for she must either do that or have the markets which England has supplied heretofore still available to English effort. What has really fed these forty millions who are to starve on the morrow of Germany's naval victory is the fact that the coal and iron exploited by them have been sent in one form or another to populations which need those products. Is that need suddenly to cease or are the forty millions to be suddenly struck with some sort of paralysis that all this vast industry suddenly comes to an end? What has the victory of our ships at sea to do with the fact that the Canadian farmer wants to buy our ploughs and pay for them with his wheat? It may be true that Germany

could stop the importation of that wheat. But why should she want to do so ? How would it benefit her people to do so ? By what sort of miracle is she suddenly to be able to supply products which have kept forty million people busy ? By what sort of miracle is she suddenly to be able to double her industrial population ? And by what sort of miracle is she to be able to consume the wheat, because if she cannot take that wheat the Canadian cannot buy her plough ? I am aware that all this is elementary, that it is economics in words of one syllable ; but what are the economics of Mr. Harrison and those who think like him when he talks in the strain that I have just quoted ?

There is just one other possible meaning that the patriot may have in his mind. He may plead that great military and naval establishments do not exist for the purpose of the conquest of territory or of destroying a rival's trade, but for " protecting " or indirectly aiding trade and industry. We are allowed to infer that in some not clearly-defined way a great Power can aid the trade of its nationals by the use of the prestige which a great navy and a great army bring, and by exercising bargaining powers in the matter of tariffs with other nations. But again the fact of the small

nations in Europe gives the lie to this assumption.

It is evident that the foreigner does not buy our products and refuse Germany's because we have a larger Navy. If one can imagine the representatives of an English and of a German firm in Argentina, or Brazil, or Bulgaria, or Finland meeting in the office of a merchant in Argentina, or Brazil, or Bulgaria, or Finland, both of them selling cutlery, the German is not going to secure the order because he is able to show the Argentinian, or the Brazilian, or the Bulgarian, or the Finn that Germany has twelve "Dreadnoughts" and England only eight. The German will take the order if, on the whole, he can make a more advantageous offer to the prospective buyer, and for no other reason whatsoever, and the buyer will go to the merchant of whatever nation, whether he be German, or Swiss, or Belgian, or British, irrespective of the armies and navies which may lie behind the nationality of the seller. Nor does it appear that armies and navies weigh in the least when it comes to a question of a tariff bargain. Switzerland wages a tariff war with Germany and wins. The whole history of the trade of the small nations shows that the political prestige of the great ones gives them practically no commercial advantage.

We continually talk as though our carrying trade were in some special sense the result of the growth of our great Navy, but Norway has a carrying trade, which, relatively to her population, is nearly three times greater than ours, and the same reasons which would make it impossible for a foreign nation to confiscate the gold reserve of the Bank of England would make it impossible for a foreign nation to confiscate British shipping on the morrow of a British naval defeat. In what way can our carrying trade or any other trade be said to depend upon military power ?

As I write these lines there comes to my notice a series of articles in *The Daily Mail*, written by Mr. F. A. McKenzie, explaining how it is that England is losing the trade of Canada. In one article he quotes a number of Canadian merchants :—

> " 'We buy very little direct from England,' said Mr. Harry McGee, one of the vice-presidents of the company in answer to my questions. 'We keep a staff in London of twenty supervising our European purchases, but the orders go mostly to France, Germany, and Switzerland, and not to England.' "

And in a further article he notes that many orders are going to Belgium. Now the question arises : What more can our Navy do that it

has not done for us in Canada? And yet the trade goes to Switzerland and Belgium. Are you going to protect us against the commercial "aggression" of Switzerland by building a dozen more "Dreadnoughts"? Suppose we could conquer Switzerland and Belgium with our "Dreadnoughts," would not the trade of Switzerland and Belgium go on all the same? Our arms have brought us Canada—but not the Canadian orders, which go to Switzerland.

If the traders of little nations can snap their fingers at the great war lords, why do British traders need "Dreadnoughts"? If Swiss commercial prosperity is secure from the aggression of a neighbour who outweighs Switzerland in military power a hundred to one, how comes it that the trade and industry, the very life-bread of her children, as Mr. Harrison would have us believe, of the greatest nation in history is in danger of imminent annihilation?

If the statesmen of Europe would tell us *how* the military power of a great nation is used to advance the commercial interest of its citizens, would explain to us the *modus operandi* and not refer us to large and vague phrases about "exercising due weight in the councils of the nations," one might accept their philosophy. But until they do so we are surely justified in

assuming that their political terminology is simply a survival—an inheritance from a state of things which has, in fact, long since passed away.

It is facts of the nature of those I have instanced which constitute the real protection of the small State, and which are bound as they gain in general recognition to constitute the real protection from outside aggression of all States, great or small.

CHAPTER VII

The vagueness of our conceptions of statecraft.—How we "own" our Colonies.—Some little-recognised facts.—Why foreigners could not fight England for her self-governing Colonies.—She does not "own" them, since they are masters of their own destiny. The paradox of conquest: England in a worse position in regard to her own Colonies than in regard to foreign nations.—Her experience as the oldest and most practised coloniser in history.—Colonies not a source of fiscal profit.—Could Germany hope to do better?—If not, inconceivable she should fight for sake of making hopeless experiment.

THE foregoing disposes of the first six of the seven propositions outlined in Chapter III. There remains the seventh dealing with the notion that in some way our security and prosperity would be threatened by a foreign nation "taking our Colonies from us," a thing which we are assured our rivals are burning to do, as it would involve the "breaking up of the British Empire" to their advantage.

Let us try to read some meaning into a phrase which, however childish it may appear on analysis, is very commonly in the mouths of those who are responsible for our political ideas.

I have stated the case thus:—

No foreign nation could gain any advantage by the conquest of the British Colonies, and Great Britain could not suffer material damage

by their loss, however much such loss would be regretted on sentimental grounds, and as rendering less easy certain useful social co-operation between kindred peoples. For the British Colonies are, in fact, independent nations in alliance with the Mother Country to whom they are no source of tribute or economic profit, their economic relations being settled not by the Mother Country but by the Colonies. Economically, England would gain by their formal separation, since she would be relieved of the cost of their defence. Their loss, involving, therefore, no change in economic fact (beyond saving the Mother Country the cost of their defence), could not involve the ruin of the Empire and the starvation of the Mother Country as those who commonly treat of such a contingency are apt to aver. As England is not able to exact tribute or economic advantage, it is inconceivable that any other country, necessarily less experienced in Colonial management, would be able to succeed where England had failed, especially in view of the past history of the Spanish, Portuguese, French, and British Colonial Empires. This history also demonstrates that the position of Crown Colonies in the respect which we are considering is not sensibly different from that of the self-governing

ones. It is not to be presumed, therefore, that any European nation would attempt the desperately expensive business of the conquest of England for the purpose of making an experiment with her Colonies which all Colonial history shows to be doomed to failure.

What are the facts? Great Britain is the most successful colonising nation in the world, and the policy into which her experience has driven her is that outlined by Sir C. P. Lucas, one of the greatest authorities on Colonial questions. He writes, speaking of the history of the British Colonies on the American continent, thus :—

> "It was seen—but it might not have been seen had the United States not won their independence—that English Colonists, like Greek Colonies of old, go out on terms of being equal, not subordinate, to those who are left behind; that when they have effectively planted another and a distant land they must within the widest limits be left to rule themselves; that whether they are right or whether they are wrong, more perhaps when they are wrong than when they are right, they cannot be made amenable by force; that mutual good feeling, community of interest, and abstention from pressing rightful claims to their logical conclusion can alone hold together a true Colonial Empire."

But what in the name of common sense is the advantage of conquering them if the only policy is to let them do as they like, "whether they

are right or wrong, more, perhaps, when they are wrong than when they are right" ? And what avails it to conquer them if they cannot be made amenable by force ? Surely this makes the whole thing a *reductio ad absurdum*. Were a Power like Germany to use force to conquer colonies she would find out that they are not amenable to force, and that the only working policy was to let them do exactly as they did before she conquered them, and to allow them, if they choose to—and many of the British Colonies do so choose—to treat the Mother Country absolutely as a foreign country. There has recently been going on in Canada a discussion as to the position which that Dominion should hold with reference to the British in the event of war, and I take from a French-Canadian paper (*La Presse*, March 27th, 1909) a passage which is quoted with approval by an English-Canadian publication. It is as follows :—

> "If after the organisation of a Canadian Navy England finds herself at war with a foreign Power, if that war is a just one, and Canada considers it to be so, England may always rely upon the eager support of Canadian soldiers and marines. But we must always be free to give or to refuse this support."

Could a foreign nation say more ? In what sense do we "own" Canada when Canadians

must always be free to give or refuse their military support to England; and in what way does Canada differ from a foreign nation when England may be at war when Canada can be at peace? As these pages go to press Mr. Asquith formally endorses this conception. On August 26th, in the House of Commons, after explaining the conclusions of the Imperial Conference, he said :—

> "The result was a plan for so organising the forces of the Crown, wherever they are, that *while preserving the complete autonomy* of each Dominion, *should these Dominions desire to assist* in the defence of the Empire in a real emergency, their forces could be rapidly combined into one homogeneous Imperial Army."

This shows clearly that no Dominion is held to be bound by virtue of its allegiance to the Sovereign of the British Empire to place its forces at his disposition, no matter how real may be the emergency. If it should not desire so to do, it is free to refuse so to do. This is to convert the British Empire into a loose alliance of independent Sovereign States, which are not even bound to help each other in case of war. The alliance between Austria and Germany is far more stringent than the tie which unites for purposes of war the component parts of the British Empire.

One critic commenting on this says :—

> "Whatever language is used to describe this new movement of Imperial defence, it is virtually one more step towards complete national independence on the part of the Colonies. For not only will the consciousness of the assumption of this task of self-defence feed with new vigour the spirit of nationality, it will entail the further power of full control over foreign relations. This has already been virtually admitted in the case of Canada, now entitled to a determinant voice in all treaties or other engagements in which her interests are especially involved. The extension of this right to the other Colonial nations may be taken as a matter of course. Home rule in national defence thus established reduces the Imperial connection to its thinnest terms."

Is Germany really likely to fight us for the "ownership" of Colonies which are even now in reality independent, and might conceivably at the outbreak of war become so in name as well? Facts of very recent English history have established quite incontrovertibly this ridiculous paradox: we have more influence—that is to say, a freer opportunity of enforcing our point of view—with foreign nations than with our own Colonies. Indeed, does not Sir C. P. Lucas's statement that "whether they are right or wrong, still more, perhaps, when they are wrong," they must be left alone, necessarily mean that our position with the Colonies is weaker than our position with foreign nations?

In the present state of international feeling we should never dream of advocating that we submit to foreign nations when they are wrong. Recent history is illuminating on this point.

What were the larger motives that pushed us into war with the Dutch Republics ? It was to vindicate the supremacy of the British race in South Africa, to enforce British ideals as against Boer ideals, to secure the rights of British Indians and other British subjects, to protect the native against Boer oppression, to take the government of the country generally from a people, whom such authorities as Doyle and many of those who were loudest in their advocacy of the war described as "inherently incapable of civilisation." What, however, is the outcome of spending two hundred and fifty millions upon the accomplishment of these objects ? The present Government of the Transvaal is in the hands of the Boer party. We have achieved the union of South Africa in which the Boer element is predominant. We have enforced against the British Indian in the Transvaal and Natal the same Boer regulations which were one of our grievances before the war, and the Houses of Parliament have just ratified an act of union in which the Boer attitude with reference to the native is codified and made permanent. Sir

Charles Dilke, in the debate in the House of Commons on the South African Bill, made this quite clear. He said : " The old British principle in South Africa, as distinct from the Boer principle, in regard to the treatment of natives was equal rights for all civilised men. At the beginning of the South African War the country was told that one of its main objects, and certainly that the one predominant factor in any treaty of peace, would be the assertion of the British principle as against the Boer principle. Now the Boer principle dominates throughout the whole of South Africa." Mr. Asquith, as representing the British Government, admitted that this was the case, and that " the opinion of this country is almost unanimous in objecting to the colour bar in the Union Parliament." He went on to say that " the opinion of the British Government and the opinion of the British people must not be allowed to lead to any interference with a self-governing Colony." So that, having expended in the conquest of the Transvaal a greater sum than Germany exacted from France at the close of the Franco-Prussian War, England has not even the right to enforce her views on those very subjects which constituted the motive of going to war. Again, it is to this paradox these conquests lead. As one critic declares :—

"The war has not made the Union, but it has made Dutch mastery within the Union. If Lord Milner had looked before he leaped ten years ago he would have recognised that the surest way to render certain for the future that 'dominion of Afrikanderdom' which he hated was to convert the two Republics by force into two self-governing British Colonies. Those who ten years ago insisted with so much assurance upon the inevitability of war in South Africa failed to recognise that the sequel of the war was equally inevitable. That the most redoubtable Boer generals, who eight years ago were in the field against our troops, should now be in London imposing on the British Government the terms of a national Constitution which will make them and their allies in the Cape the rulers of a virtually independent South Africa is, indeed, one of the brightest humours of modern history."

The National Review, speaking of the South African Union Bill, remarks not without justice :—

"Podsnap and Pecksniff were conspicuous throughout the debates. Government and Opposition vied with one another in hailing the millennium which must inevitably follow the adoption of a Constitution placing the British and the natives permanently under the heel of the Boers. Every tragedy has its comic aspect, and there is a certain grim humour in our sentimental, pro native Radical Parliament passing a great measure of local self-government with a rigid colour bar virtually excluding the natives, who constitute at least four-fifths of the population of South Africa, from all practical share in its government, either now or hereafter. We can imagine what would have been said by the Opposition had a Unionist Government proposed to hand over the population

> of South Africa to an 'insignificant white oligarchy.' The Radical Party would have seethed with indignation. But their delight at seeing Englishmen under the Boer harrow has completely reconciled them to the abandonment of their native *clientèle*."

As I write there is in London a deputation from the British Indians in the Transvaal pointing out that the regulations there deprive them of the ordinary rights of British citizens. The British Government has informed them that the Transvaal, being a self-governing Colony, the Imperial Government can do nothing for them. Now it will not be forgotten that at a time when we were quarrelling with Paul Krüger one of the liveliest of our grievances was the treatment of British Indians. Having conquered Krüger, now "owning" his country, do we ourselves act as we were trying to compel Paul Krüger as a foreign ruler to act? We do not. We (or rather the responsible Government of the Colony with whom we dare not interfere, although we were ready enough to make representations to Krüger) simply and purely enforce his own regulations. Moreover, the Australian Colonies and British Columbia have since taken the view with reference to British Indians which President Krüger took, and which view we made almost a *casus belli*. Yet in the case of our Colonies we do absolutely nothing. So the pro-

cess is this : The Government of a foreign territory does something which we ask it to cease doing. The refusal of the foreign Government constitutes a *casus belli.* We fight, we conquer, and the territory in question becomes one of our Colonies, and we allow the Government of that Colony to continue doing the very thing which constituted, in the case of a foreign nation, a *casus belli.* What did we undertake the war of conquest for ? Do we not arrive, therefore, at the absurdity I have already indicated—*that we are in a worse position to enforce our views in our own territory—that is to say, in our Colonies—than in foreign territory ?* Would we submit tamely that a foreign Government should exercise permanently gross oppression on an important section of our citizens ? Certainly we should not. But when the Government exercising that oppression happens to be the Government of our own Colonies we do nothing, and a great British authority lays it down that, even more when the Colonial Government is wrong than when it is right, must we do nothing, and that though wrong the Colonial Government cannot be amenable to force. Nor can it be said that Crown Colonies differ essentially in this matter from self-governing Colonies. Not only is there an irresistible

tendency for Crown Colonies to acquire the practical rights of self-governing Colonies, but it has become a practical impossibility to disregard their special interests. Experience is conclusive on this point.

I am not here playing with words or attempting to make paradoxes. This *reductio ad absurdum*—the fact that when we own a territory we renounce the privilege of using force to ensure our views—is becoming more and more a commonplace of British Colonial government.

As to the fiscal position of the Colonies, that is precisely what their political relation is in all but name; they are foreign nations. They erect tariffs against Great Britain, they exclude large sections of British subjects absolutely (practically speaking, no British Indian is allowed to set foot in Australia, and yet British India constitutes the greater part of the British Empire), and even against British subjects from Great Britain vexatious exclusion laws are enacted. Again the question arises: Could a foreign country do more? If fiscal preference is extended to Great Britain, that preference is not the result of British "ownership" of the Colonies, but is the free act of the Colonial legislators, and could as well be made by any

foreign nation desiring to court closer fiscal relations with Great Britain.

Is it conceivable that Germany, if the real relations between Great Britain and her Colonies were understood, would undertake the costliest war of conquest in history in order to acquire an absurd and profitless position in which she could not exact even the shadow of a material advantage ?

It may be pleaded that Germany might on the morrow of conquest attempt to enforce a policy which gave her a material advantage in the Colonies such as Spain and Portugal attempted to create for themselves. But in that case, is it conceivable that Germany, without Colonial experience, would be able to enforce a policy which Great Britain was obliged to abandon a hundred years ago ? Is it imaginable that, if Great Britain has been utterly unable to carry out a policy by which the Colonies shall pay anything resembling tribute to the Mother Country, Germany, without experience, and at an enormous disadvantage in the matter of language, tradition, racial tie, and the rest, would be able to make such a policy a success ? Surely if the elements of this question were in the least understood in Germany such a preposterous notion could not

be entertained for a moment. Germany must see that the last word in Colonial statesmanship is to exact nothing from your Colonies. Is a poor intruder in the art of Colonial administration going to enter upon a vast war for the purpose of trying an experiment which history proves, even in the hands of the most experienced, to be doomed to failure? It was not through philanthropy that we abandoned the system of tribute from the Colonies, but because the thing could not be made to pay. We discovered as the result of long and bitter experience in Colonial exploitation that the only way to treat Colonies is to treat them as independent, as foreign territories, and the only way to "own" territory is to make no attempt at exercising any of the functions of ownership.

These facts at least are easy of verification. How grossly erroneous, therefore, must be the conception of European statesmen when in the common jargon of these discussions it is taken as an axiom that the "loss" of her Colonies is going to involve Great Britain in ruin, and the "conquest" of her Colonies is going to achieve for the conqueror in some mysterious way advantages which the present owner has never been able to secure.

CHAPTER VIII

The sentimental motive for aggression.—Why it is based on an illusion similar to that which creates the motive of material interest.—Signs of decay already apparent.—History of the decay of the duel.—The Code Duello in international politics.—Anglo-Saxon world leading the way.—Material well-being the highest test of useful statesmanship.

THERE is one objection that remains to be dealt with—namely, that the whole premises on which this plea is based are beside the mark, since international conflicts do not arise from conflicts of interest but of sentiment, and that, though Europe might so reform her political conceptions as to admit that there can be no material gain from conquest, the mere desire for domination and mastery, apart from all question of material advantage, will suffice to push nations into war. The process of political education would, it may be urged, in that case avail nothing, as such education, touching material interests only, would leave the domain of sentiment and emotion unchanged. This view is voiced by Captain Mahan, who has made

the struggle for domination among nations his especial study, in these terms :—

> "That extension of national authority over alien communities, which is the dominant note in the world politics of to-day, dignifies and enlarges each State and each citizen that enters its fold. . . . The expenditure of the United Kingdom on the South African War offers a concrete example of the truth, doubly impressive to those who, like the writer, see in this instance great Imperial obligation, but little material interest, save the greatest of all, the preservation of the Empire. . . . Sentiment, imagination, aspiration, the satisfaction of the rational and moral faculties in some object better than bread alone, all must find a part in a worthy motive. Like individuals, nations and empires have souls as well as bodies. Great and beneficent achievement ministers to worthier contentment than the filling of the pocket."

Of the above one may say parenthetically that it comes curiously from the biographer of Nelson. The task of Napoleon, involving as it did "the extension of national authority over alien communities," ministering to "sentiment, imagination, aspiration, the satisfaction of the moral faculties in some object better than bread alone. . . . great and beneficent achievement, worthier contentment than the filling of the pocket," was evidently one which would have had Captain Mahan's warm approval, and how can he rejoice, therefore, that his naval hero was the means of so completely frustrating it ?

Captain Mahan strikes the true note of most patriotic literature of our time. It is very difficult, indeed, to find in that literature much inkling of the fact that "the great purposes of Empire" or "the glorious destiny of our race" have aught in common with what remain, despite all our shouting, the elemental needs of humanity. One contribution to this literature * assures us that England is in danger of forgetting "the purpose of her being." At the cost of some effort one learns that "the purpose of her being" is not in the least to assure the happiness and well-being of Englishmen, but to assure by a policy of alliances and increased armaments the "leadership of the human race," not for any advantage which that leadership can possibly bring, for in all of the four books which it takes to expose England's policy there is not one word giving a hint as to any advantages attaching to the leadership, but simply because England "has no choice between the first place among the nations of the world and the last." The patriot, dreaming of domination and judging others in his own measure, deems that a nation must be in a position to impose its will upon others, or have the will of others imposed upon it. A condition of things—obtaining, after all,

* Spencer Wilkinson, *The Great Alternative.*

with most nations of the world—in which each goes its own way, with no thought either of subduing others or being subdued, is not apparently within the patriot's ken.

I think we must all admit that the *rôle* of emotionalism in international conflicts is enormous; personally, I am quite persuaded that in the immense majority of cases the motive which precipitates these conflicts belongs, at any rate during periods of excitement, much more to the domain of sentiment than of interest. But I am also as sure of this: that the sentiment has its origin in the same sort of optical illusion as that which is responsible for so much misconception when the material interests of nations are under consideration. For just as we commonly overlook the fact that the individual citizen is quite unaffected by the extent of his nation's territory, that the material position of the individual Dutchman as the citizen of the small State is not going to be improved by the mere fact of the absorption of his State by the German Empire, by which he becomes the citizen of a great nation, so in the same way his moral position, despite Captain Mahan, remains unchanged. Do we respect a Russian because he is a citizen of one of the greatest Empires of history, and despise the Norwegian because he

is the citizen of one of the smallest States of Europe? The thing is absurd, and the notion that an individual Russian is "dignified and enlarged" each time that Russia conquers some new Asiatic outpost, or Russifies a State like Finland, or that the Norwegian would be "dignified" were his State conquered by Russia and he became a Russian, is, of course, sheer sentimental fustian of a very mischievous order. This is the more emphasised when we remember that the best men of Russia are looking forward wistfully, not to the enlargement, but to the dissolution of the unwieldy giant—"stupid with the stupidity of giants, ferocious with their ferocity"—and the rise in its stead of a multiplicity of self-contained, self-knowing communities "whose members will be united together by organic and vital sympathies, and not by their common submission to a common policeman."

How small and thin a pretence is all the talk of national prestige when the thing is tested by its relation to the individual is shown by the commonplaces of our everyday social intercourse. In social consideration everything else takes precedence of nationality, even in those circles where Chauvinism is a cult. Our royalty is so impressed with the dignity which attaches

to membership of the British Empire that its princes will marry into the Royal houses of the smallest and meanest States in Europe; while they would regard marriage with a British commoner as an unheard-of *mésalliance*. This standard of social judgment so marks all the European royalties that at the present time not one ruler in Europe belongs, properly speaking, to the race which he governs. In all social associations an analogous rule is followed. In our "selectest" circles an Italian, Roumanian, Portuguese, or even Turkish noble is received where an English tradesman would be taboo.

The nature of national sentiment in this connection deserves a little further consideration. Just as national relations are less controlled by rationalism than are individual, so is national vanity of a distinctly lower order than the vanity which obtains between civilised individuals. This is shown prominently in two ways—by the survival among nations of the morality of the duel, with its archaic notions of an arm-defended honour, notions long since abandoned between, at least, English-speaking individuals; and the distinctly cruder type of that barbaric boastfulness which vaunts mainly bigness of territory and greatness of wealth—a type of vanity which in this crude form has quite disappeared in the

intercourse of all civilised individuals—Saxon, Celt, or Latin.

The survival, where national prestige is concerned, of the standards of the *code duello* is daily brought before us by the rhetoric of the patriots. Our Army and our Navy, not the good faith of our statesmen, are the "guardians of our national honour." Like the duellist, the patriot would have us believe that a dishonourable act is made honourable if the party suffering by the dishonour be killed. The patriot is careful to withdraw from the operation of possible arbitration all questions which could affect the "national honour." An "insult to the flag" must be "wiped out in blood." Small nations, which in the nature of the case cannot so resent the insults of great empires, have apparently no right to such a possession as "honour." It is the peculiar prerogative of world-wide empires. The patriots who would thus resent "insults to the flag" may well be asked how they would condemn the conduct of the German lieutenant who kills the unarmed civilian in cold blood, "for the honour of the uniform."

It does not seem to have struck the patriot that as personal dignity and conduct have not suffered, but been improved by the abandonment of the principle of the duel, there is little

reason to suppose that international conduct, or national dignity, would suffer by a similar change of standards.

The whole philosophy underlying the duel, where personal relations are concerned, excites in our day the infinite derision of all Anglo-Saxons. Yet these same Anglo-Saxons maintain it as vigorously as ever in the relations of States.

It may be worth while in passing, as an answer to those who still regard as chimerical any hope that rationalism will ever dominate the conduct of nations in these matters, to point out how rapidly the duel has disappeared from the personal relations of our society. But two generations since this progress towards a national standard of conduct would have seemed as unreasonable as do the hopes of international peace in our day. Even to-day the Continental officer is as firmly convinced as ever that the maintenance of personal dignity is impossible save by the help of the duel. Such will ask one in triumph: "What will you do if one of your own order openly insult you? Shall you preserve your self-respect by summoning him to the police court?" And the question is taken as settling the matter off-hand.

The vague talk of national honour as a

quality under the especial protection of the soldier is perhaps the most dangerous of the belligerent manifestations in which the patriot has the habit of indulging. When an individual begins to rave about his honour we may be pretty sure he is about to do some irrational, most likely disreputable, deed. The word is like an oath, serving with its vague yet large meaning to intoxicate the fancy. Its vagueness and elasticity make it possible to regard a given incident at will as either harmless or a *casus belli*. Our sense of proportion in these matters approximates to that of the schoolboy. The passing jeer of a foreign journalist, a foolish cartoon, is sufficient to start the dogs of war baying up and down the land.* We call it "maintaining the national prestige," "enforcing respect," and I know not what other high-sounding name. But it amounts to the same thing in the end.

The one distinctive advance in civil society achieved by the Anglo-Saxon world is fairly betokened by the passing away of this old

* I have in mind here the ridiculous *furore* that was made by the Jingo Press over some French cartoons that appeared at the outbreak of the Boer War. It will be remembered that at that time France was the "enemy," and Germany was, on the strength of a speech by Mr. Chamberlain, a quasi-ally. We were at that time as warlike towards France as we are now towards Germany. And this is barely ten years ago!

notion of a peculiar possession in the way of honour which had to be guarded by arms. It stands out as the one clear moral gain of the nineteenth century; and, when we observe the notion resurging in the minds of men, we may reasonably expect to find that it marks one of those reversions in the on-going of moral development which so often occur in the realm of mind as well as in that of organic forms.

The second respect in which national vanity strikes a lower note than personal is not less suggestive. The crude rivalry of material possession, which is one of the earmarks of patriotism, has no counterpart among civilised adult individuals. As some writer has remarked in this connection: "The average man has not a fit of spleen upon hearing that another has an accession of fortune. He likes to get what he can for himself, but it is not gall and wormwood to him if someone else gets more." Still less do individuals boast of their wealth, their acreage. But the patriot scorns such reticence. Boastful talk of the vastness of his empire, "the imperial instinct and marvellous qualities of the race," is his normal intellectual fare. Few of our patriotic organs let many days pass without sounding this note of national snobbery; the poets and versifiers appear to find their chief

joy in its vibrations. It has been well said that, if for this reason alone, the men of the lesser States, basing their national credit upon better things than bigness of acreage, tend to become ethically our superiors. If the analogy which has already been drawn between the idea of a national honour, which armed force alone can vindicate (for which reason the patriot withdraws all questions affecting national honour from the operation of possible arbitration), and the idea underlying the duel as between individuals be a just one, we may fairly assume that much of the duellist's psychology is at the bottom of the defence of war as a school of morals and a purifier of national character. All the pleas of the duellist are, in fact, borrowed by these English glorifiers of war, who, however, condemn the duel as based upon a sentimentality which is a particularly perverted form of vanity. The "pundonor" which lies behind it is held up to derision. But how can the national honour, which so perpetually demands vindication by arms, escape a like condemnation?

We are apt to forget that to this day, outside the English-speaking world, the duel is regarded as absolutely essential to the maintenance of personal dignity, the preservation of "that soldierly honour without which social ideals

would fall to the level of those of huckstering bagmen, and life would lose all that it has of chivalry, courage, manliness, and sanctity." The pronouncement is a German one, but it would be supported by many Frenchmen and most Spaniards and Italians. We laugh at it; we have proved its falsity by showing that social manners and morals are better, not worse, for the abolition of the duel. Yet in defending war on exactly the same grounds as the Germans defend the duel English-speaking folk are compelled to use the German's arguments, to use, indeed, his language and rhetoric. "The Cobdenite ideal of a State in which every citizen is ceaselessly engaged in the ennobling process of buying cheap and selling dear leaves something to be desired. The accumulation of riches and the steady pursuit of material comfort do not tend to the development of the highest type of character." * This passage is but a paraphrase of the German's just quoted, and one may hear its like any day in the mouth of the Continental defender of duelling. Of the two the duellist's defence is the more logical, because Mr. Low goes on to argue for great armaments, not as a means of promoting war, that valuable school, etc., but because they are the best means

* Sidney Low, *Nineteenth Century*, October 1898.

of securing peace ; in other words, that condition of " buying cheap and selling dear " which but a moment before Mr. Low had condemned as so defective. As though to make the stultification complete, he pleads for the peace value of military training, on the ground that German commerce has benefited from it—that, in other words, it has promoted the " Cobdenite ideal." The analysis of the reasoning gives a result something like this : (1) War is a great school of morals, therefore we must have great armaments—to ensure peace ; (2) secure peace engenders the Cobdenite ideal, which is bad, therefore we should adopt conscription, (*a*) because it is the best safeguard of secure peace ; (*b*) because it is an excellent training for commerce—the Cobdenite ideal.

The advocacy of Captain Mahan, who agrees with Moltke that not only is the abolition of war a dream, but a very evil dream, is of a like quality, and for its full dissection the reader may be referred to a mastery performance by Mr. J. M. Robertson. Practically all defence of war is of this character—a swinging at random between a disparagement of peace and a defence of armaments as the best means of securing it ; a laudation of war as a school of morals and of armaments as the best means of avoiding it.

"If such self-stultifying advocacy as this were employed on behalf of any good or humane cause, with what derision would it not be greeted, and to what deliquescence of sentimentalism would it not be held to point." *

It is precisely because of the enormous influence of passion and sentimentality in times of international excitement that it becomes important to rationalise our political ideas during periods of relative quiet. Were there in normal times a general recognition of the real bearing of material interest in this matter it is extremely unlikely that the empire of emotion would at any time be complete.

I doubt whether those whose opinion is of value will attach much weight to the charge of "sordidness" in basing their policy on material interest. It is so much a matter of phraseology. "To consider the pocket" is, of course, sordid, to "labour for the well-being of the English people" is very high-minded; but they may well be the same thing.

The truth is that the social well-being of his people is not only the highest aim of the statesman, but is all that lies within his sphere. In the end, all that politics can do is to ensure to the individual citizen the best chance of a

* Grant Richards, *Patriotism and Empire*.

decent livelihood which the circumstances of the case permit. The sphere of conscience and morals lies beyond the statesman, and the legislator interferes therein almost invariably to the damage of all concerned. Without material well-being, without a well-fed body, and a decent dwelling and tolerable physical comfort no high morality, no character development is in the long run possible. Grinding poverty invariably spells in the end debased morals and depravity of conduct. The best service the statesman can do for the moral well-being of his people is to ensure their material well-being. The rest after that belongs to the field of activity that had far better be left to other than legislative forces. Material well-being, far from constituting a sordid aim or a sordid test of political and sociological effort, is, all things considered, the most practical, the most useful, the very highest to which the politician can aspire.

CHAPTER IX

What is the practical outcome?—This book not a plea for disarmament but for education in political rationalism.—Not Germans *versus* English, but English and German rationalists *versus* English and German sentimentalists.—What stands in the way of real progress.—A suggestion for obviating these difficulties.—"Pairing" of individuals of rival nations the only practical plan.—International "stratification."—Internationalisation of capital on one hand and labour on the other.—Wide-reaching effects of this tendency.—Only lasting revolution is in the revolution of ideas.—The analogy of religious toleration.—The practical genius of the English race fits them to lead the way in this as in the religious reformation.

And what of the practical outcome of a recognition of the foregoing truths? Are we immediately to cease preparation for war, since our defeat cannot advantage our enemy nor do us in the long run much harm? No such conclusion results from a study of the considerations elaborated here. It is evident that so long as the misconception we are dealing with is all but universal in Europe, so long as the nations believe that in some way the military and political subjugation of others will bring with it a tangible material advantage to the conqueror, we all do, in fact, stand in danger from such aggression. Not his interest, but what he deems

to be his interest, will furnish the real motive of our prospective enemy's action. And as the illusion with which we are dealing does, indeed, dominate all those minds most active in European politics, we must, while this remains the case, regard an aggression, even such as that which Mr. Harrison foresees, as within the bounds of practical politics. (What is not within the bounds of possibility is the extent of devastation which he foresees as the result of such attack, which I think the foregoing pages sufficiently demonstrate.)

On this ground alone I deem that we or any other nation are justified in taking means of self-defence to prevent such aggression. This is not, therefore, a plea for disarmament irrespective of the action of other nations. So long as current political philosophy in Europe remains what it is, I would not urge the reduction of our war budget by a single sovereign. What I do urge is that the illusion upon which this philosophy is based can and will be dispelled entirely at no distant date, as history goes. Were it a fact that the real interests of civilisation are bound up with warfare, warfare would continue. But it is no more possible for nations to get rich by bombarding things with cannon and blowing its own customers and its own

investments into smithereens than it is for a Wall Street financier to enrich himself by shooting Rockefeller or Morgan in the head, or to "capture" their fortune by breaking into their houses and stealing their plate or cheque books. The business men of the world already know this, not a few economists and lawyers know it, and the only people who seem to be ignorant of it are the rulers of Europe, those who produce our great newspapers, and the sheep-like voting millions upon whom both classes depend. By rationalising our political conceptions, by so clarifying our vision that all of us are able to see exactly what armaments and conquest can and cannot do for our own interests, we can produce in Europe a state of mind which will render it no more necessary to arm nationally than it is necessary for an individual Anglo-Saxon of our day to arm individually in order to fight duels to defend his honour; the contingency is too remote to be worth worrying about. Were there a general recognition in Europe of the fact that it has become a physical impossibility to benefit by military conquest the whole *raison d'être* of the aggression of one nation upon another would disappear. If there were a general breaking down of the extraordinary optical illusion throughout Europe, just

as certain other optical illusions which at one time dominated Europe have been dispelled, it is inconceivable that such an attack as that which haunts Mr. Harrison should be made; it is inconceivable that a civilised people would undertake during long years expensive, self-denying, and laborious preparations, not for any advantage that they could gain, but for the sheer savage motive of inflicting suffering and causing bloodshed.

It is the fashion to fling at all opponents of armaments such epithets as "dreamer," "amiable visionary," "sentimentalist," and so forth. I put it to the reader whether the considerations elaborated in the foregoing pages are of a dream-like, visionary, or sentimental order; and I put it to him whether, on the contrary, the sentimentality has not been shown to be on the side of the defender of warfare. What is certain, as I have indicated at the beginning of the work, is that the peace advocate has been too apt to emphasise the moral side of his propaganda, and has not attacked fairly the question of interest, and, above all, has left entirely alone this extraordinary misconception which dominates international politics, and which lies at the root of the whole question. Moreover, his energies have for the most part

been concentrated upon securing Governmental action, and such is foredoomed to sterility for the simple reason that no Government dare reduce its military force while all other Governments are dominated by the idea that the military breakdown of their neighbour is their opportunity. There is an old French fable of a bewitched forest. An evil spirit told all the trees of the forest that the first tree to blossom in the spring would be withered and destroyed. So every one of the trees waited for some other to be the first to blossom, and, of course, none blossomed, and for a thousand years the forest was leafless and sterile.

The Governments of Europe are the trees of that forest, each waiting for another to begin, and that start is consequently never made.

One of the humours of the present situation is that all parties vociferously disclaim all intention of aggression. Their armaments are purely for defence, and attack is as far from their thoughts as the stars are asunder. So that we continue to pile up colossal armaments for the purpose of repelling attack, when there is no one (if the parties to these declarations are commonly sincere) to make the attack. A friend of mine who has been spending the summer

in the Black Forest tells me that the table talk of his German host's country house has been in this strain : " What a pity it is that we have to spend all this money on our Navy merely because the English have been led into a policy of aggression by a few fire-eaters with Edward VII. at the head." Read " German " for " English " and the " Kaiser " for " Edward VII," and you have exactly what is being said in English country houses.

Are both sides, therefore, guilty of gross and premeditated insincerity when they thus disclaim all intention of aggression ? Not the least in the world. Here, as everywhere in this discussion, our common vocabulary has the effect of falsifying and distorting our ideas. We say commonly, " The German does this, the Englishman does that." " Germany is determined to have a big navy." " The German has made up his mind that his future is on the sea." But the " German " and the " Englishman " are pure abstractions, and do not in reality exist. Some Germans are in favour of aggression upon England just as some Englishmen are in favour of the same upon Germany, and German policy is the outcome of an infinity of degrees of opinion and of conflicting opinion. The notion of arraying all Englishmen in this matter on one

side and all Germans on the other corresponds to none of the facts.

Our Lords Courtney and Morley will agree with the leaders of German Liberal thought long before it will be possible for the former to agree with, say, Mr. Leo Maxse. There are parties in Germany much more nearly in agreement with certain English parties than with other German parties. It results that groups of Germans and English could work cordially together long before it would be possible for all English parties to be sufficiently of one mind to induce their Government to act, or all German parties to arrive at analogous agreement among themselves. In the present case it is simply untrue to say that there is no considerable opinion in Germany opposed to the armament mania or to the bogey of British aggression. Apart from the fact that the best organised party in the State opposes it, or gives only grudging or conditional assent, the protest is much more widespread than public opinion in England generally realises. The Berlin correspondent of *The Times* writes (September 26th) :—

> "In the October number of the *Deutsche Revue* a retired German official, Herr von Rath, publishes some 'Reminiscences of Herr von Holstein,' which show that the distinguished chief of the Political Department of the German Foreign Office entertained,

at any rate, in the last years of his life, the strongest possible hostility to the policy of unlimited naval expansion. According to passages from Herr von Rath's article, of which Berlin journals have received advance proofs, Herr von Holstein declared last February, just three months before his death, that the Navy question transcended all others in importance. He is said to have watched with approval the campaign which is still more or less vigorously carried on by Vice-Admiral Galster and others against the 'big ship policy,' and to have said, with reference to one of Admiral Galster's pamphlets : 'The main thing is to expose the lying and treacherous fallacy expressed in the statement that every fresh ship is an addition to the power of Germany—when every fresh ship causes England, to say nothing of France, to build two ships.' In December, 1907, Herr von Holstein is said to have expressed himself in the following remarkable fashion :—

"'In Germany "Navy fever" is raging. This dangerous disease is fed upon the fear of an attack by England, which is not in accordance with facts. The effect of the "Navy fever" is pernicious in three directions—in domestic politics, on account of the intrigues of the Navy League, which also produce the greatest ill-feeling in South Germany ; in the finances on account of the prohibitive expenditure ; in foreign politics on account of the mistrust which these armaments awake. England sees in them a menace which keeps her bound to the side of France. At the same time, even with taxation strained to the utmost limit, the construction of a fleet able to cope with the united fleets of England and France is entirely out of the question.

"'From the menace which everybody in England sees in German naval construction the present Liberal Government in England will not draw serious con-

clusions. It will be different when the Conservatives come into power.

"'The danger of war between Germany, on the one hand, and England and France, on the other, is even to-day playing a part in the political calculations of other countries.

"'Even among Parliamentary deputies there are many who condemn the "Navy fever," but no one of them will take the responsibility of refusing to vote ships.

"'Anybody who to-day makes a stand against the prevailing "Navy fever" is attacked from all sides as wanting in patriotism; but a few years hence the justice of my opinion will be established.'"

Every word of this dispatch should be carefully read by those who represent the "German" as bent upon an unprovoked attack on England. What is it, then, that both in England and in Germany prevents those opposed to these "Dreadnought contests" having due weight with their Government? It is:—

(1) The fear of appearing indifferent to national safety and being accused of lack of patriotism, and, as already indicated,

(2) Indecision as to what is the real attitude of a prospective rival, an attitude which is apt to be judged by its most, not least, aggressive element, and as neither country will take the risk of giving to the other the benefit of a doubt, it builds for the worst, not the best, or even the most likely contingency. As the resultant con-

struction is regarded by the second party as proof positive of the aggressive intention of the first, the thing goes on *ad infinitum*.

But what is the very evident conclusion to be drawn from the foregoing state of affairs? Surely this :—

(1) That action must proceed otherwise than through the Governments.

(2) That simultaneity must be a controlling element of all action, and thus ensure—

(3) Security in those engaged in it from any charge of being indifferent to the defence of their country.

There is a very simple plan which will ensure all these conditions.

When in the House of Commons it becomes necessary for any member to absent himself he "pairs" with a member of the Opposition party, and the relative strength of the two parties remains roughly what it was before. The same principle can be utilised for so carrying on the campaign of education in political rationalism along the lines of the ideas elaborated here that neither country lending itself to such a campaign is placed by virtue of such in an inferior position with reference to the other. That is to say, suppose an anti-armament league were formed in England, it should be an essential

feature of the organisation that for every member enrolled in England a corresponding league should enrol a German in Germany. The same principle would be applied to Parliamentary parties; a German member of the Reichstag would undertake to oppose increase of German armaments on condition that an English member undertook to carry on such opposition in the House of Commons. The same principle could be extended to the clergy, university professors, students, trades unions, and so on.

It may be said that this is in contradiction to the principle laid down further back that "so long as current political philosophy in Europe remains what it is, I would not urge the reduction of our war Budget by a single sovereign." But it is in no way in contradiction. The whole plan implies that should the propaganda reach the point of affecting expenditure on armaments, political philosophy would no longer be what it is, *because a change similar to that taking place in England would have gone on in those countries whose policy has direct bearing on ours.* The advance of political rationalism would by the means proposed go on *pari passu* in England and Germany, and neither country could by reason of its anti-armament propaganda find

itself militarily in a position of manifest inferiority to the other, so long as the general principle outlined here were adhered to.

I am aware, of course, that the "pairing" could never be absolute; one member of the Reichstag would not have an absolutely identical power with his fellow in the House of Commons, but the principle could be applied in practice so as roughly to guarantee that element of simultaneity which is necessary in the movement, and which would render any individual in England allying himself therewith immune from the Jingo charge of indifference to his country's defence. His country's defence would be in no way threatened, since the balance of armament between England and, say, Germany would be in no way affected by his action.

It is worth while recalling in this connection that the strongest and most permanent forces in history have disregarded national frontiers and national Governments. The Catholic Church, *e.g.*; and in activities other than religious this tendency to-day is stronger than it ever was before. Mr. Baty, the writer on international law, has classified this tendency under the name of "stratification." He notes:—

> "From the first it [Labour] has aimed at 'Internationalism'; and its earliest formidable propaganda

was known as 'The International.' The solidarity of interest of the classes engaged in manual labour in all countries is emphasised by its leaders. Their unity, and their omnipotence in realising that unity, as against the classes who, to use a favourite catch-word of the party, 'exploit' them, is a commonplace of the literature of the movement. The necessary consequence will inevitably be the organisation of the threatened classes as classes, and independently of territorial distinctions. Nor will the stratification stop there . . . . It is impossible to ignore the significance of the international congresses, not only of Socialism, but of pacificism, of esperantism, of feminism, of every kind of art and science, that so conspicuously set their seal upon the holiday season. Nationality as a limiting force is breaking down before Cosmopolitanism. In directing its forces into an international channel, Socialism will have no difficulty whatever. . . We are, therefore, confronted with a coming condition of affairs in which the force of nationality will be distinctly inferior to the force of class-cohesion; and in which classes will be internationally organised so as to wield their force with effect. The prospect induces some curious reflections. . . . All over the world society is organising itself by strata. The English merchant goes on business to Warsaw, Hamburg, or Leghorn; he finds in the merchants of Italy, Germany, and Russia the ideas, the standard of living, the sympathies and the aversions which are familiar to him at home. Printing and the locomotive have enormously reduced the importance of locality; it is the mental atmosphere of its fellows, and not of its neighbourhood, which the child of the younger generation is beginning to breathe. Whether he reads the *Revue des Deux Mondes* or *Tit-Bits*, the modern citizen is becoming at once cosmopolitan and class-centred. Let the process work for a few more years; we shall see the common interests of cosmopolitan

> classes revealing themselves as far more potent factors than the shadowy common interests of the subjects of States. The Argentine merchant and the British capitalist alike regard the trade union as a possible enemy—whether British or Argentine matters to them less than nothing. The Hamburg docker and his brother of London do not put national interests before the primary claims of caste. International class feeling is a reality—and not even a nebulous reality; the nebula has developed centres of condensation. Only the other day Sir W. Runciman, who is certainly not a Conservative, presided over a meeting at which there were laid the foundations of an International Shipping Union, which is intended to unite shipowners of whatever country in a common organisation. When it is once recognised that the real interests of modern people are not national but social, the results may be surprising."

It is true that Mr. Baty foresees these classes organising themselves rather the one against the other, but in the matter of armaments they would touch common ground and find common agreement. With the practical disappearance of "territoriality" disappears the *raison d'être* of armament.

I have always been particularly struck in discussing these and cognate questions to find precisely the same attitude of "internationalism" in opposing classes—the financier and the labour leader. Those who have read the preceding pages will find it entirely natural that the financier should be completely international.

We know from everyday observation how in the business of investment nationalities and frontiers are completely disregarded; profit and safety must necessarily be the ruling considerations. But quite apart from this motive the financier is profoundly interested in securing world-wide stability of financial conditions, and is compelled to co-operate internationally to secure it regardless of national differences. In a time of political animosity the Bank of France comes to the rescue of the Bank of England, and the Bank of England comes, if needs be, to the rescue of the Bank of Berlin. In no department of human activity is internationalisation so complete as in finance. The capitalist has no country, and he knows (if he be of the modern type) that armies and conquests and jugglery with frontiers serve no ends of his and may very well defeat them.

From quite other motives the labour movement is becoming almost as international; it must do this or confess failure, and the internationalisation of labour is bound to keep pace with the internationalisation of capital. But, if both capital and labour are being pushed by the circumstances of their development into complete internationalisation and coming to take no account of politico-national rivalries, what classes can remain outside such movement?

We have here, at present in merely embryonic form, a group of motives otherwise opposed, but meeting and agreeing upon one point: the organisation of society on other than territorial and national divisions. When motives of such breadth as these give force to a tendency, it may be said that the very stars in their courses are working to the same end.

CONCLUSION

But the movement towards internationalisation may go a long way in many activities without affecting the race for armaments, unless there also takes place a rationalisation of our political conceptions. The "stratification" of international society would merely furnish the mechanical means of carrying a reform of ideas into effect. Without such reform the military activities of nations might be unaffected.

It is inconceivable that such reform can be far off. The principle which I have attempted to elaborate here—that is to say, the economic futility of political force—first thrust itself upon my attention some ten years since, and in the interval I have had occasion to discuss it with the bankers and financiers as well as the statesmen of several European countries. Fully anticipating at first that there would be some point overlooked by myself which would upset the whole principle, I was not a little astonished to find that none was forthcoming, and the more thorough discussion of its details since then has

only confirmed my first conviction that (bold as the assertion may seem) the mind of civilisation is in effect in this matter dominated by a pure illusion, or rather that current political ideas and phraseology have not kept pace with the march of events.

Parenthetically it may be pointed out that history furnishes many analogies of the domination of the mind of civilisation by a sheer illusion, and of the final dispelling of such illusion. One, notably, will suggest itself. For roughly a thousand years Europe, or the governing class of Europe, was obsessed by the idea that it was necessary for Governments to dictate the religious belief of their subjects, not as a matter of religious duty, but as an elementary precaution against sedition, and as a necessary act of political self-preservation. All religious disbelief, or rather all religious belief differing from the belief protected by the Government, was regarded as a form of treason, and it was deemed absolutely necessary on political grounds to subjugate by force all those who did not conform to the Government's religious standard. Traces of this point of view still remain, of course, in countries like Russia, but during nearly a thousand years all European politics turned upon the religious question. At a point,

however, which it is difficult to fix, there arose in Europe a general recognition of the fact that the whole thing was founded upon a logical misconception. From the moment that the Government showed itself indifferent to the religious belief of its citizens, the safety of the Government was no longer threatened by religious sedition. Such sedition became meaningless. It was precisely by ceasing to "defend" the Governmental dogma that the Government secured complete immunity from attack. The more elaborate the machinery of defence had been, the more precarious had been the position of those Governments putting such apparatus of combat into motion. The moment that all attempt at defence was abandoned the position of the Governments concerned became secure, and to-day only those Governments which have hesitated entirely to "scrap" the whole armoury of religious combat are threatened by those differing from them on religious grounds. In a further respect the history of religious toleration presents what will probably prove to be an analogy to the history of international armament. Long before conflicts having their origin in religious differences had ceased in Europe, the general sense of the rulers concerned realised the futility of attempting by government to

dictate the religious belief of subjects. The position of the educated Catholic was this: "I have not the least desire to prevent the Protestant worshipping God as he thinks fit. Far from it. But if I let him get the upper hand politically, he is going to cut my throat, and if needs be I must cut his to prevent his doing it." In the same way the English politician says to-day: "I have not the least desire to commit an aggression upon Germany, but if I let her get the upper hand in armaments she will certainly commit an aggression upon me." How did Europe find a way out? Was there a general drawing up of elaborate treaties, municipal and international, by which the various conflicting parties agreed to disarm? Nothing of the sort. There came with the greater rationalisation of political ideas the general recognition of the fact that religious wars and conflicts founded on religious differences were not only futile but logically ridiculous. I am fully aware that isolated incidents in history would go to show that general religious toleration was achieved by another process, but I am persuaded that an impartial study of the case will confirm my view.

What is important is this: it is that the greatest revolutions in the history of civilisation

result from a revolution of ideas, revolutions which are effected imperceptibly. The mind of man itself seems to change. What European statesman would have said five hundred years ago that it would ever be possible for the Christian world completely and absolutely to abandon the struggle for religious domination? Take one striking and specific case. For over one hundred years Christendom fought the infidel for the conquest of the Holy Sepulchre. All the nations of Europe joined in this great endeavour; it seemed to be the one thing which could unite them, and for generations, so profound was the impulse which affected the movement, the struggle went on. There is nothing in history, perhaps, comparable to it. Suppose that during this struggle one had told a European statesman of that age that the time would come when the representatives of the nations of Europe assembled in a room could by a simple stroke of the pen have secured the Holy Sepulchre for Christendom, but that having discussed the matter cursorily for twenty minutes or so decided, on the whole, it was not worth while, the mediæval statesman would certainly have regarded the prophecy as that of a madman. Yet this, of course, is precisely what took place.

A change so profound as this taken in con-

junction with a psychologically somewhat similar change involved in the entire abandonment of the *code duello* by Anglo-Saxon peoples, changes which involve what may be termed the elementary impulses of mankind, gives hope that the difficulty, at bottom much less complex than those which stood in the way of abandoning either religious conflict or the duel, may not be incapable of solution. Instinct, passion, temper, personal pride were all bound up with the attitude which rendered the old religious conflict and the duel inevitable. Our conflict, that which we are discussing, is, after all, mainly one of material interest, or rather—and this is the whole point of the discussion—one which we commonly believe to be based on material interest, but is in reality one arising out of an optical illusion concerning material interest.

One likes to think that the English race, by virtue of its practical genius and its positive spirit, is particularly fitted to lead the way in this reformation as it has led the way in past political and religious reformations and in such revolutions as that involved in the abandonment of the duel. And I believe that if this matter were put efficiently before English people, more efficiently than it has been put here, because this exposition must certainly suffer from the

defects which come of scant leisure and scant literary means, they would prove particularly responsive to the labour.

And failing such efforts and such response what are we to look for? Are we, in blind obedience to primitive instinct and old prejudices, enslaved by the old catch-words and that curious indolence which makes the revision of old ideas unpleasant, to duplicate the history of religious toleration? If so, we shall continue to struggle, as so many good men struggled in the first dozen centuries of Christendom, spilling oceans of blood, wasting mountains of treasure, to achieve what is at bottom a logical absurdity, to accomplish something which, when accomplished, shall avail us nothing, and which if it could avail us anything would condemn the nations of the world to never-ending bloodshed, and the constant defeat of all those aims which men in their sober hours know to be alone worthy of sustained endeavour.

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